Wheat Weekly Research Report
17th February-2020

# Wheat Weekly Research Report

Table of Contents

**Wheat Domestic Market Fundamentals** **(Back to Table of Contents)**

*All India weekly average prices declined by 3.57 percent to Rs. 2250.05 per quintal during the week ended 15th February 2020. Wheat average price were ruling at Rs 2333.38 per quintal during 1st-8th February 2020. As compared to prices in the week 09-15 February 2019, the prices are higher by 4.49 percent. Prices are expected to trade range -bound to weak in coming days amid lower arrivals and lack of demand in the spot market. Though unseasonal rains, yellow rust and locust attacks have been reported in some areas, bumper production is expected this season.*

*As per latest update, area sown until 31st January-20 is 336.18 lakh hectares compared to 299.30 lakh hectare in the previous Rabi season. The normal area is 305.58 lakh hectares. Acreage under wheat has increased in the states of Madhya Pradesh, Gujarat, Maharashtra and Rajasthan till date.*

*As per market experts bumper production seems on the card despite unseasonal rains and locusts attack in Rajasthan. This year there will be record food grain production led by wheat along with corn and jowar. Wheat production during Rabi 2019-20 is estimated at 109 MMT which is 6.27% higher than last year production of 102.1 MMT. Production of wheat is expected to increase following higher acreage amid increase in MSP. Farmers prefer wheat over other Rabi crops in irrigated areas because of assured return as FCI undertakes procurement at MSP. Secondly, prolonged cold waves and winter rainfall in certain states have contributed to increase in yield of wheat.*

*Yellow rust has been reported in certain areas of Punjab and Haryana. This might bring down the yield. However agriculture departments are taking all possible measures to ensure the spread of the disease does not go beyond control. Farmers have been suggested to adopt remedial measures to deal with the situation. In Punjab, yellow rust has been reported in a few villages of Ropar, Hoshiarpur and Pathankot districts. In Haryana, it has been detected in the wheat crop in a few villages of Panchkula, Yamunanagar and Ambala.*

*Wheat WPI has increased from 164.4 in November -2019 to 165.7 in December -2019. Monthly wheat inflation has increased by 0.79 percent in December -2019 compared to previous month.*

*As per trade source, India has exported around 25.86 thousand tonnes in the month of January-2020. The quantity in January-2020 was exported at an average FOB of $ 305.64 per tonne and the major destinations were Bangladesh, Nepal, Somalia, UAE and Korea. Exports are likely to be at lower side as other countries are able to provide quality wheat at competitive prices.*

*India mainly imports from Australia and Russia. Millers prefer Australian wheat over Russian/Ukrainian wheat due to better quality. As of now, Russian wheat with 12.5 percent protein content and Australian premium wheat (APW) is being quoted at $387.80 (Rs 27719.94) per tonne and $527.80 (Rs 37727.14) per tonne respectively, after including freight and import duty @40%. Local expenses will further add to cost. Whereas wheat mill quality price in Chennai is ruling around Rs 25000 -25500 per tonne. Therefore, as of now, there is no parity for wheat imports.*

*Indian FoB quote is hovering around $331.79 per tonne. Against it Russia, Ukraine, France, US and Australia are offering wheat at $218.50, $218.50, Euro 191.75, $249.39 and $235.84 per tonne respectively. There is little hope for recovery at export front this year. However, India is expected to import around 1-5 thousand tonnes in MY 2018-19.* ***Previous Updates****: As per trade sources, after increase in import duty to 40 percent imports have decreased substantially. India has imported no wheat in the month of November-19. Imports are expected to be low this year due to good domestic availability and high import duty. India has imported 588.41 tonnes of Australian wheat during the month of September'19.*

***Outlook & Recommendation:*** *Wheat cash market is expected to trade Range -bound to weak in the coming week.*

***Trade Call:*** *Stakeholders should trade in March contract taking care of lower and upper price tag of Rs. 2100 & 2300 respectively.*

## Wheat Weekly Export

(Back to Table of Contents)

| Week On Week Exports | Quantity in MT | Average FoB ($/T) |
|---|---|---|
| 01-08 January -2020 | 6175.94 | 298.57 |
| 09-16 January -2020 | 9687.34 | 302.90 |
| 17-24 January -2020 | 6137.57 | 305.32 |
| 25-31 January -2020 | 3855.05 | 304.68 |
| Total | 25855.90 | |

