Wheat Monthly Research Report

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Market Dynamics: (Back to Table of Contents)

Price Trend: *All India average monthly prices for wheat decreased by 0.50 percent from Rs 1889.54 in Oct -2020 to Rs 1880.49 per qtl in Nov -2020. Average price in Nov -2020 was lower by 15.84 percent compared to Rs 2178.41 per quintal registered in Nov-2019. Prices are expected to improve from here as free Wheat distribution scheme has ended now and demand for wheat products will start increasing. Prices are likely to trade steady to firm.*

AW Production Estimate: *Agriwatch has pegged production at 103.20 MMT compared to 97.00 MMT last year. Production is higher this year due to better yields and higher area compared to last year. Total availability is likely to increase from 116.67 MMT in 2019-20 to 124.12 MMT this year. In comparison, as per the fourth advance estimate, India likely produced 107.59 MMT of wheat compared to 103.60 MMT in previous year. The total food grain production is estimated by the Ministry at record 295.67 MMT compared to 285.21 MMT last year.*

FoB/CiF Quotes: *Indian FoB quote is hovering between $233.15-241.62 per tonne. Against it, Ukraine, France, U.S and Australia were offering wheat at $250-$258, $204.81-$215.57, $264.74-268.10 and $224.04-235.06 per tonne respectively. Wheat prices in international markets noticed firm tone in Sep'20. Indian FoB quote is based on local prices. There is no export in bulk volume currently.*

Export: *India exported 148313.08 tonnes wheat in October'20. Total export in MY 2018-19 was registered around 2.26 lakh tonne. The exports have picked up because the low prices domestically have made Indian Wheat competitive.*

Import: *As per trade sources, India has imported 6380 tonnes of Australian wheat during the month of October"20. The government has increased import duty from 30 percent to 40 percent to reduce flow of imports and provide support to domestic sellers. Imports are expected to be low this year due to good domestic availability and increase in import duty. The imported wheat is solely for the purpose of mixing to improve the overall quality of wheat.*

Supply-Demand: *Supply for FAQ is likely to be good as ample stock is available in the domestic market due to three consecutive good production years. FCI has procured 38.99 MMT in 2020-21, which is higher by 4.85 MMT compared to MY 2019-20. The free wheat allocation scheme to the poor in the individual distribution system, PDFs, ended on November 30. Demand for Wheat is increasing. It is expecting that its current prices will go up by Rs 100 to 120 per quintal.*

Markers, stockists, and millers were waiting for the central government's wheat-free allocation, but the government did not push the scheme, so mills' demand will saw improvement from here. The arrival of free wheat in the mandis will reduce within the next week and mills demands are expecting to improve further.

E-Auction: *The government has sold 110380 tonnes of wheat in OMSS through E-Auctions in the fourth week of November'20 which is 34430 tonnes lower compared to last month. Till now; no rakes have been sold. Sale of wheat to bulk consumer is 86380 tonnes and sale of Wheat to state Govt. 24000.*

Procurement Target: *Government has fixed wheat procurement target at 40.70 MMT for 2020-21. Last year government surpassed its procurement target of 32 MMT and procured 35.5 MMT. For the marketing year 2020-21, procurement is completed at 38.99 MMT in Sep.*

Outlook & Recommendation: *Wheat market is expected to trade range bound steady to firm in coming weeks.*

Trade Call: *Stakeholders should trade in November contract taking care of lower and upper price tag of Rs. 1757 respectively.*

India's Wheat Quarterly Balance Sheet For 2020-21:

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	Wheat MY Runs From April To March (Figures in MMT)	2019-20	2020-21
A	**Carry in**	**19.67**	**20.92**
B	Production	97.00	103.21
C	Imports	0.00	0.08
D	**Total Availability (A+B+C)**	**116.67**	124.21
E	Consumption	95.50	96.99
F	Exports	0.25	0.56
G	Total Usage (E+F)	95.75	97.55
H	**Carry out (D-G)**	**20.92**	**26.66**
I	Av Monthly Consumption	7.96	8.08
J	Stock to Month Use	2.63	3.30
K	Stock to Consumption Ratio	0.03	0.03

*Agriwatch Wheat Production Estimate for Marketing Year 2020-21

Supply-Demand Highlights:

As per Agriwatch estimates, production, was around 103.21 MMT compared to 97.55 MMT last year. Production was higher this year due to increase in both yields and area. Total availability increased to 124.21 MMT from 116.67 MMT in MY 2019-20.

Carry out is expected to be around 26.66 MMT for 2020-21 compared to 20.92 MMT for 2018-19. The domestic availability of wheat is good. Prices are likely to trade steady to firm. Good domestic availability will ensure that there is no unexpected surge in prices.

Stock in the central pool as of 1st September'20 stood at 478.32 lakh tonnes lower by 7.30% compared to last month. This quantity is higher by around 13.25% compared to last year for the same month. The government has already applied import duty on wheat to curb imports and provide support to domestic prices. Therefore, the government has abundant supplies this year to tackle any unexpected rise in wheat prices and demand by selling more quantity in the open market. October data is awaited.

Domestic Market Highlights:

The wheat market has stabilized, and prices are likely to rise in the coming weeks due to higher export. The wheat prices are unlikely to drop much further because the PMGKY scheme is discontinued on November 30 as there's no official announcement that it will continue after November, so far. Now demand from mills will increase and the arrival of free wheat in the mandis will decrease within the next one week, and the procurement of mills is expecting to improve further. In such a situation, the current price of wheat is hoping to rise by Rs. 100 - Rs. 200.

The government has said that the progress of rabi (winter) crop sowing had been "satisfactory" so far, notwithstanding the COVID-19 challenges as total acreage has increased by 4.02 percent to 348.24 lakh hectare from 334.78 lakh hectare from an year-ago. The area sown under wheat, the main winter crop, had increased marginally to 204.41 lakh hectare by December 4, as against 202.72 lakh hectare a year ago.

As per trade sources, India has exported around 1.48 lakh tonnes in the month of October-2020 at an average FOB of $ 232.24 per tonne and the major destinations were Nepal, Bangladesh, Sri Lanka and UAE. Exports are likely to be at higher side as other countries are providing wheat at higher prices.

