

Wheat Monthly Research Report

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Market Dynamics:

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Price Trend: All India average monthly prices for wheat increased by 10.14 percent from Rs 1764.38 in Dec -2020 to Rs 1963.48 per qtl in Jan -2021. Average price in Jan -2021 was lower by 9.09 percent compared to Rs 2142.01 per quintal registered in Jan-2020. Prices are expected to improve from here due to high export demand and end of free distribution scheme.

AW Production Estimate for Rabi 2021: Agriwatch has preliminary estimated the production for 2021 is 106 MMT compared to 103.21 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 124.13 MMT in 2020-21 to 130.12 MMT this year. In comparison, as per the fourth advance estimate

FoB/CiF Quotes: Indian FoB quote is hovering at between \$246.41-275.50 per tonne in the month of January. Against it, Ukraine, France, U.S and Australia were offering wheat at \$275-\$302, \$218.75-\$240.75, \$276.74-286.98 and \$244.38-261.05 per tonne respectively. Indian FoB quote is based on local prices.

Export: India exported 1.54 lakh tonnes wheat at an average FOB of \$238.06 per tonnes in December. Total export in MY 2019-20 was registered around 10 lakh tonne. The exports have picked up because the low prices domestically have made Indian Wheat competitive. The demand for Indian wheat will increase due to Russia's imposition of export duty, but if there is a lot of exports quickly, such coincidences are less visible. Exports will increase on an average compared to last year. Export to the surrounding countries will be good, but it does not seem to be exported in all the countries.

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 imports and provide support to domestic sellers. Imports are expecting to be low this year due to adequate domestic availability, low prices, and the increase in import duty. The imported wheat is currently of high-quality wheat, which is getting used for research purposes.

Supply-Demand: The wheat market downturn is likely over, and the price is expected to improve gradually. The central government has stopped giving free wheat from Nov 30, 2020, resulting in the reduction of surplus supply of wheat in the market; so mills are witnessing the demand re-emerging gradually. High export demand in the international market is also supporting the domestic market. In such a situation, the price of wheat is expected to rise until new crop arrives in the market.

Weather Update: During next few weeks, No significant change in minimum temperatures very likely over most parts of Central India during the next 2 days and rise by 2-4°C after that. Dense to Very Dense Fog at a few places, very likely over Punjab, Haryana, Chandigarh & Delhi, and Uttar Pradesh; at isolated places over Bihar Sub-Himalayan West Bengal & Sikkim and dense fog in isolated pockets over north Rajasthan. Overall weather is favourable for wheat.

E-Auction: The government has sold 92480 tonnes of wheat in OMSS through E-Auctions in the month of December '20 which is 17900 tonnes lower compared to last month. Till now; no rakes have been sold. Sale of wheat to bulk consumer is 48680 tonnes and sale of Wheat to state Govt. 43800. No updates for January.

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 September.

Outlook & Recommendation: Wheat market is expected to trade steady to slightly firm in coming month.

Trade Call: Stakeholders should trade in January contract taking care of lower and upper price tag of Rs. 1810 respectively.

India's Wheat 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	0.00
D	Total Availability (A+B+C)	116.67	124.13
E	Consumption	95.50	96.99
F	Exports	0.25	0.82
G	Total Usage (E+F)	95.75	97.81
H	Carry out (D-G)	20.92	26.32
I	Av Monthly Consumption	7.96	8.08
J	Stock to Month Use	2.63	3.26
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 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 December'20 stood at 367.54 lakh tonnes higher by 9.64% compared to last month. This quantity is higher by around 4.29% 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.

Domestic Market Highlights:

According to USDA, as major exporter prices rise, India wheat exports are returning to the global market in a sizeable way for the first time in several years. India's ample supplies are poised to reach additional markets as stocks tighten among many of the top exporters.

India's domestic support programs have a history of periodically expanding wheat production and burgeoning government-held stocks. In addition to supporting production, India also subsidizes domestic consumption, supplying most of its population with heavily discounted grain rations. This year, wheat consumption has risen sharply with additional allocations of wheat through programs intended to address the economic challenges stemming from the COVID-19 pandemic. Yet even with record consumption, stocks remain at record levels, primarily held in government grain reserves.

Several years ago, when stocks in India reached burdensome levels, relatively high Russian export prices opened opportunities for India to supply not only Asian but also Middle East markets. However, since 2016/17, the high domestic support prices have been reflected in high export prices, limiting India exports to primarily neighboring countries. In recent months, Indian export prices have eased while prices for major suppliers have risen. Russia's announcement of both a grain export quota and a 50 euro/ton wheat export

tax sent quotes for that top exporter and other suppliers rising. This will afford India the opportunity to seize greater market share in Bangladesh and expand to additional markets. However, the scale of exports from India is not likely to match that of several years ago, since a larger Australian crop will provide formidable competition in Southeast Asian markets.

The arrival of new wheat will increase inward after 15th February, and there is a possibility of coming up to 15 thousand sacks Gujarat, Nadiad-Tarapur line. The price of wheat is currently traded by 1810 to 1820, which has decreased more recently. In the coming days, no circumstance to go below 1800.

As per trade sources, India has exported around 1.54 lakh tonnes in the month of December-2020 at an average FOB of \$238.06 per tonnes, higher this year and the major destinations were Bangladesh, Sri Lanka, Nepal and Malaysia. Exports are likely to be at higher side as other countries are providing wheat at higher prices. High export will be going to support the domestic market in near term.

In Gujarat, traders have suffered a huge loss in the South deals this year and many payments of wheat have not been paid. As a result, in the new season, traders will deliver more in the export trade than in the south.