Source: Trade

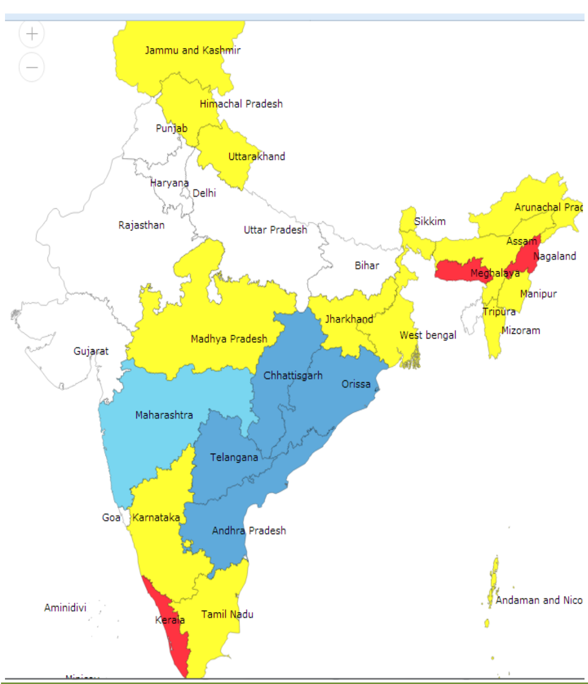
## Wheat Import

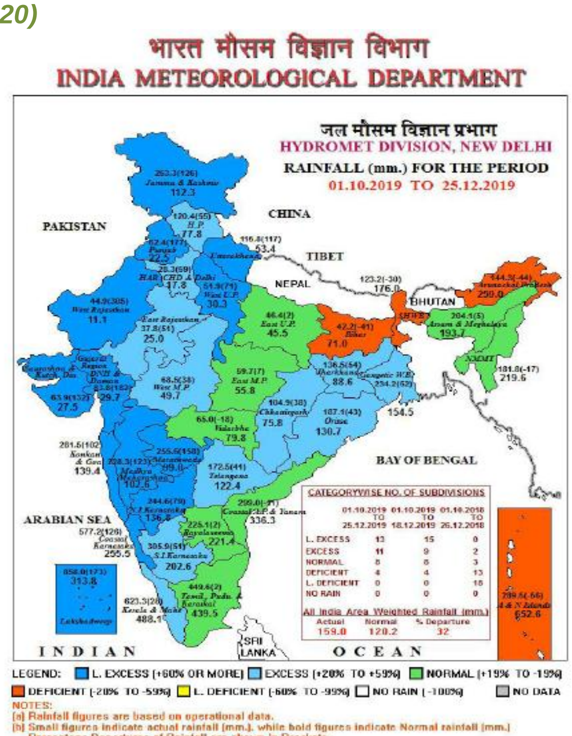
| Date | Foreign Country | Port | Quantity in MT |
|---|---|---|---|
| September-2019 | Australia | Tuticorin | 588.41 |
| | Total | | 588.41 |

Source: Trade

## Monsoon

### Weekly Cumulative rainfall (06-02-2020-12.02.2020)




Source: IMD

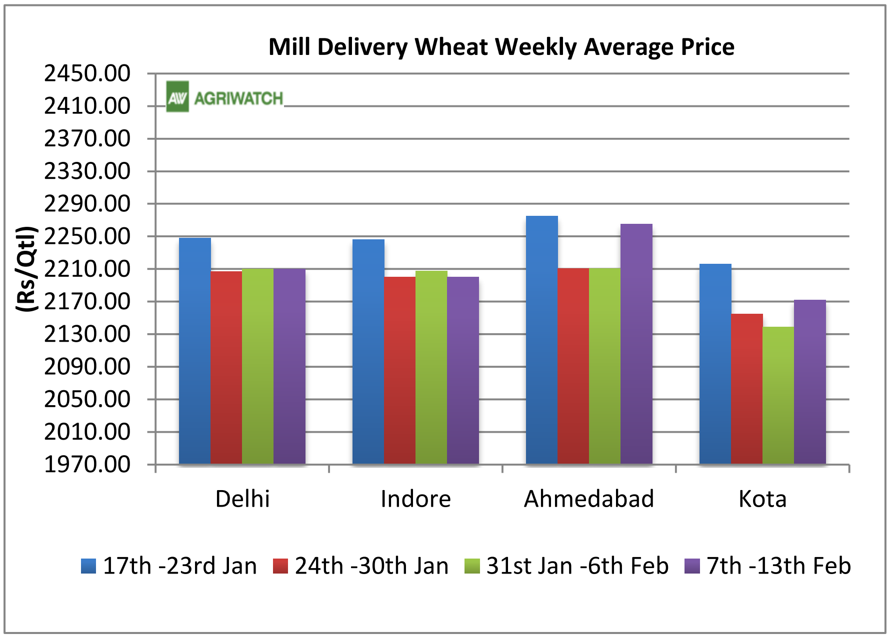
# Wheat Weekly Research Report
# 17th February-2020