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As per trade sources, India has imported around 6380 MT in the month of October-2020, first time since March-2020. The quantity in October-2020 was imported at an average FOB of $ 304.90 per tonne.

According to Government, Wheat stored in the Punjab and Haryana needs to shift out to make space for rice. These two states particularly have huge wheat stocks, and all of them cannot be moved out to the existing CAP (covered and plinth). So we are planning to ask some states to create more storage space, "It has become necessary for the Centre to move the Wheat as FCI has a high surplus of Wheat in the central pool. As of Oct 1, the government's Wheat stocks were at 43.70 MMT.

Sowing of Rabi crops is going on in full swing across the country. Along with this, the government has recently announced good news for the farmers. Rajasthan's state government has decided to provide certified seeds to the farmers of the state at a 50 percent discount from the prescribed rate. For this, preparations have started to sell wheat seeds to reach up to rural service cooperative societies.

Previous Updates:

The government has sold 111300 tonnes of wheat in OMSS through E-Auctions in the fourth week of September'20. Till now; no rakes have been sold. Sale of wheat to bulk consumer 11300 and sale of Wheat to state Govt. 100000.

Wheat MSP for rabi marketing season 2021-22 has been increased by Rs 50 per quintal to Rs 1,975 per quintal to encourage farmers to increase crop cultivation. The decision was taken at a meeting of the Cabinet Committee on Economic Affairs chaired by the Prime Minister and Agriculture Minister announced it in Lok Sabha.

The government has sold 144810 tonnes of wheat in OMSS through E-Auctions in the fourth week of October'20 which is 11,970 tonnes higher compared to last month. Till now; no rakes have been sold. Sale of wheat to bulk consumer is 47810 tonnes and sale of Wheat to state Govt. 97000.

As per trade sources, India has exported around 111973.92 tonnes in the month of September-2020 at an average FOB of $ 252.87 per tonne, and the major destinations were Nepal, Bangladesh, Afghanistan, Cambodia, and Jordan. Exports are likely to be at the higher side other countries such as Russia, the U.S are offering wheat costlier than India, and only Australia is providing wheat at lower prices from India, which can also elevate Indian wheat demand in the international market in the coming weeks.

Demand in wheat products remains weak despite the festive season, so its prices are not improving. According to traders, the wheat business has not yet come out of the recession environment due to limited demand of flour mills as there is a concern about the government's policies.

Wheat was active in the mandis of Uttar Pradesh, although the demand from flour mills remained low, leading to a sharp fall in prices by Rs 20/45. With this fall, Bhav Shahjahanpur remained at Rs 5171, Gorakhpur Rs 1625/1630, Gada Rs 1610, Etah Rs 1570, and Mainpuri Rs 1530 per quintal. Work in other mandis also remained sluggish.

Final Sowing Status:

State Wise Wheat Sowing in Lakh Hectares						
State	**Normal area (2021)**	**2018**	**2019**	**2020**	**2021**	**% Change 2021 vs. 2020**
Bihar	21.26	23.27	22.87	22.71	2.36	**-89.61**
Chhattisgarh	1.05	1.85	1.68	1.82	0.28	**-84.62**
Gujarat	9.63	10.76	8.07	13.95	3.16	**-77.35**
Haryana	25.46	25.26	25.16	24.9	14.09	**-43.41**
Himachal Pradesh	3.31	3.6	3.5	3.4	2.04	**-40.00**
J&K	2.95	2.93	2.44	2.21	0.58	**-73.76**
Jharkhand	1.85	2.31	1.87	2.12	0.25	**-88.21**
Karnataka	1.77	2.09	1.5	1.97	0.93	**-52.79**
Madhya Pradesh	57.55	53.16	60	79.68	46.74	**-41.34**
Maharashtra	10.22	9.4	5.69	10.71	1.47	**-86.27**
Punjab	35.08	35.1	35.02	35.08	29.24	**-16.65**
Rajasthan	29.89	30.2	28.25	33.15	13.64	**-58.85**
Uttar Pradesh	97.88	98.67	99.13	99.05	33.95	**-65.72**
Uttarakhand	3.38	3.58	3.45	3.48	2.68	**-22.99**
West Bengal	2.45	1.36	1.05	1.76	0.08	**-95.45**
Others	0.19	NA.75	NA.23	NA.11	0.05	**NA**
All-India	303.28	304.29	299.68	336.18	151.58	**-54.91**

Source: Ministry of Agriculture

Final Wheat Procurement RMS 2019-20 (Source: FCI)

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State/UTs	**Procurement as of September-2020 (Figures in LMT)**		
	FCI (A)	**State Agency (B)**	**Total (A+B)**
Punjab	14.20	112.94	127.14
Haryana	6.70	67.28	73.98
Uttar Pradesh	1.34	34.43	35.77
Madhya Pradesh	0.00	129.35	129.35
Bihar	0.00	0.05	0.05
Rajasthan	16.29	5.96	22.25
Others	0.14	1.15	1.29
All-India	**38.67**	**351.16**	**389.83**

Monthly Average Price Comparison:

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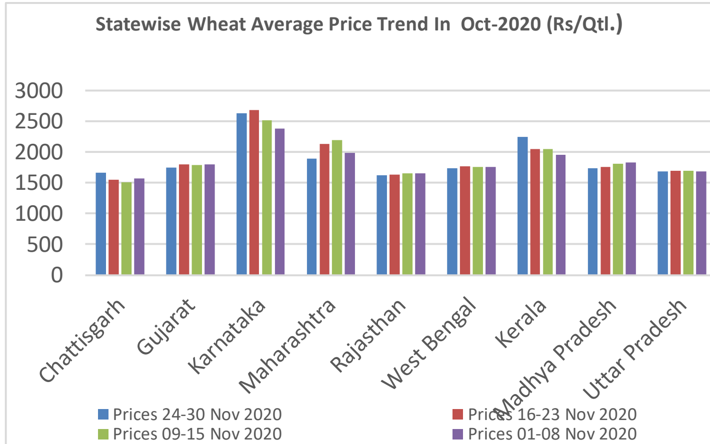
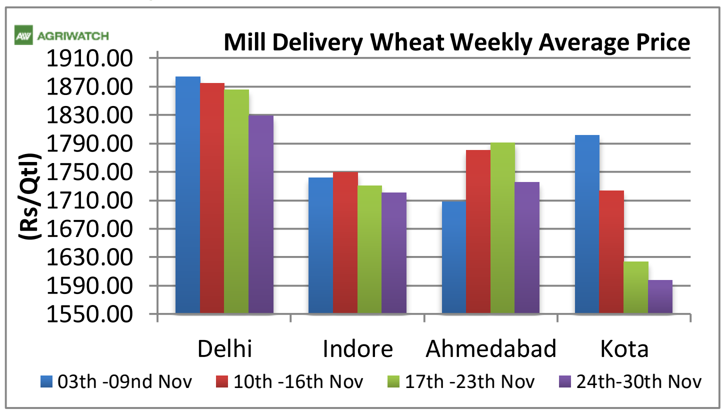
India's average monthly prices for wheat decreased by 0.50 percent from Rs. 1866.54 in October -2020 to Rs. 1889.92 per quintal in November -2020. Average prices remained low in all states. Expects Chhattisgarh and West Bengal. Prices are likely to stay steady to firm due to the end of the free distribution PMGKAY scheme on November 30 and good export demand from neighbouring countries. Agriwatch is expecting that prices will rose by Rs. 80 - Rs.100 per quintal. The arrival of free wheat in the mandis will reduce within the next week, and the demand from flour mills is expected to improve further. In such a situation, the current price of wheat is expecting to rise.



Mill Delivery Wheat Weekly Average Price Movement at key Spot Market:

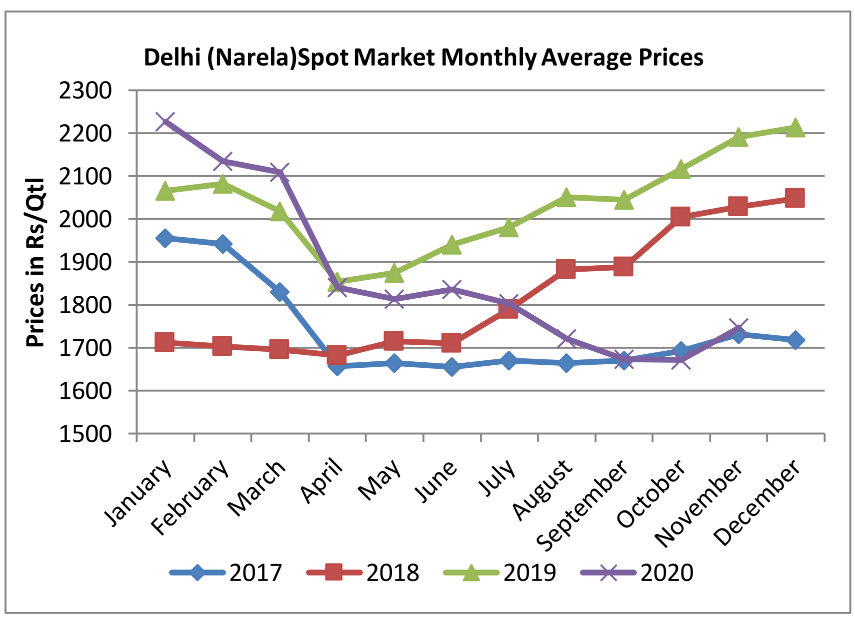
Wheat's average mill delivery prices remained low in all states, in the week ending 30th Nov 2020 compared to previous week. Markets had shown steady to weak movement in prices last week and are likely to trade range-bound in upcoming weeks. The rumours of the extension of the free wheat scheme and, speculation about reduction in prices of wheat under the OMSS, have kept the pressure on the price of wheat in the market.



Wheat Delhi Average Monthly Price:

The wheat spot market Delhi (Narela) average price decreased from Rs 1672.27 per quintal in Oct-2020 to Rs 1746.31 per quintal in Nov-2020. Prices are likely to touch Rs 1800-1850 per quintal in the Narela market in the upcoming weeks.

The prices increased by 4.43 percent compared to last month and decreased by 20.30 percent compared to the corresponding month last year. Arrivals in Narela have increased by 15.13 percent quintal from 400 quintals in Oct to 460.52 quintals in the month of Nov-2020.



Wheat Exports:

According to the latest update, India exported around 1.46 lakhs tonne wheat in the month of Oct-2020. It is around 0.35 thousand tonnes higher compared to the export quantity (1.11 thousand tonnes) in Sep-2020.

The overall conditions for Indian wheat export is now favorable, and export opportunity is here as parity comes in favour of India now.

An export volume would increase in the coming months as prices in the domestic market ruling lower which can elevate the demand in the international market. Other exporting countries are offering wheat at the same price with assured quality and delivery schedule.

Source: DGCIS/Private Traders

Year/Month	Wheat Export (Lakh Tonnes)	Average FoB ($/T)	CBOT Average Quotes ($/MT)
Apr-14-Mar-15	2924	279.96	230.37
Apr-15-Mar-16	666	294.88	179.9
Apr-16-Mar-17	265	338.38	157.04
Apr-17-Mar-18	322	NA	162.36
Apr-18-Mar-19	226	389.15	185.15
Apr-19-Mar-20	207.58	451.42	186.86
20-May	0.41	NA	187.31
20-Jun	0.38	174.26	192.76
20-July	0.40	136.13	197.11
20-Aug	0.64	142.56	200.39
20-Sep	1.11	252.87	
20-Oct	1.46	262.24	
Total 2019-20(000T)	207.58	451.42	186.86

Wheat Import:

India has imported 6.38 thousand tonnes of wheat in October, first time since the month of Mar-2020. Before this India has imported 0.19 thousand tonnes of wheat in Feb-20. Imports are expected to remain at the lower side this year due to good domestic availability.

FoB quote in the Black Sea region is hovering around $252.00 per tonne in Russia 254.50 per tonne and $254.93 per tonne in Ukraine. The United States and France are also providing wheat at $.86 per tonne and Euro 87.93 per tonne. The government has increased import duty from 30% to 40% to curb imports and provide support to domestic prices.