Wheat WPI has increased from 147.9 in November-20 to 147.3 in December-20. Monthly wheat inflation has decreased by 0.41 percent in December -2019 compared to the previous month and increased by 12.49 percent from December-19.

As per market experts, bumper production seems on the card despite lower area in Rajasthan, Punjab, Uttar Pradesh, Gujarat, and Uttarakhand. According to the Agriwatch preliminary estimate, this year, there will be a record wheat production. Wheat production during Rabi 2021-22 is estimated at 106 MMT as good condition, which is 1.70% higher than last year's production of 103.21 MMT. Production of wheat is expected to increase, followed by higher acreage amid an increase in Madhya Pradesh and Maharashtra. Secondly, prolonged cold waves and winter rainfall in certain states have contributed to the rise in wheat yield.

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.

Yellow rust has been reported in some regions of Haryana. This might bring down the yield. However, agriculture departments are taking all possible measures to ensure the disease's spread does not go beyond control. Farmers have been suggested to adopt remedial measures to deal with the situation. In Haryana, yellow rust has been reported in a few villages of Mangoli Jattan within the district of Kurukshetra of the State of Haryana. Though the wheat disease has been reported to affect an acre, it may spread like wildfire if not controlled timely.

Export demand in wheat is expected to be good. Depending on the state of the price in the global market, there will be export trade and the market will depend on it. In Rajasthan, the old stock of wheat is no longer left, the same stock is left which is normal.

In Kota, the price of mill quality wheat is running around Rs. 1750-1800. Currently the price is stable at present due to loading problem at Kandla port, lack of space in the warehouse, but as export demand comes out, there will be a recovery from this price and there will be a rise of Rs. 100 to 150 per quintal.

Current Sowing Status 2020-21:

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State Wise Wheat Sowing in Lakh Hectares					
State	Normal area (2021)	2019	2020	2021	% Change 2021 vs. 2020
Bihar	21.25	22.88	22.71	22.299	-1.81
Chhattisgarh	1.05	1.68	1.88	2.01	6.91
Gujarat	9.62	8.07	13.95	13.66	-2.08
Haryana	25.45	25.16	24.9	25.21	1.24
Himachal Pradesh	3.31	3.0	3.4	3.4	0.00
J&K	2.95	2.43	2.21	2.5	13.12
Jharkhand	1.84	2.15	2.11	2.31	9.48
Karnataka	1.76	2.04	1.96	1.89	-3.57
Madhya Pradesh	57.55	60	79.68	87.98	10.42
Maharashtra	10.21	5.6	10.71	11.64	8.68
Punjab	35.08	35.2	35.16	35.1	-0.17
Rajasthan	29.89	28.25	33.14	32.62	-1.57
Uttar Pradesh	97.87	99.13	99.05	99.04	-0.01
Uttarakhand	3.38	3.45	3.48	3.27	-6.03
West Bengal	2.45	1.02	2.52	1.88	-25.40
Others	NA.35	NA.23	0.09	0.1	11.11
All-India	303.27	300.35	336.42	346.35	2.95

Source: Ministry of Agriculture

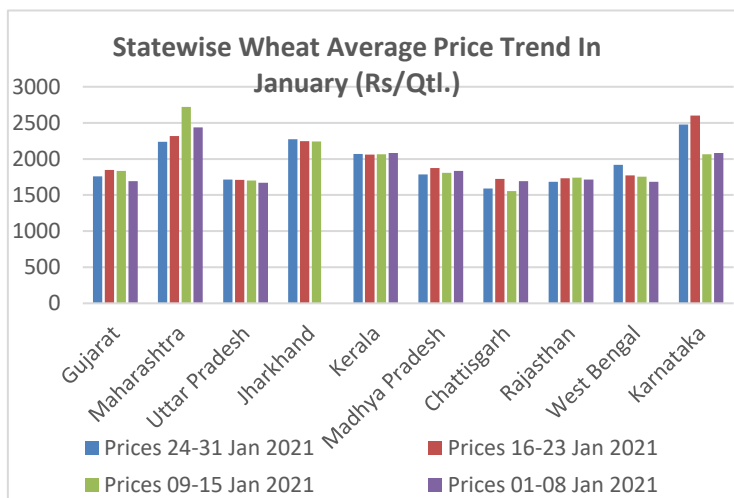
As per the latest update, the area under wheat has increased marginally by 2.85% to 346.36 lakh hectares so far in the ongoing 2020-21 Rabi season from 336.43 lakh hectares year-ago same period. Rabi sowing progress's overall trend is excellent, with increased area coverage recorded due to favourable weather. Thus, 9.93 lakh ha more area has been covered compared to last year. **The higher area** is reported from the states of Madhya Pradesh (8.30 lakh ha), Maharashtra (0.93 lakh ha), Haryana (0.31 lakh ha), Jammu & Kashmir (0.36 lakh ha), Jharkhand (0.20 lakh ha), Chhattisgarh (0.13 lakh ha), West Bengal (0.64 lakh ha) and Assam (0.01 lakh ha). **Less area** is reported from the States of Rajasthan (0.52 lakh ha), Bihar (0.27 lakh ha), Uttar Pradesh (1.32 lakh ha), Karnataka (0.07 lakh ha), Uttarakhand (0.21 lakh ha), Gujarat (0.29 lakh ha) and Punjab (0.06 lakh ha).