## Wheat Weekly Average Price Chart

(Back to Table of Contents)

*Average mill delivery prices of Wheat traded firm in Ahmedabad, Kota, steady in Delhi and weak in Indore during 7th -13th February 2020.*

*Prices noticed mixed tone in past week. Market is likely to witness steady to weak tone in upcoming week amid expectation of bumper crop this season and lower arrivals in the spot market. Government has increased MSP of wheat, which has motivated farmers to sow more wheat and under normal conditions another good crop can be expected. Government has targeted a sale of 10 MMT in MY 2019-20 through OMSS. Sales through OMSS in MY 2018-19 was around 8.2 MMT.*




## Wheat and Rice Stocking Norms

| Wheat Stock Norms | | | | | | |
|---|---|---|---|---|---|---|
| Fig. In Lakh Tonne | Operational Stock | | | Strategic Reserve | | |
| As on | Rice | Wheat | Total | Rice | Wheat | Grand Total |
| 1st April | 115.8 | 44.6 | 160.4 | 20 | 30 | 210.4 |
| 1st July | 115.4 | 245.8 | 361.2 | 20 | 30 | 411.2 |
| 1st Oct. | 82.5 | 175.2 | 257.7 | 20 | 30 | 307.7 |
| 1st Jan | 56.1 | 108 | 164.1 | 20 | 30 | 214.1 |
| Buffer Norms w.e.f. 01.07.2017 | | | | | | |

## Procurement RMS 2019-20

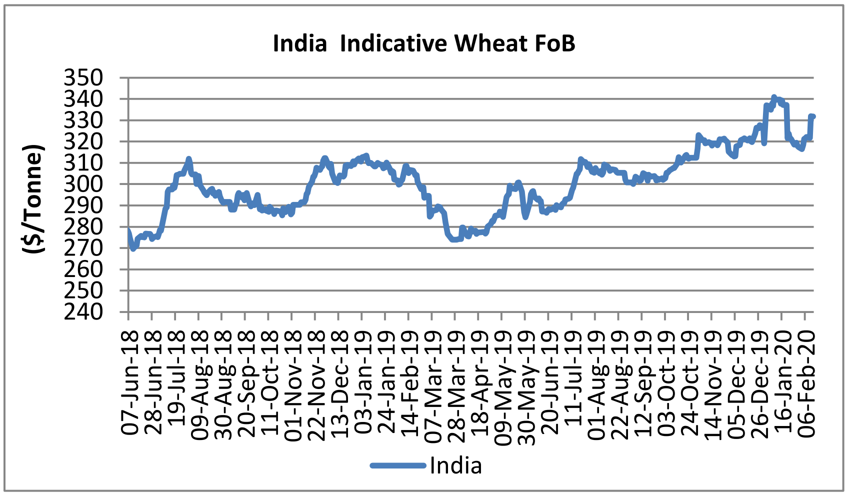
| State/UTs | Procurement as on 24th June-2019 (Figures in LMT) | | |
|---|---|---|---|
| | FCI (A) | State Agency (B) | Total (A+B) |
| Punjab | 15.72 | 113.4 | 129.12 |
| Haryana | 11.33 | 81.87 | 93.20 |
| Uttar Pradesh | 1.09 | 35.78 | 36.87 |
| Madhya Pradesh | 0.00 | 67.25 | 67.25 |
| Rajasthan | 12.06 | 2.01 | 14.07 |
| Others | 0.14 | 0.50 | 0.64 |
| **All-India** | **40.34** | **300.81** | **341.15** |