Source: DGCIS/Private Traders

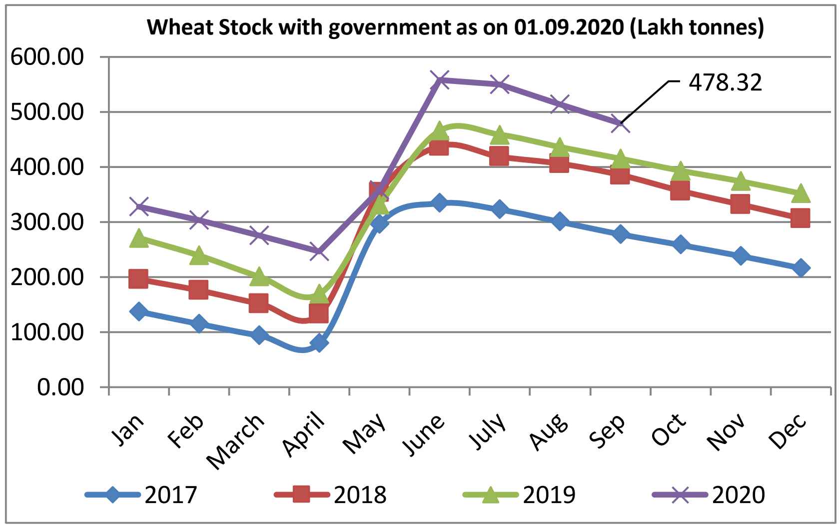
Year/Month	Wheat Import (In Thousand Tonne)	Average CiF ($/T)	CBOT Average Quotes ($/MT)
Apr-16-Mar-17	5957.79	220.13	157.04
Apr-17- Mar18	1616.97	NA	162.36
Apr-18- Mar19	1.00	239.52	185.15
Apr-19- Mar-20	500.81	229.51	185.35
20-Apr	NA	NA	198.98
20-May	NA	NA	187.31
20-Jun	NA	NA	192.76
20-July	NA	NA	197.11
20-Aug	NA	NA	200.39
20-Sep	NA	NA	
20-Oct	0.06		
Total 2019-20 (000T)	1.801	174.26	185.35

Wheat Stock with the Government

Wheat stock in government's warehouses on 01.09.2020 was around 478.32 lakh tonnes. It is lower by 6.81 % from Aug-2020. Stock in the central pool as of 01st Sep'20 is higher by 19.90 percent compared to last year for the same month. The government has increased its procurement target to 38.83 MMT for MY 2019-20 from 34.10 MMT last year.

The government has cut the reserve price for luster lost wheat procured in 2019-20 (Apr-Mar) by nearly 12% to 1,840 rupees per 100 kg from 2,080 rupees earlier to push out old stock

Note- Oct figure awaited.

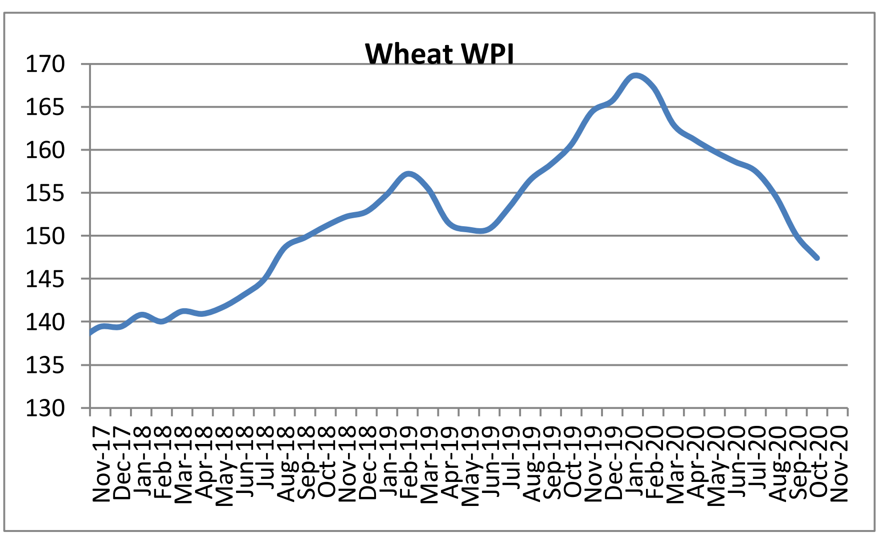


Wheat Inflation:

Month/Year	2016	2017	2018	2019	2020
Jan	134.1	151.3	140.8	154.8	168.6
Feb	134.1	149.3	140.0	157.8	167.30
Mar	134.1	142.9	141.2	155.5	162.90
Apr	132.9	141.0	140.9	151.5	162.50
May	134.5	137.5	141.7	150.7	159.80
Jun	136.5	136.1	143.1	150.8	158.6
Jul	137.9	136.3	144.9	153.4	157.5
Aug	139.1	137.1	148.6	156.5	154.52
Sep	140.0	137.6	149.8	158.3	150
Oct	140.8	138.0	151.1	160.6	147.4
Nov	147.9	139.4	152.2	164.4	
Dec	152.3	139.4	152.8	165.7	

Wheat WPI has decreased from 150 in Sep-2020 to 147.4 in Oct-2020. Monthly wheat inflation has decreased by 1.73 percent in Oct-2020 compared to the previous month. As compared to Oct-2019 wheat WPI has increased by around 8.95 percent. Wheat WPI is expected to stay steady to weak in the coming month. Foodgrains WPI decreased by 0.12 in Oct-20 to 158.1 Compared to Sep-20.

Weight: 1.02823, base year-2011-12=1000.