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

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:

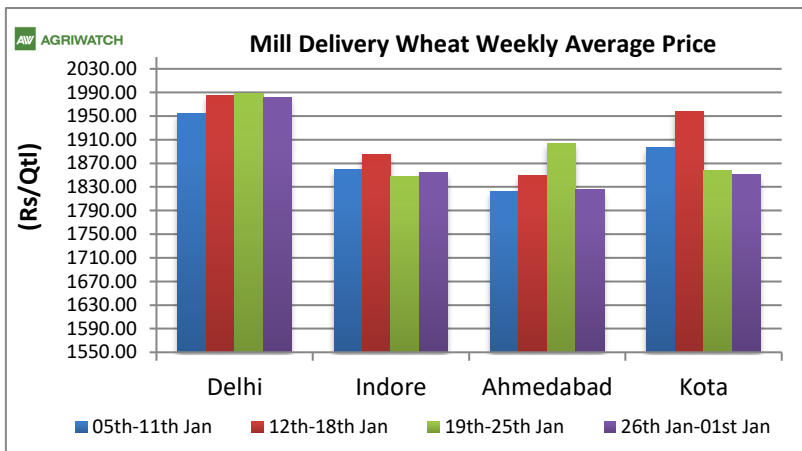
India's average monthly prices for wheat increased by 10.14 percent from Rs. 1764.38 in December - 2020 to Rs. 1963.48 per quintal in January -2021. The slowdown in the wheat market is over, and the price is expected to improve gradually. The central government has stopped giving free Wheat, so the surplus supply in Wheat has now reduced, and the demand for mills is slowly coming to the fore. There's also widespread export demand for Indian Wheat recently, which supports domestic prices in February too. Agriwatch expects that Wheat would trade steady to slightly firm due to continuous demand from the south mills and export markets. Besides, the decrease in arrivals would also support the market.



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

Wheat's average mill delivery prices remained low in all states like Delhi, Indore, and Kota expects Ahmedabad in the week ending during 26th Jan – 01st Feb 2021.

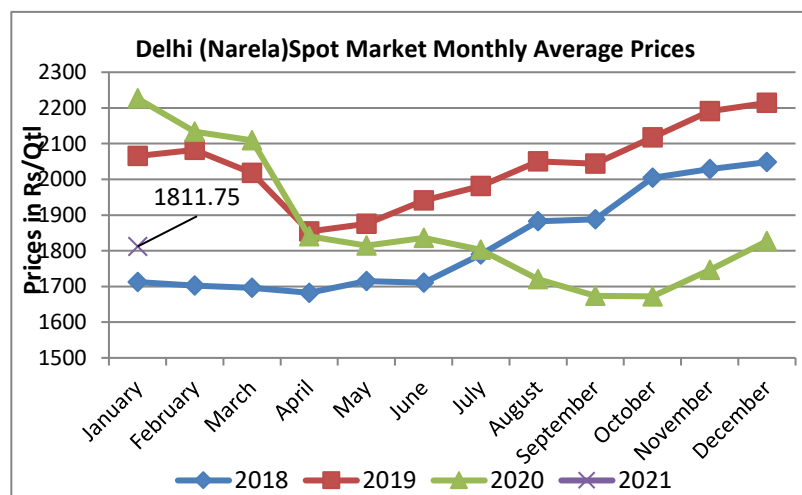
Markets had shown steady to weak movement in prices last week due to low demand from mills and are likely to trade slightly firm in upcoming weeks. There is a very low possibility of a price drop in wheat due to high export demand.



Wheat Delhi Average Monthly Price:

The wheat spot market Delhi (Narela) average price decreased from Rs 1826.92 per quintal in Dec-2020 to Rs 1811.75 per quintal in Jan-2021. Prices are likely to touch Rs 1825-1850 per quintal in the Narela market in the upcoming weeks.

The prices decreased by 0.83 percent compared to last month and decreased by 18.62 percent compared to the corresponding month last year. Arrivals in Narela have decreased by 9.5 percent quintal from 5250 quintals in Dec to 4750 quintals in the month of Jan-2021.



Wheat Exports:

According to the latest update, India exported around 1.54 lakhs tonne wheat in the month of December-2020. It is around 31 thousand tonnes lower compared to the export quantity (1.85 thousand tonnes) in Nov-2020.

The overall conditions for Indian wheat export is now favourable, 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. The recent price in China is \$ 350 per tonne and the wheat export price in India is \$260. Russia has been applying export tax of \$30.40 per ton on wheat exports since February 15, due to which the Indian wheat demand will also increase.

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	203.46
20-Oct	1.46	262.24	223.34
20-Nov	1.85	238.40	219.53
20-Dec	1.54	238.06	240.61
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.

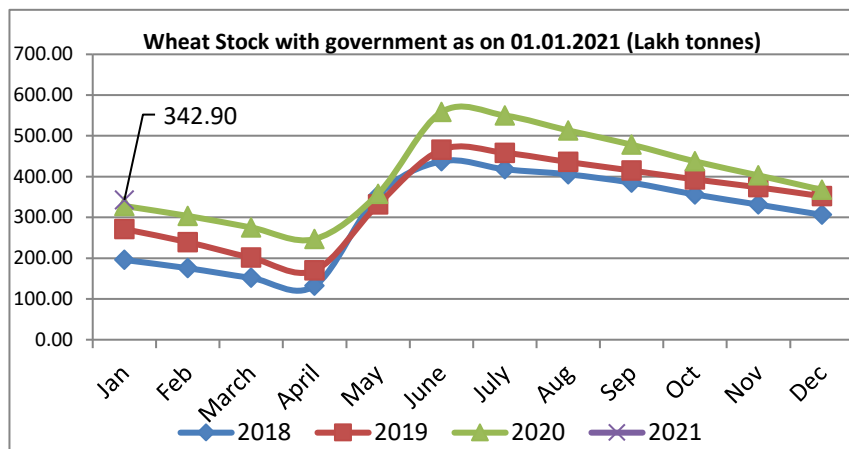
Source: DGCIS/Private Traders

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	203.46
20-Oct	0.06	NA	223.34
20-Nov	NA	NA	219.53
20-Dec	NA	NA	240.61
Total 2019-20 (000T)	1.801	174.26	185.35