## FOB Quote for Wheat at Kandla

(Back to Table of Contents)

*Wheat FoB quote in India noticed firm tone in the past week. The demand for Indian wheat in the international market is low. Export window remains restricted due to disparity.*

*Wheat FoB quote for Kandla is likely to witness steady to firm tone in the coming week and is likely to hover in the range of $330-340 per tonne. Furthermore, other countries such as Russia, Ukraine and Australia are offering wheat at lower prices compared to export prices of India has also reduced demand for Indian wheat in international market.*




| Indicative FOB Quotes: | | | | | | |
|---|---|---|---|---|---|---|
| **Wheat FOB** | **Variety** | **Today** | **Week Ago** | **Month Ago** | **Year Ago** | **% Change over Prev. Year** |
| | | **13-Feb-20** | **6-Feb-20** | **16-Jan-20** | **14-Feb-19** | |
| USA (Chicago) | 2srw | 249.39 | 253.90 | 257.30 | 225.20 | **10.74** |
| France | FCW3 | 208.45 | 211.18 | 215.21 | 221.02 | **-5.69** |
| Australia | ASW | 235.84 | 237.85 | 243.21 | 239.40 | **-1.49** |
| Russia | SRW | 218.50 | 221.00 | 223.50 | 240.00 | **-8.96** |
| India | Fob | NA | 321.58 | 339.35 | 305.19 | **NA** |

| | 30/01/2020 | 23/01/2020 | 16/01/2020 | 26/12/2019 |
|---|---|---|---|---|
| Black Sea Mill Wheat 12.5% FOB Pmax.($/T) | 234 | 234 | 228 | 220 |
| Black Sea Mill Wheat 11.5% FOB Pmax. ($/T) | 228 | 230 | 225 | 215 |

## NCDEX Wheat Contracts

| Wheat Futures Contact: NCDEX Price | | | | | | | | | Date: 14.02.2020 |
|---|---|---|---|---|---|---|---|---|---|
| **Contract Month** | **+/-** | **Open** | **High** | **Low** | **Close** | **Volume** | **Change From previous day** | **Open Interest** | **Change From previous day** |
| **20-Feb** | **0** | 2075 | 2075 | 2075 | 2075 | 10 | **10** | 20 | **0** |
| **20-Mar** | **0** | 2188 | 2188 | 2188 | 2188 | | | | |
| **20-Apr** | **0** | 2198 | 2198 | 2198 | 2198 | | | | |