Monthly Average Spot Price:

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Monthly Average Prices At Various Market(Rs/Quintal)					
Month	**Delhi**	**Indore**	**Kota**	**Rajkot**	**Chennai**
19-Nov	2267	2236.8	2157.2	2220.38	2430
19-Dec	2273.6	2252.38	2152.71	2221	2462.5
20-Jan	2290.6	2302.62	2250.21	2291.8	2585.42
20-Feb	2209.1	2170.65	2141.52	2176.67	2510.67
20-Mar	2184.41	1972.5	2016.18	1783.52	2350
20-Apr	1964.16	1972.5	1729.33	1772.27	2350
20-May	1966.92	1972.5	1837.89	1813.07	2350
20-Jun	1973.26	1885.76	1745.38	1799.40	2350
20-July	1976.0	1883.20	1877.70	1821.04	2179
20-Aug	1856.73	1770.23	1752.10	1695.83	2044.73
20-Sep	1821.37	1729.66	1680	1621.88	2000
20-Jun	1973.26	1885.76	1745.38	1799.40	2350
20-July	1976.0	1883.20	1877.70	1821.04	2179
20-Aug	1856.73	1770.23	1752.10	1695.83	2044.73
20-Sep	1821.37	1729.66	1680	1621.88	2000
20-Oct	1824.23	1666.42	1726.4	1664.61	1956
20-Nov	1869.326	1734.21	1751.25	1692.75	1987.5

Source: Agriwatch

Monthly Price Comparison of Spot Markets

Spot Market Price:							
Centre	Market	Variety	Prices (Rs/Qtl)				
			Today	Yesterday	Week Ago	Month Ago	Year Ago
			3-Dec-20	2-Dec-20	26-Nov-20	4-Nov-20	4-Dec-19
Delhi	Lawrence Road	Mill Delivery	1820	1840	1835	1890	2255
	Narella	Mill Quality Loose	1725	Closed	1740	Closed	Closed
	Nazafgarh	Mill Quality Loose	1700	Closed	1745	Closed	Closed
Gujarat	Rajkot	Mill Delivery	1665	1660	1680	1700	2180
	Ahmedabad	Mill Delivery	1725	1725	1730	1740	2250
	Surat	Mill Delivery	1780	1775	1780	1800	2330
	Dhrol	Mill Delivery	NA	NA	1585	1605	2460
M.P.	Indore	Mill Delivery	1735	1625	1735	1750	2240
	Bhopal	Mill Quality Loose	1580	1600	1600	1600	2125
Rajasthan	Kota	Mill Quality Loose	1550	1600	1600	1700	2000
		Mill Delivery	1675	1725	1725	1825	2150
U.P.	Kanpur	Mill Delivery	1600	1600	1790	1700	2080
	Mathura	Mill Quality Loose	1575	1600	1665	1620	0
	Kosi	Mill Quality Loose	1600	1600	1690	1650	2060
	Hathras	Mill Quality Loose	1590	1600	1600	1600	2025
	Aligarh	Mill Quality Loose	1580	Closed	1640	Closed	Closed
Punjab	Khanna	Mill Quality Loose	1650	1650	1700	1600	1960
	Ludhiana (Jagraon)	Mill Delivery	NA	NA	NA	0	0
Haryana	Sirsa	Mill Delivery loose	1750	1750	1750	1750	2125
	Hodal	Mill Delivery	NA	NA	NA	0	0
	Bhiwani	Mill Quality Loose	1720	1730	1760	1650	2200
	Karnal	Mill Delivery	NA	NA	NA	0	0
	Panipat	Mill Quality Loose	NA	NA	NA	0	0
Tamil Nadu	Chennai	Mill Quality	2000	2000	2000	1975	2450
	Madurai	Mill Quality	2057	2200	2200	2125	2600
	Coimbatore	Mill Quality	2057	2250	2250	2175	2650
Bihar	Khagariya	Mill Delivery	1900	1900	2100	1900	2100
	Muzaffarpur	Mill Delivery	1625	1700	1725	1825	2000

Monthly Arrivals at Delhi:

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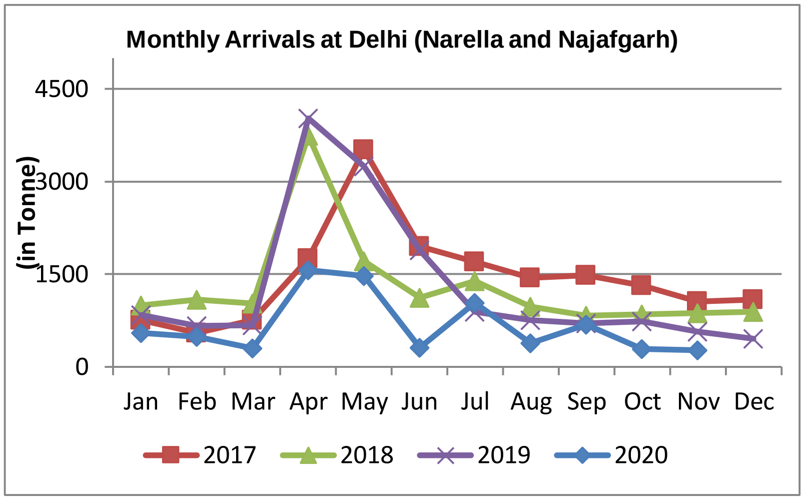
Arrivals in the Delhi region (Narela and Najafgarh) decrease to 273.31 tonnes in Nov-2020 compared to 289.77 tonnes in Oct-2020.

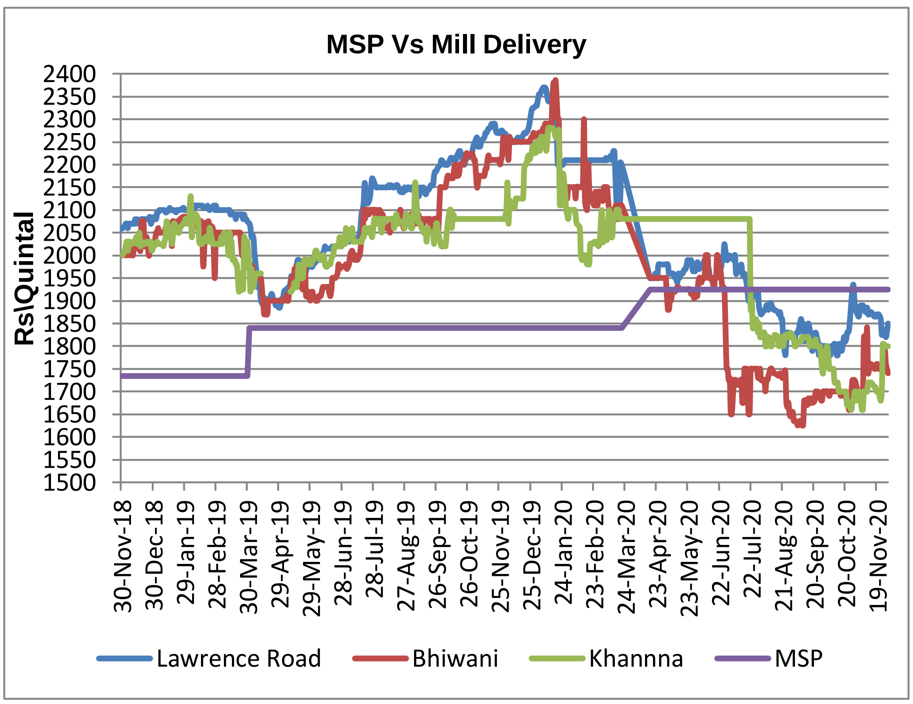


Domestic Outlook:

The wheat cash market is expected to trade range - steady to firm in Dec-20 under normal conditions with some recovery in between.