Wheat Stock with the Government

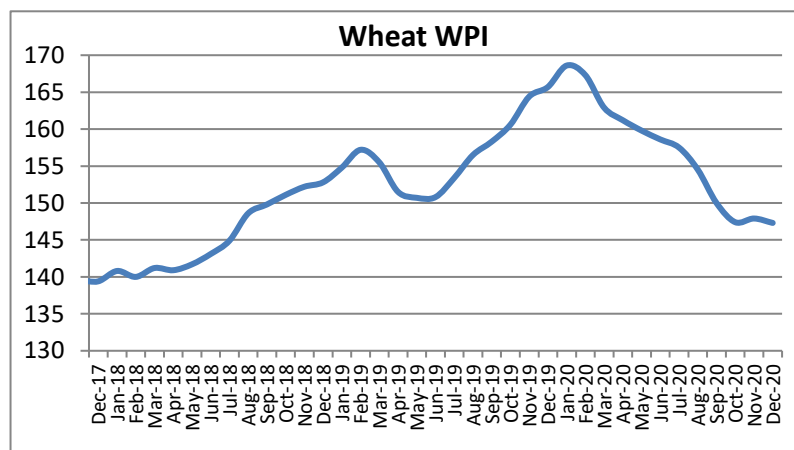
On 01.01.2021 was around 342.90 lakh tonnes. It is lower by 6.70 % from Dec-2020. Stock in the central pool as of 01st Jan 2021 is higher by 4.56 percent compared to last year for the same month. The government has increased its procurement target to 38.83 MMT for MY 2019-20 from 34.10 MMT last year.

The government has cut the reserve price for Lustreless 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.



Wheat Inflation:

Wheat WPI has decreased from 147.9 in Nov-2020 to 147.3 in Dec-2020. Monthly wheat inflation has increased by 0.33 percent in Nov-2020 compared to the previous month. As compared to Nov-2019 wheat WPI has increased by around 11.51 percent. Wheat WPI is expected to stay steady to slightly firm in the coming month. Food grains WPI increased by 0.44 in Nov-20 to 158.8 Compared to Oct-20.



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

Month/Year	2016	2017	2018	2019	2020
Jan	134.1	151.3	140.8	154.8	168.6
Feb	134.1	149.3	140	157.8	167.3
Mar	134.1	142.9	141.2	155.5	162.9
Apr	132.9	141	140.9	151.5	162.5
May	134.5	137.5	141.7	150.7	159.8
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	137.6	149.8	158.3	150
Oct	140.8	138	151.1	160.6	147.4
Nov	147.9	139.4	152.2	4.4	147.9
Dec	152.3	139.4	152.8	165.7	147.3

Monthly Average Spot Prices At Various Market(Rs/Quintal)					
Month	Delhi	Indore	Kota	Rajkot	Chennai
Jan-20	2290.6	2302.62	2250.21	2291.8	2585.42
Feb-20	2209.1	2170.65	2141.52	2176.67	2510.67
Mar-20	2184.41	1972.5	2016.18	1783.52	2350
Apr-20	1964.16	1972.5	1729.33	1772.27	2350
May-20	1966.92	1972.5	1837.89	1813.07	2350
Jun-20	1973.26	1885.76	1745.38	1799.4	2350
Jul-20	1976	1883.2	1877.7	1821.04	2179
Aug-20	1856.73	1770.23	1752.1	1695.83	2044.73
Sep-20	1821.37	1729.66	1680	1621.88	2000
Jun-20	1973.26	1885.76	1745.38	1799.4	2350
Jul-20	1976	1883.2	1877.7	1821.04	2179
Aug-20	1856.73	1770.23	1752.1	1695.83	2044.73
Sep-20	1821.37	1729.66	1680	1621.88	2000
Oct-20	1824.23	1666.42	1726.4	1664.61	1956
Nov-20	1869.32	1734.21	1751.25	1692.75	1987.5
Dec-20	1826.92	1676.04	1717.82	1694.2	1991.3
Jan-21	1961.04	1836.73	1878.12	1841.04	2010

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-Feb-21	2-Feb-21	27-Jan-21	5-Jan-21	4-Feb-20
Delhi	Lawrence Road	Mill Delivery	1970	1975	1985	1940	2210
	Narella	Mill Quality Loose	Closed	1825	Closed	1780	2140
	Nazafgarh	Mill Quality Loose	Closed	1815	Closed	1760	2140
Gujarat	Rajkot	Mill Delivery	1825	1815	1800	1810	2200
	Ahmedabad	Mill Delivery	1890	1900	1900	1915	2240
	Surat	Mill Delivery	1925	1925	1925	1980	2300
	Dhrol	Mill Delivery	NR	1790	1775	1720	0
M.P.	Indore	Mill Delivery	1830	1830	1850	1825	2215
	Bhopal	Mill Quality Loose	1640	1650	1710	1725	2050