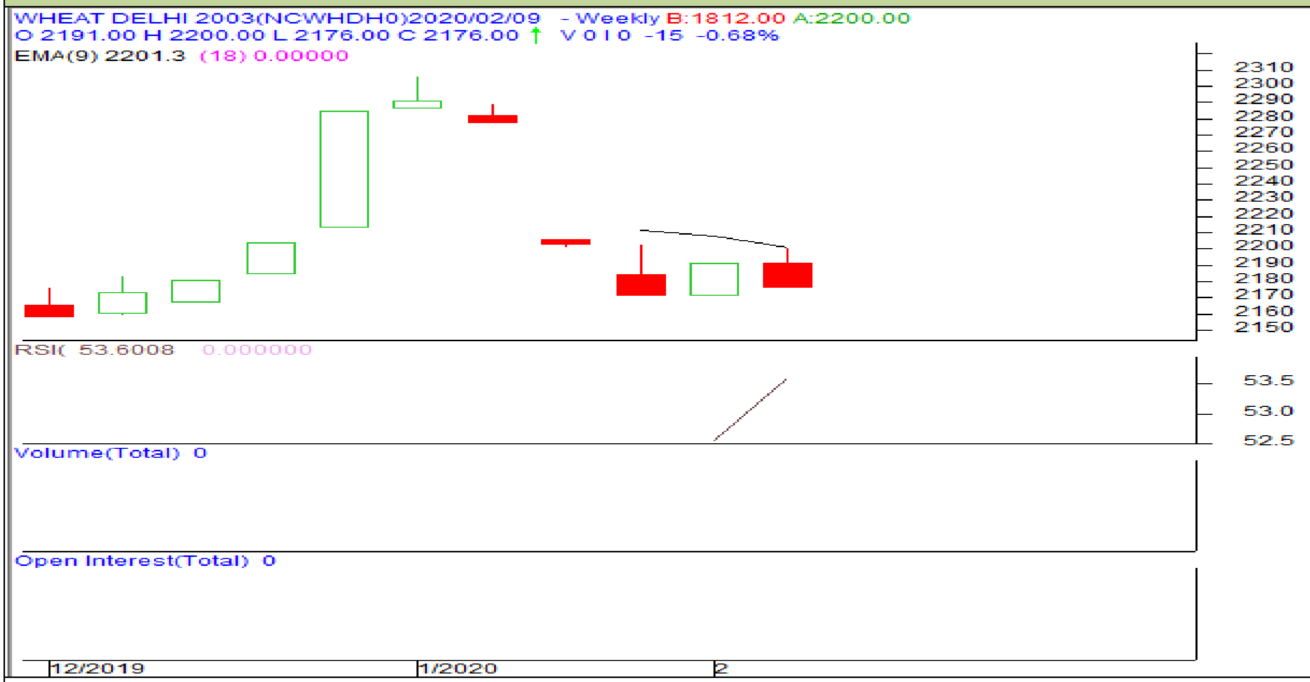
AGRIWATCH

**Wheat Weekly Research Report**
**17th February-2020**

## *Wheat Technical Analysis:*

***(Back to Table of Contents)***

**Wheat –Technical Outlook** | **Contract Expiry: 20th March, 2020**




**Technical Commentary:**

- Decline in price denotes selling interest in the market.
- RSI is moving in neutral region.
- Prices closed below 9 and 18 day EMAs.

**Strategy: Sell**

| | | | S1 | S2 | PCP | R1 | R2 |
|---|---|---|---|---|---|---|---|
| Wheat | NCDEX | March | 2100 | 2050 | 2176 | 2250 | 2300 |
| **Weekly Trade Call** | | | **Call** | **Entry** | **T1** | **T2** | **SL** |
| Wheat | NCDEX | March | **Sell** | Below 2190 | 2150 | 2135 | 2215 |

## *Spot Price at NCDEX Delivery Centers:*

| Spot prices of wheat at NCDEX Delivery centers | | | | | |
|---|---|---|---|---|---|
| **NCDEX SPOT** | **Today** | **Week Ago** | **Month Ago** | **Year Ago** | **% Change over prev. Year** |
| | **13-Feb-20** | **6-Feb-20** | **16-Jan-20** | **13-Feb-19** | |
| Indore | 2187 | 2160 | 2310 | 2025 | **8.00** |
| Delhi | 2204 | 2210 | 2350 | 2094 | **5.25** |
| Kanpur | 2100 | 2100 | 2155 | 2075 | **1.20** |
| Rajkot | 2212 | 2185 | 2350 | 2074 | **6.65** |
| Kota | 2170 | 2169 | 2245 | 2091 | **3.78** |
| Source: NCDEX; NCDEX delivery prices are inclusive of Mandi tax and other applicable state taxes along with handling & packaging costs. | | | | | |

**Domestic Market Weekly Outlook:** (Back to Table of Contents)

*Wheat market is expected to notice range -bound to weak tone amid bumper production expected this season and lower arrivals in the spot market. Though unseasonal rains, yellow rust and locust attacks have been reported in some areas, production is however expected to be higher this season.*