MSP vs. Mill Delivery Prices:

As of now Mill delivery prices in Lawrence road, Karnal, and Khanna market are below MSP and are likely to move steady to firm in the coming weeks. The government set the minimum support price (MSP) of wheat Rs 1925 per quintal in 2019-20, now Government has increased the price from 1925 to 1975 per quintal for 2021-22. As the chart depicts mill delivery prices remained under MSP during MY 2019-20.



Wheat Technical Analysis:

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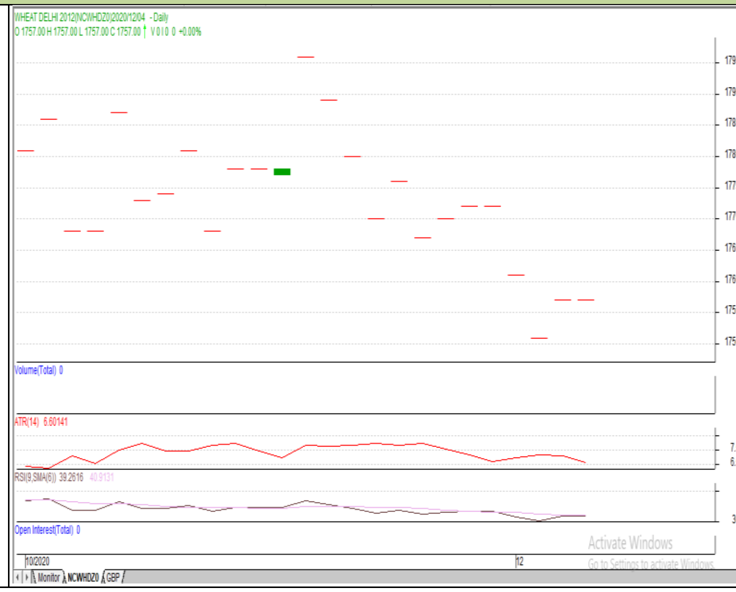
Wheat – Technical Outlook	
Technical Commentary: • A price decrease denotes wait interest in the market. • RSI is in the neutral region. • Prices closed below 9 and 18 Day EMAs.	
Strategy: Stay Away	

Intraday Supports & Resistances			S1	S2	PCP	R1	R2
Wheat	NCDEX	December	-	-	-	-	-
Pre-Market Intraday Trade Call*			**Call**	**Entry**	**T1**	**T2**	**SL**
Wheat	NCDEX	December	WAIT	1757	-	-	-

* Do not carry-forward the position next month.

Note- Due to zero volume, there's no virtual trade in given chart.

International Market Dynamics

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USDA. *Technical selling ahead of the December 2020 and March 2021 futures transition pressured all wheat futures prices week-overweek. CBOT March soft red winter (SRW) futures fell 2 cents to end at $5.99/bu. KCBT March hard red winter (HRW) futures lost 1 cent to close at $5.59/bu.*

This week's commercial sales of 192,000 metric tons (MT) for delivery in 2020/21, a marketing year low, were down 36% from last week's 300,000 MT and were well below trade expectations of 250,000 MT to 500,000 MT. Year-to-date commercial sales now total 17.2 million metric tons (MMT), 10% ahead of last year's pace. USDA expects the United States will export 26.5 MMT of wheat in 2020/21, up 1% from last year.

According to USDA, U.S. farmers have now planted 96% of the total intended winter wheat area for harvest in 2021, up 3 points on the week. That is 2 points ahead of this time last year and the 5-year average. As of Nov. 16, 46% of the country's winter wheat is in good to excellent condition, in line with last week but 5 points behind this time in 2019.

The International Grains Council (IGC) raised its forecast for 2020/21 world wheat production by 1 million tonnes to 764 million tonnes, Consumption by 5 million tonnes, and carry overstock by 13 million tonnes from last year 2019/20. The forecast for trade remains unchanged to 185 million tonnes as last year.

Ukraine *As of Oct. 28, Ukrainian farmers have planted 5.50 million hectares (13.6 million acres) of winter wheat for harvest in 2021, or 91% of the total intended planted area.*

Argentina *The Buenos Aires Grain Exchange (BAGE) reported that Argentina's wheat harvest is now 20% complete. BAGE expects Argentina will produce 16.8 MMT of wheat in 2020/21, down 11% on the year due to extreme dryness and frost damage*.

Russia *winter grains planting for harvest in 2021 is nearly complete at a record 47.2 million acres (19.1 million hectares), up 6% from last year. Greater planted area could help offset yield challenges as farmer's plant winter wheat into overly dry soil. "Despite some improvement in recent weeks, plants are still in a bad shape overall," said SovEcon, a Russian agriculture consultancy. "A lot will depend on how harsh this winter will be and how much precipitation we will see."*

Kazakhstan *According to Kazakhstan's Ministry of Agriculture, the country's wheat exports now total 1.93 MMT, 5% ahead of 2019/20 on improved crop conditions following last year's drought.*

Europe *As of Nov. 16, European Union (EU) and United Kingdom soft (non-durum) wheat exports total 8.50 MMT, down 22% on the year due to reduced production.*

European Union (EU) and United Kingdom soft (non-durum) wheat exports total 8.50 MMT, down 22% on the year due to reduced production.