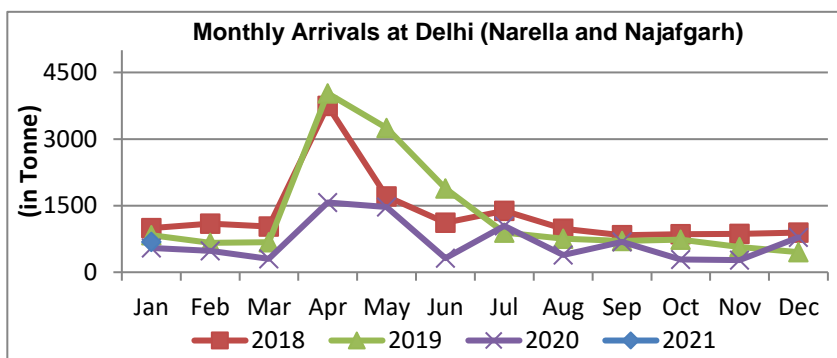
Rajasthan	Kota	Mill Quality Loose	1690	1670	1715	1770	2000
		Mill Delivery	1815	1800	1840	1925	2100
U.P.	Kanpur	Mill Delivery	1700	1730	1710	1700	2110
	Mathura	Mill Quality Loose	1775	1775	1770	1650	0
	Kosi	Mill Quality Loose	1800	1800	1700	1630	2120
	Hathras	Mill Quality Loose	1780	1800	1795	1700	2100
	Aligarh	Mill Quality Loose	1750	1820	Closed	1680	2050
Punjab	Khanna	Mill Quality Loose	1750	1750	1740	1620	1980
	Ludhiana (Jagraon)	Mill Delivery	NA	NA	0	0	0
Haryana	Sirsa	Mill Delivery loose	1800	1800	1785	1750	2070
	Hodal	Mill Delivery	NA	NA	NA	0	0
	Bhiwani	Mill Quality Loose	1860	1860	1870	1770	2100
	Karnal	Mill Delivery	NA	NA	0	0	0
	Panipat	Mill Quality Loose	NA	NA	0	0	0
Tamil Nadu	Chennai	Mill Quality	2050	2050	2050	1980	2550
	Madurai	Mill Quality	2107	2150	2150	2080	2650
	Coimbatore	Mill Quality	2107	2200	2200	2130	2700
Bihar	Khagariya	Mill Delivery	1900	1900	1800	1900	2100
	Muzaffarpur	Mill Delivery	1775	1800	1800	1720	2125

Monthly Arrivals at Delhi:

Arrivals in the Delhi region (Narela and Najafgarh) increased to 684 tonnes in Jan-2021 compared to 782 tonnes in Dec-2020.

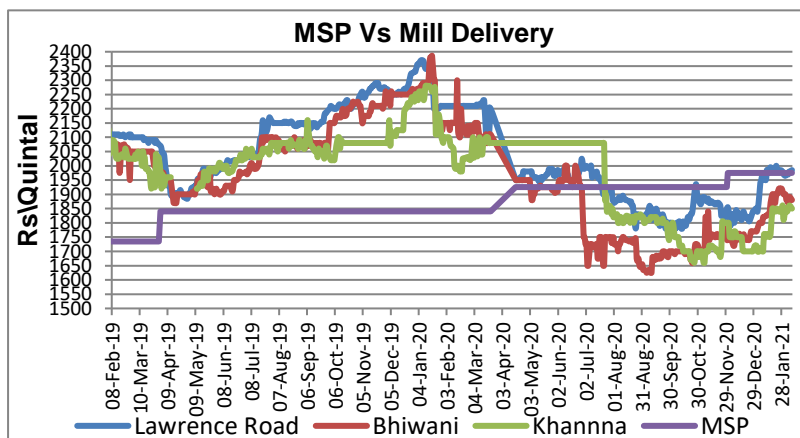
Domestic Outlook:

The wheat cash market is expected to trade steady to slightly firm in Feb-21 under normal conditions with some recovery in between.



MSP vs. Mill Delivery Prices:

As of now Mill delivery prices in Karnal, and Khanna market are below MSP except Lawrence road and are likely to move steady to slightly firm in the coming month. Prices of wheat at Lawrence road hovering between at Rs.1975-2000 above the MSP. 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 mostly mill delivery prices remained under MSP during MY 2020-21.



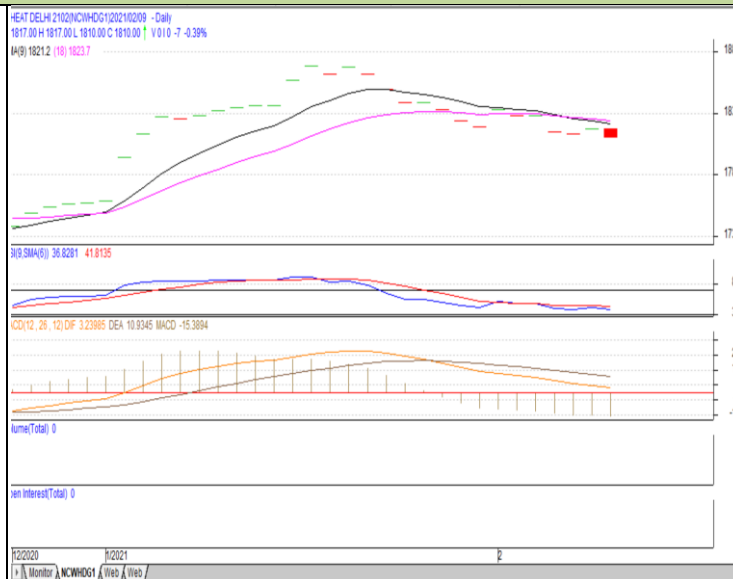
Wheat Technical Analysis:

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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.
- Candlestick pattern shows a bullish movement in the market.



Strategy: Stay Away

Intraday Supports & Resistances			S1	S2	PCP	R1	R2
Wheat	NCDEX	February	-	-	-	-	-
Pre-Market Intraday Trade Call*			Call	Entry	T1	T2	SL
Wheat	NCDEX	February	WAIT	1813	-	-	-

* 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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In the US This week's commercial sales of 643,000 metric tons (MT) for delivery in 2020/21 were up 69% from last week's 380,000 MT and on the high end of trade expectations of 250,000 MT to 700,000 MT. Year-to-date commercial sales now total 22.4 million metric tons (MMT), 5% ahead of last year's pace. USDA forecasts total U.S. wheat exports will reach 26.8 MMT in 2020/21, 2% ahead of last year, if realized.