**Spot Market Price:**

| Centre | Market | Variety | Prices (Rs/Qtl) | | | | |
|---|---|---|---|---|---|---|---|
| | | | Today | Yesterday | Week Ago | Month Ago | Year Ago |
| | | | 13-Feb-20 | 12-Feb-20 | 06-Feb-20 | 15-Jan-20 | 14-Feb-19 |
| Delhi | Lawrence Road | Mill Delivery | 2210 | 2210 | 2210 | 2350 | 2110 |
| | Narella | Mill Quality Loose | 2100 | Closed | 2150 | Closed | 2090 |
| | Nazafgarh | Mill Quality Loose | 2130 | Closed | 2150 | Closed | 2030 |
| Gujarat | Rajkot | Mill Delivery | Closed | 2300 | 2225 | 2330 | 2100 |
| | Ahmedabad | Mill Delivery | Closed | 2320 | 2265 | 2450 | 2120 |
| | Surat | Mill Delivery | Closed | 2350 | 2325 | 2500 | 2170 |
| | Dhrol | Mill Delivery | 2560 | 2620 | 2465 | 2485 | 2210 |
| M.P. | Indore | Mill Delivery | 2190 | 2190 | 2215 | Closed | 2075 |
| | Bhopal | Mill Quality Loose | 2025 | 2025 | 2030 | Closed | 1930 |
| Rajasthan | Kota | Mill Quality Loose | 2035 | 2050 | 2060 | Closed | 2000 |
| | | Mill Delivery | 2150 | 2180 | 2180 | Closed | 2075 |
| U.P. | Kanpur | Mill Delivery | 2050 | 2100 | 2115 | Closed | 2050 |
| | Mathura | Mill Quality Loose | NA | NA | NA | 2190 | 2075 |
| | Kosi | Mill Quality Loose | 2050 | 2050 | 2100 | 2200 | 2020 |
| | Hathras | Mill Quality Loose | 2050 | 2125 | 2150 | 2150 | NA |
| | Aligarh | Mill Quality Loose | 2020 | Closed | 2000 | Closed | 1950 |
| Punjab | Khanna | Mill Quality Loose | 1900 | 1900 | 1975 | NR | 1930 |
| | Ludhiana (Jagraon) | Mill Delivery | NA | NA | NA | NA | NA |
| Haryana | Sirsa | Mill Delivery loose | 2050 | 2050 | 2070 | 2200 | 1920 |
| | Hodal | Mill Delivery | NA | NA | NA | NA | 2080 |
| | Bhiwani | Mill Quality Loose | 2100 | 2100 | 2080 | 2300 | 2025 |
| | Karnal | Mill Delivery | NA | NA | NA | NA | NA |
| | Panipat | Mill Quality | NA | NA | NA | NA | NA |

| | | | | | | | |
|---|---|---|---|---|---|---|---|
| | | Loose | | | | | |
| Tamil Nadu | Chennai | Mill Quality | 2550 | 2550 | 2550 | Closed | 2410 |
| | Madurai | Mill Quality | 2607 | 2650 | 2650 | Closed | 2510 |
| | Coimbatore | Mill Quality | 2607 | 2700 | 2700 | Closed | 2560 |
| Bihar | Khagariya | Mill Delivery | 2000 | 2000 | 2100 | 2200 | 2150 |
| | Muzaffarpur | Mill Delivery | 2100 | 2100 | 2125 | 2200 | 2100 |

***Sowing Status:***

***(Back to Table of Contents)***

**State Wise Wheat Sowing in Lakh Hectares**

| State | Normal area (2019) | 2017 | 2018 | 2019 | % Change 2019 vs. 2018 |
|---|---|---|---|---|---|
| Bihar | 21.18 | 22.95 | 23.27 | 22.87 | -1.72 |
| Chhattisgarh | 1.05 | 1.73 | 1.85 | 1.68 | -9.19 |
| Gujarat | 10.85 | 9.96 | 10.76 | 8.07 | -24.97 |
| Haryana | 25.46 | 25.38 | 25.26 | 25.16 | -0.40 |
| Himachal Pradesh | 3.48 | 3.59 | 3.6 | 3.50 | -2.78 |
| J&K | 2.94 | 2.31 | 2.93 | 2.44 | -16.88 |
| Jharkhand | 1.76 | 2.08 | 2.31 | 1.64 | -29.07 |
| Karnataka | 1.95 | 1.57 | 2.09 | 1.50 | -28.37 |
| Madhya Pradesh | 57.24 | 64.22 | 53.16 | 60.00 | 12.87 |
| Maharashtra | 10.24 | 10.52 | 9.4 | 5.69 | -39.44 |
| Punjab | 35.06 | 35 | 35.1 | 35.02 | -0.23 |
| Rajasthan | 30.26 | 30.67 | 30.2 | 28.25 | -6.46 |
| Uttar Pradesh | 97.44 | 100.52 | 98.67 | 99.13 | 0.47 |
| Uttarakhand | 3.47 | 3.59 | 3.58 | 3.45 | -3.63 |
| West Bengal | 3.30 | 3.39 | 1.36 | 1.05 | -22.79 |
| Others | 0.61 | 0.21 | 0.75 | 0.23 | -69.33 |
| **All-India** | **306.29** | **317.81** | **304.29** | **299.68** | **-1.52** |