Australia *Australia's wheat crop has rebounded following three years of extended drought conditions. USDA now expects Australian wheat production in 2020/21 will reach 28.5 MMT, up 87% on the year. IKON Commodities, an Australian agriculture consultancy, estimates Australia's 2020/21 wheat harvest will reach 32.0 MMT. The price of Australian wheat offered to Asian markets fell below Black Sea prices for the first time in four years. According to a Singapore-based trader, Australian premium white (APW) was quoted at $275/MT C&F (FOB and freight) to Southeast Asia compared to Black Sea wheat at $285/MT.*

Global Wheat Average FoB (Back to Table of Contents)

Month	US SRW2*	US HRW2*	Argentina P1*	Ukraine 12.5%*	Russia 12.5%*	Rouen 11%**	Australia ASW1***	Australia APW2***
Dec-19	243.45	233.67	NA	209.86	214.33	183.45	360.55	361.70
Jan-20	255.95	243.89	NA	221.83	226.40	192.79	362.90	363.48
Feb-20	250.69	234.01	NA	218.68	219.45	190.68	365.15	358.40
Mar-20	240.87	229.22	NA	209.57	210.48	184.33	375.55	379.14
Apr- 20	237.13	234.21	NA	224.10	222.72	193.75	257.07	-
May-20	214.58	223.48	NA	227.50	NA	193.25	248.85	-
Jun-20	208.78	217.70	NA	197.73	198.64	190.50	237.96	-
Jul-20	228.82	223.55	NA	202.22	202.61	178.50	233.83	-
Aug-20	229.69	-	NA	203.58	203.63	184.94	232.35	-
Sep-20	260.20	246.30	245	227	227.45	188.25	226.22	-
Oct-20	NA	NA	254.26	252.00	233.00	204.19	224.46	-
Nov-20	264.3	266.3	255	254.93	254.50	207.25	230.31	-

Source: Reuters

Figures in $/Tonne
***** Figures in Euro/Tonne***
****** Figures in AUD/Tonne***

Indicative Freight Quotes

Date	Freight($/T)	Freight($/T)	Freight($/T)	Freight($/T)
04.12.2020	7.07	16.15	41.49	29.63
05.11.2020	6.48	16.09	41.60	29.66
03.10.2020	6.61	16.3	43.3	30.74
06.03.2020	8.1	19.9	42.71	37.06
13.03.2020	7.53	19.22	41.52	36.25
20.03.2020	6.57	18.12	41.16	35.97
27.03.2020	5.61	16.47	37.13	32.71
07.02.2020	5.56	16.47	41.33	34.51
14.02.2020	5.65	16.98	41.71	36.05
21.02.2020	6.28	17.68	42.87	37.13
28.02.2020	6.94	18.49	43.22	37.44
17.01.2020	9.11	20.05	39.21	33.91
Vessel Class: Panamax	*PoL: Novorossiysk, PoD: Damietta*	*PoL: Novorossiysk, PoD: Jeddah*	*PoL: Odessa, PoD: Japan*	*PoL: Odessa, PoD: Chittagong*

Source: Reuters

Spot Prices Black Sea Region

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Date	02.12.2020	30.09.2020	30.09.2020	02.09.2020	06.08.2020
Odessa, FOB($/tonnes)					
Milling wheat 12.5%	250-255	250-254	229-233	209-214	200-206
Milling wheat 11.5%	249-255	249-253	229-233	207-213	199-204
Feed wheat	238-241	217-220	-	205-210	-
Novorossiysk, FOB($/tonnes)					
Milling wheat 12.5%	252-255	253-256	229-233	210-215	200-206
Milling wheat 11.5%	249-255	249-253	218-221	208-214	199-204
Feed wheat	-	215-220	217-219	-	-

Source: Reuters

Forward Prices for 2020 Crop Black Sea Region

Origin	Commodity	Delivery period	Price (USD/MT)	
			25.11.2020	02.12.2020
Russia	Wheat, 12.5% protein	Jan-Feb	252-256	253-256
Ukraine	Wheat, 11.5% protein	Jan-Feb	252-256	-
Ukraine/Russia	Feed wheat	-	-	-

Source: Reuter

IGC Wheat Balance Sheet (Quantity in MMT)

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IGC Forecast (Fig-In MMT)	2017-18	2018-19	2019-20 est.	2019-20 (Forecast)	
				29.10.2020	29.10.2020
Production	762	733	763	764	762
Trade	176	169	184	185	176
Consumptions	739	739	746	751	739
Carryover stocks	271	265	279	291	271
Y-O-Y change	22	-7	17	-	22
Major Export	83	70	64	61	83

IGC Balance Sheet Highlight:

- *IGC has forecast global wheat production at 765 MMT for 2019-20, 1 MMT higher compared to last month's forecast. According to estimates by IGC the 2018-19 global wheat production was around 733 MMT and 762 MMT for 2017-18.*
- *The trade forecast for 2019-20 has increased to 186 MMT. It is 17 MMT higher compared to the estimate for last year and higher by 10 MMT compared to 2017-18.*
- *Consumption has been increased to 752 MMT for 2019-20. The forecast is higher by 13 MMT compared to 2018-19.*
- *Carryout for 2019-20 is forecast at 292 MMT compared to an estimate of 265 MMT last year. It is higher by around 27 MMT compared to 2016-17.*