According to USDA, total U.S. winter wheat planted area for harvest in 2021 is expected to reach 32.0 million acres, up 5% from last year on strong prices during fall planting. HRW acreage is pegged at 22.3 million acres, up slightly from last year. The SRW planted area forecast hit 6.23 million acres, up 12% from the year prior. Soft white (SW) planted area is up slightly from 2020 at 3.48 million acres.

Canada's Ministry of Agriculture predicts the country's wheat production will drop 4% in 2021/22 on lower expected yield and reduced planted area. Total Canadian wheat exports are forecast to fall 5% from 2020/21 to 20.0 MMT.

China According to Reuters, China imported a record 8.38 MMT of wheat in calendar year (CY) 2020, up 40% from 2019. Domestic Chinese corn prices remain high. "We will continue to buy alternatives [for feed] including imported corn, wheat and barley," said a manager with a major feed and pig producer in southern China. As of Jan. 14, Chinese imports of U.S. wheat total 2.45 MMT, more than 12 times greater than this time last year.

Ukraine Reuters reported total Ukrainian wheat exports as of Jan. 29 totaled 13.0 MMT, down significantly from last year on reduced production. USDA forecasts Ukraine will export 17.5 MMT of wheat in 2020/21, down 17% from last year and 3% less than the 5- year average.

Australia Argentina wheat must also compete with Australia wheat in foreign markets. With Australia's larger supplies and price advantage in 2020/21, Argentina faces renewed competition for market share in Southeast Asia. Last year, Argentina loaded 1.4 million tons of wheat for Indonesia in the month of January, compared to 100,000 tons this year. Given these challenges, 2020/21 trade year exports (Jul-Jun) are lowered to 11.0 million tons, while local marketing year exports (Dec-Nov) are reduced to 11.5 million tons. To achieve these forecasts, Argentina must export wheat during its typically slower months between March and November.

France FranceAgriMer, France's agriculture office, reported the country's winter wheat farmers made considerable progress last week, 66% of France's soft (non-durum) wheat is now in the ground, up from last week's 45% and in line with the five-year average.

Argentina Argentina has been plagued by dry and cold conditions throughout the 2020/21 growing season, shrinking production estimates to 17.2 million tons, a 5-year low. The diminished wheat crop has significantly lowered exportable supplies, and wheat exports in the 2020/21 marketing year are projected to reach their lowest level in 5 years. Along with lower production, a crucial factor constraining exports is continued unrest at Argentine ports. Towards the end of 2020, various union strikes severely limited shipments of grain and other agricultural products. Argentina's wheat harvest begins in November and exports typically peak shortly afterwards. Argentina ships its largest wheat volumes between December and February, with approximately 20 percent of annual exports shipped during January alone. However, due to labor disputes affecting shipping capacity, Argentina only exported 900,000 tons of wheat in December, down 60 percent year-over-year.

Europe European Commission (EC) data confirmed the European Union (EU) has now exported 15.0 MMT of wheat outside the block so far in 2020/21, down 17% on the year due to lower production. USDA forecasts the EU will export 26.5 MMT of wheat in 2020/21, down 31% on the year and 10% less than the 5-year average.

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Global Indicative FoB Quotes							
Month	US SRW2 (USD/MT)	US HRW2 (USD/MT)	Argentina P1 (USD/MT)	Ukraine 12.5% (USD/MT)	Russia 12.5% (USD/MT)	Rouen 11% (EUR/MT)	Australia ASW1 (AUD/MT)
20-Feb	250.69	234.01	NA	218.68	219.45	190.68	365.15
20-Mar	240.87	229.22	NA	209.57	210.48	184.33	375.55
20-Apr	237.13	234.21	NA	224.1	222.72	193.75	257.07
20-May	214.58	223.48	NA	227.5	NA	193.25	248.85
20-Jun	208.78	217.7	NA	197.73	198.64	190.5	237.96
20-Jul	228.82	223.55	NA	202.22	202.61	178.5	233.83
20-Aug	229.69	235.53	NA	203.58	203.63	184.94	232.35
20-Sep	260.2	246.3	245	227	227.45	188.25	226.22
20-Oct	NA	NA	254.26	248.91	248.41	204.19	224.46
20-Nov	264.3	266.3	255	254.93	207.25	230.31	232.28
20-Dec	279	281	254	256.52	256.33	208.82	226.51
21-Jan	283	282	NA	289.7	292.81	210.21	253.11

Source: Reuters

Indicative Freight Quotes				
Date	PoL: Novorossiysk, PoD: Damietta Freight (USD/MT)	PoL: Novorossiysk, PoD: Jeddah Freight (USD/MT)	PoL: Odessa, PoD: Japan Freight (USD/MT)	PoL: Odessa, PoD: Chittagong Freight (USD/MT)
09.01.2021	7.82	17.41	42.23	30.16
05.11.2020	6.48	16.09	41.60	29.66
03.10.2020	6.61	16.3	43.3	30.74
06.09.2020	8.1	19.9	42.71	37.06
13.08.2020	7.53	19.22	41.52	36.25
20.07.2020	6.57	18.12	41.16	35.97
27.06.2020	5.61	16.47	37.13	32.71
07.06.2020	5.56	16.47	41.33	34.51
14.05.2020	5.65	16.98	41.71	36.05
21.04.2020	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
24.01.2020	8.95	19.96	39.45	34.03