***Source: Ministry of Agriculture***

**International Market Update:** (Back to Table of Contents)

*According to Croatia's statistical office, acreage under wheat in the autumn of 2019 declined by 4.2% to 136,000 hectares compared to previous year.*

*Japan's Ministry of Agriculture sought 110,565 metric tonnes of food quality wheat from the United States, Canada and Australia in a regular tender. The tender will close on Thursday. The wheat will be loaded between March 21 –April 30, 2020.*

*According to the latest monthly supply and demand report released by the USDA, global wheat exports are increased 1.8 MMT led by a 1.0 MMT increase for the EU on strong shipments and more competitive prices. World imports for 2019/20 are raised 1.9 MMT led by a 0.8 MMT increase for China and a 0.7 MMT increase for Turkey. For the 2019/20 market year, global consumption and ending stocks are lowered fractionally though world ending stocks remain record large. World wheat ending stocks have been reduced to 288.03 MMT, nearly unchanged from 288.08 MMT previously and above analyst's expectation of 287.44 MMT.*

*According to Ukraine's Ministry for Development of Economy, Trade and Agriculture, Ukrainian wheat exports now total 15.9 MMT for marketing year 2019/20. Total Ukrainian grain exports are up 30% year-over-year at 36.8 MMT.*

*According to an agriculture ministry official, Egypt has planted 1.34 million hectares of wheat in the 2019-2020 season, slightly above the amount planted the previous year.*

*According to a report from the Foreign Agricultural Service of the USDA, Turkey's wheat imports during the first six months of marketing year 2019-20, June to November 2019, were almost double compared to previous year's imports during the same period at 5.5 MMT. The USDA anticipates the market year 2019-20 imports to increase to 8.5 MMT, on the basis that domestic consumption will continue to rise, and exports of wheat products will remain steady.*

*According to an agriculture ministry official, Egypt has planted 1.34 million hectares of wheat in the 2019-2020 season, slightly above the amount planted the previous year.*

*Japan's Ministry of Agriculture sought 120,000 metric tonnes of feed wheat to be loaded by May 31 and arrive in Japan by July 30, via a simultaneous buy and sell (SBS) auction that will be held on Feb. 12.*

*Soft wheat exports from French ports touched a six-year high in January despite intermittent docker and tug boat strikes that saw some shipments delayed. About 1.33 MMT of soft wheat was exported from France last month, the highest in January since 2014 while 1.66 MMT was exported in total in the month.*

*According to the USDA, Canada's area seeded to all wheat was reduced by 40,000 hectares, area harvested reduced by 162,000 hectares, and production revised down by 144,000 tonnes to 32.35 MMT. Poor weather conditions, rail strikes and strong global competition in the wheat market have affected Canada's 2019-20 wheat exports.*

*According to IKAR Consultancy, Russian wheat production this year could be around 79.5 MMT. Farmers have sown a record winter wheat area this season.*

## IGC Wheat Balance Sheet:

(Back to Table of Contents)

| IGC Forecast( Fig-In MMT) | 2016-17 | 2017-18 | 2018-19 (Estimate) | 2019-20 (Forecast) | |
|---|---|---|---|---|---|
| | | | | 21.11.2019 | 23.01.2020 |
| Production | 757 | 762 | 733 | 762 | 761 |
| Trade | 177 | 176 | 169 | 173 | 175 |
| Consumptions | 736 | 739 | 739 | 756 | 754 |
| Carryover stocks | 248 | 271 | 265 | 271 | 272 |
| Y-O-Y change | 21 | 22 | -5 | 6 | 7 |
| Major Export | 79 | 83 | 70 | 69 | 66 |