USDA Balance Sheet

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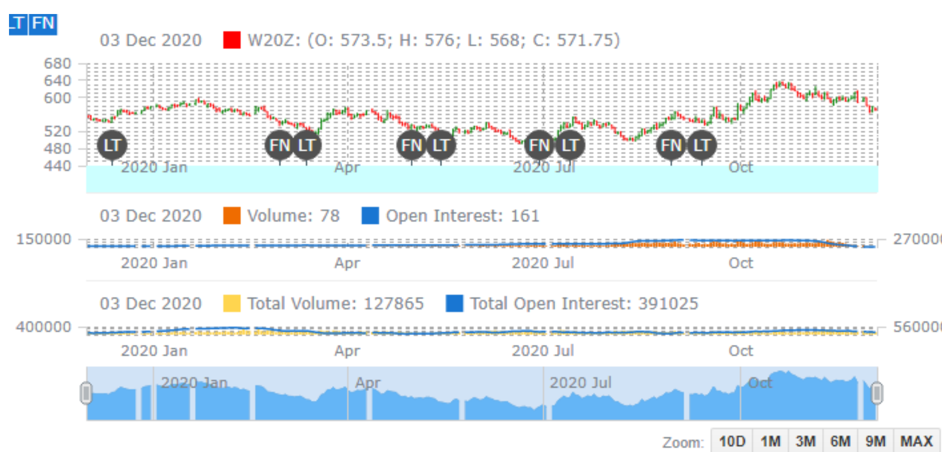
USDA Global Wheat Balance Sheet: 2018-19 Fig. In Thousand Tonne (As on 01.11.2020)							
Country	Opening Stock 2019-20	Production projected 2019-20	Domestic Consumption 2019-20	Import 2019-20	Export 2019-20	Ending Stock 2019-20	Production 2018-19
Argentina	1,692	21,000	6,200	5	14,500	1,997	21,000
Australia	3,540	26,000	7,050	200	17,500	5,190	26,000
Canada	5,463	34,000	9,800	450	24,500	5,613	34,000
China	1,51,155	1,36,000	1,30,000	6,000	1,000	1,62,155	1,36,000
EU	11,821	1,39,500	1,18,300	5,500	27,000	11,521	1,39,500
India	24,000	1,07,180	99,500	25	1000	30,705	1,07,180
Pakistan	1,084	26,100	25,500	100	300	1,484	26,100
Russia	7,279	76,500	40,500	500	36,000	7,779	76,500
Ukraine	1,249	26,500	8,800	75	17,500	1,524	26,500
U S	28,409	49,630	30,345	3,810	25,855	25,649	49,630
Others	61,428	1,26,903	2,70,828	1,66,601	22,881	2,887	1,26,903
World total	2,97,120	7,69,313	7,46,823	1,83,266	1,88,036	3,14,840	7,69,313

Source: USDA

CBOT Futures Dec-20 Chart:

1st Support: 569.42
2nd Support: 560.83
1st Resistant: 582.67
2nd Resistant: 587.33
($ per tonne)



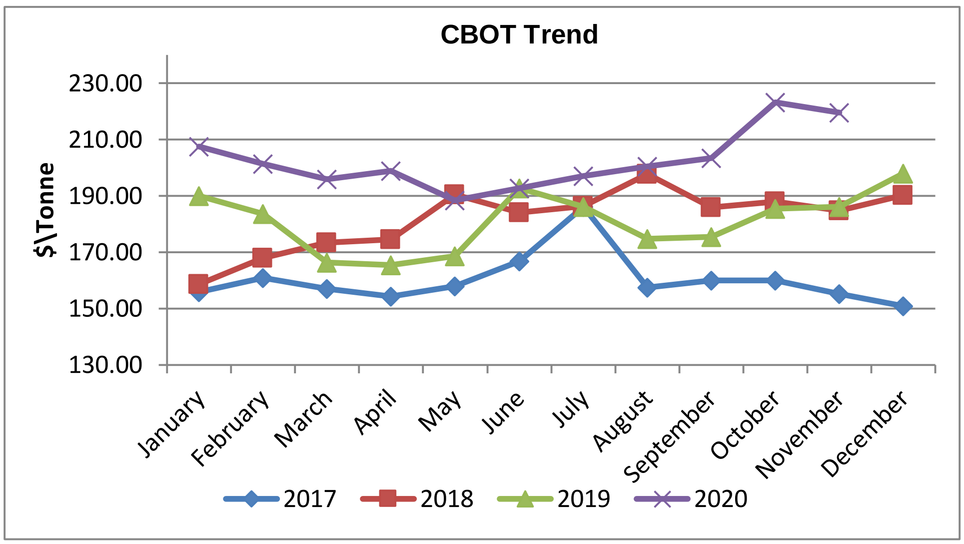
Increasing demand in major consuming countries and imposed limits by exporting countries may keep wheat prices firm in the coming weeks. The chart indicates that the uptrend could continue for a few weeks. Apart from this, continued dry conditions have impacted yield in major exporting countries like Russia, Australia, and Argentina. It remains supportive of the global wheat market in the near term.

CBOT comparison over a period of time:

CBOT Futures Prices:(USD/T)							
CONTRACT MONTH	Today 2-Dec-20	Week Ago 25-Nov-20	Month Ago 2-Nov-20	3 Month Ago 26-Aug-20	6 Month Ago 3-Jun-20	Year Ago 3-Dec-19	% Change over prev. year
Dec-20	212.36	216.12	180.39	195.46	0.00	194.63	9.11
Mar-21	216.21	219.15	183.61	0.00	188.11	195.09	10.83
May-21	217.23	220.35	186.36	195.46	189.49	197.29	10.10
Jul-21	216.77	219.34	188.38	198.30	193.25	193.16	12.22
Sep-21	218.05	220.26	189.95	201.06	196.83	196.65	10.88
Dec-22	221.08	220.26	192.52	201.06	212.45	198.86	11.18

CBOT Trend: -

CBOT remains weak in Nov after firm from May to Oct under normal conditions as shown in the chart. Wheat firm on positioning ahead of USDA monthly reports and on continued concerns about dry weather in key world production areas, including the U.S. Plains and top exporter Russia.



CBOT average monthly price for Nov'20 is higher by $ 18.01/tonne compared to last year for the same month and higher by $0.59/tonne compared to Oct'20. USDA estimates production to be around 49.63 MMT in 2019-20 with yields around 3.48 MT/HA compared to 51.30 MMT with yields around 3.20 MT/HA in 2018-19.

Comparative Month on Month FOB quotes: (Fig in USD/MT)

All prices are for SRW/milling grade	1st Jun-20	1st July-20	1st Aug-20	1st Sep-20	1st Oct-20	1st Nov-20	1st Dec-20
USA	214.58	208.78	228.82	229.69	246.4	NA	264.3
France	191.67	184.28	188.21	184.94	191.86	204.19	210.8
Australia	248.84	237.96	233.83	232.35	226.22	224.6	230.31
Russia	NA	198.64	202.61	203.63	227.45	248.41	254.5
India	248.17	245.81	247.67	237.46	228.39	235.35	237.09

Global Indicative FoB Quotes:

Indian FoB quote is based on local prices. Indian FoB quote is being quoted at $238.56 per tonne. US and Russian quotes are hovering in the range of $267.20 and $255.84 per tonne. The overall condition for Indian wheat export is now favorable, and export opportunity is here as parity comes in favor of India now.

Agriwatch estimates that India will export around 4 lakh tonnes of wheat this year.

Wheat is expected to trade steady to firm and hovers $230 to $260 per tonne in the coming week.