Vessel Class: Panamax

Source: Reuters

Spot Prices Black Sea Region					
Date	03.02.2021	30.12.2020	02.12.2020	30.09.2020	30.09.2020
Odessa, FOB(\$/tonnes)					
Milling wheat 12.5%	280-290	254-260	250-255	250-254	229-233
Milling wheat 11.5%	280-290	254-260	249-255	249-253	229-233
Feed wheat	267-270	246-249	238-241	217-220	-
Novorossiysk, FOB(\$/tonnes)					
Milling wheat 12.5%	280-290	254-260	252-255	253-256	229-233
Milling wheat 11.5%	280-290	253-259	249-255	249-253	218-221
Feed wheat	-	-	-	215-220	217-219

Source: Reuters

Forward Prices for 2020 Crop Black Sea Region				
Origin	Commodity	Delivery period	Price (USD/MT)	
			27.01.2021	03.02.2021
Russia	Wheat, 12.5% protein	Mar-Apr	-/306	-
Ukraine	Wheat, 11.5% protein	Mar-Apr	-	-
Ukraine/Russia	Feed wheat	-	-	-

Source: Reuter

IGC Wheat Balance Sheet					
(Fig. in MMT)	2017-18	2018-19	2019-20 est.	20/21 forecast	
				26.11.2020	14.01.2021
Production	762	733	764	769	768
Trade	176	169	187	187	187
Consumptions	739	739	752	752	753
Carryover stocks	271	265	295	295	294
Y-O-Y change	22	-7	19	-	15
Major Export	83	70	64	64	63

IGC Balance Sheet Highlight:

- IGC has estimated global wheat production at 768 MMT for 2020-21, 1 MMT lower compared to last month's estimate. According to estimates by IGC the 2018-19 global wheat production was around 733 MMT and 762 MMT for 2017-18.
- The trade estimates for 2020-21 has increased to 187 MMT. It is 18 MMT higher compared to the estimate for last year and same compared to 2019-20.
- Consumption has been increased to 753 MMT for 2020-21. The forecast is higher by 1 MMT compared to 2019-20.
- Carryout for 2020-21 is forecast at 294 MMT compared to an estimate of 295 MMT last year. It is lower by around 1 MMT compared to 2019-20.

[USDA Balance Sheet](#)

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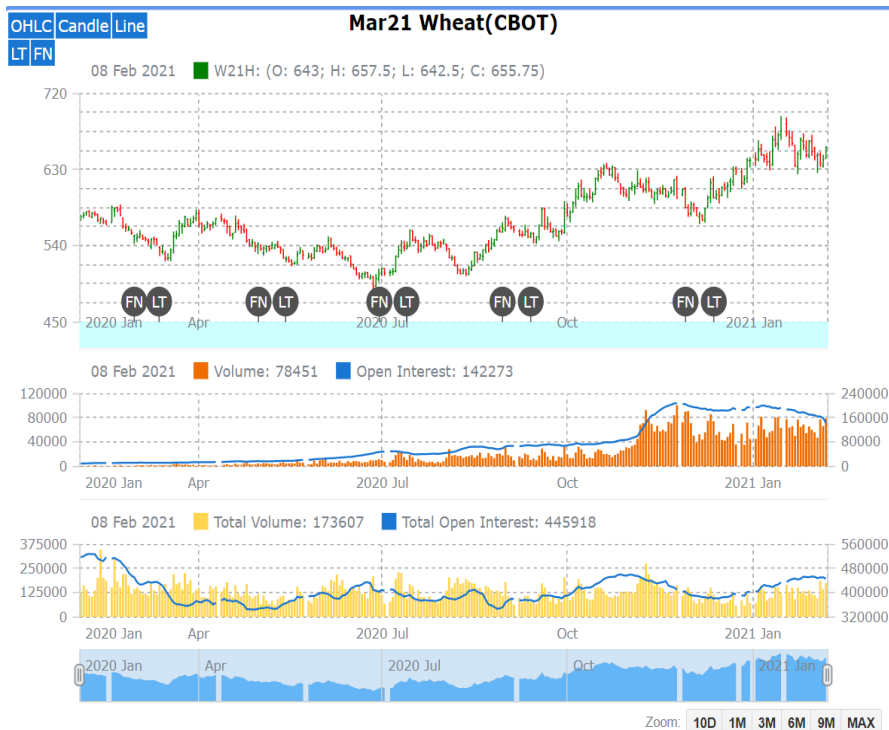
USDA Global Wheat Balance Sheet: 2020-21 Fig. In Thousand Tonne (As on 10.02.2021)							
Country	Opening Stock 2020-21	Production projected 2020-21	Domestic Consumption 2020-21	Import 2020-21	Export 2020-21	Ending Stock 2020-21	Production 2020-21
Argentina	1722	17,200	6,050	5	11,000	1,337	21000
Australia	2898	26,000	8,000	500	18,000	5,098	26000
Canada	5499	30,000	10,000	450	26,500	4,632	34000
China	1,51,682	1,34,250	1,40,000	10,000	1000	1,54,932	1,36,000
EU	14300	1,35,800	1,18,500	6000	27,000	10,600	1,39,500
India	24700	1,07,592	103,017	10,500	2,200	27,500	1,07,180
Pakistan	1292	25,200	25,700	3000	300	3,292	26100
Russia	7228	85,300	41,500	500	39,000	12,528	76500
Ukraine	1148	25,500	8,100	75	17,500	1,123	26500
U S	27985	49,691	31,380	3300	27,000	22,755	49630
Others	NA	NA	2,70,828	1,66,601	22881	2887	1,26,903
World total	3,00,102	7,73,435	7,63,954	1,90,010	1,93,135	3,04,217	7,69,313

Source: USDA

CBOT Futures March-21 Chart:

1st Support: 637.42
2nd Support: 632.58
1st Resistance: 647.67
2nd Resistance: 653.08
(\$ per tonne)

Wheat CBOT March soft red winter wheat down for 3/4 cents at \$6.52 per bushel. The Mar'21 contract closed higher by the end of the week and remained steady to firm during the week. Candlesticks pattern denotes a bullish trend in the chart. Both total volume & open interest increased compared to last month, which interprets long build up in the market. We expect wheat prices to remain firm in the coming month.



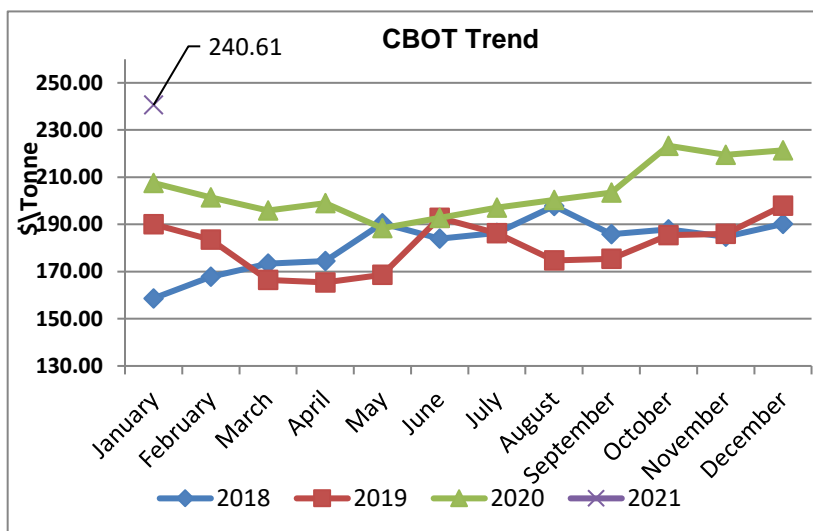
CBOT comparison over a period of time:

CBOT Futures Prices:(USD/T)							
CONTRACT MONTH	Today	Week Ago	Month Ago	3 Month Ago	6 Month Ago	Year Ago	% Change over prev. year
	29-Jan-21	22-Jan-21	30-Dec-20	23-Oct-20	31-Jul-20	30-Jan-20	
Mar-21	237.89	233.67	180.39	227.88	200.51	202.99	17.19
May-21	232.01	229.26	183.61	227.05	201.98	202.99	14.30
Jul-21	231.55	229.63	186.36	227.88	201.70	205.38	12.75
Sep-21	232.93	231.65	188.38	230.08	203.54	193.16	20.59
Dec-21	234.68	233.76	189.95	230.82	206.57	196.65	19.34
Mar-22	231.28	233.76	192.52	230.82	212.45	198.86	16.30

CBOT Trend: -

CBOT remains firm in Firm after being weak from 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 unexpectedly strong import demand from China & Pakistan.

CBOT average monthly price for January'21 is higher by \$ 15.91/tonne compared to last year for the same month and higher by \$8.69/tonne compared to December'20. USDA estimates production to be around 49.69 MMT in 2020-21 with yields around 3.34 MT/HA compared to 49.63 MMT with yields around 3.48 MT/HA in 2019-20.



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

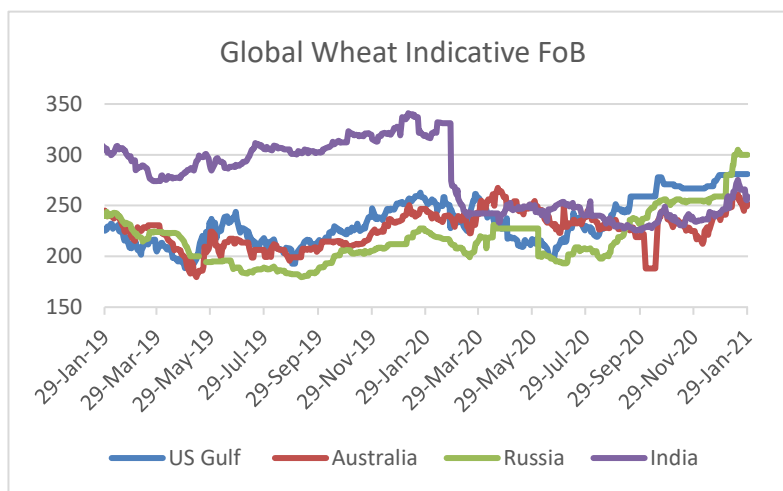
All prices are for SRW/milling grade	1 st Aug-20	1 st Sep-20	1 st Oct-20	1 st Nov-20	1 st Dec-20	1 st Jan-21	1 st Feb-21
USA	228.82	229.69	246.4	NA	279	279	289
France	188.21	184.94	191.86	204.19	220.25	220.25	289
Australia	233.83	232.35	226.22	224.6	244.09	244.09	275
Russia	202.61	203.63	227.45	248.41	280	280	227
India	247.67	237.46	228.39	235.35	248.25	248.25	258.72

Global Indicative FoB Quotes:

Indian FoB quote is based on local prices. Indian FoB quote is being quoted at \$259.57 per tonne. US and Russian quotes are hovering in the range of \$285 and \$300 per tonne.

There is a lot of demand for wheat in the international market, and prices are up, due to which the Indian wheat demand will also increase.

The demand for Indian wheat will increase due to Russia's imposition of export duty, but if there are many exports quickly, such coincidences are less visible. Exports will increase on an average compared to last year. Export to the surrounding countries will be good, but it does not seem to be exported in all the countries.



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