- *IGC has forecasted global wheat production to be 761 MMT for 2019-20. According to estimate by IGC for 2018-19, global wheat production was around 733 MMT against 762 MMT for 2017-18. The forecast for global production is higher by 29 MMT compared to estimate for 2018-19. IGC has forecasted higher production for 2019-20.*
- *Trade forecast for 2019-20 has been increased to 175 MMT. It is 6 MMT higher compared to estimate for last year and lower by 1 MMT compared to 2017-18.*
- *Consumption has been decreased to 754 MMT for 2019-20. The forecast is higher by 15 MMT compared to 2018-19.*
- *Carryout for 2019-20 is forecast at 272 MMT compared to estimate of 265 MMT last year. It is higher by around 24 MMT compared to 2016-17.*

## CBOT FUTURES CONTRACT:

| CBOT Futures Prices:(USD/T) | | | | | | | |
|---|---|---|---|---|---|---|---|
| CONTRACT MONTH | Today | Week Ago | Month Ago | 3 Month Ago | 6 Month Ago | Year Ago | % Change over prev. year |
| | 13-Feb-20 | 06-Feb-20 | 16-Jan-20 | 08-Nov-19 | 19-Aug-19 | 14-Feb-19 | |
| Mar-20 | 199.96 | 204.37 | 207.67 | 188.94 | 176.17 | 200.60 | -0.32 |
| May-20 | 200.14 | 203.36 | 208.04 | 190.96 | 178.19 | 202.44 | -1.13 |
| Jul-20 | 200.05 | 203.26 | 208.22 | 192.52 | 179.93 | 201.70 | -0.82 |
| Sep-20 | 202.25 | 205.19 | 210.15 | 195.27 | 182.97 | 202.25 | 0.00 |
| Dec-20 | 205.74 | 208.32 | 213.28 | 199.68 | 187.28 | 208.04 | -1.10 |
| Mar-21 | 208.96 | 211.16 | 215.76 | 202.80 | 212.45 | 211.03 | -0.98 |

**Wheat Weekly Research Report**
**17th February-2020**

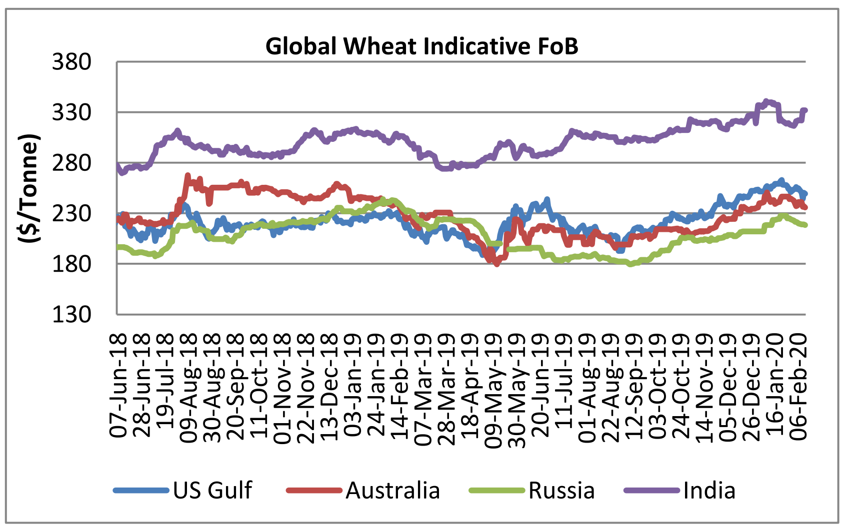
**(Back to Table of Contents)**

## CBOT Mar-20

***1st Support: 172.00***
***2nd Support: 170.00***
***1st Resistant: 230.00***
***2nd Resistant: 232.00***
***($ per tonne)***


*Wheat CBOT closed at $5.43 per bushel. U.S. wheat net export sales during the week ended 6th February was 643,000 tonnes compared to 339000 tonnes last week. Sales were on the high end of trade expectation of 200000-700000 MT. USDA expects sales for 2019-20 to be around 26.50 MMT, higher by 4% than 2018-19. As on 25th November, U.S. spring wheat harvest is 100% complete. Planting of U.S. winter wheat is at 87% compared to 85% last year. CBOT wheat prices closed lower amid profit –booking.*

## International FOB Weekly Price Movement




*Indian FoB quote is based on local price. There is no export in bulk currently. Indian FoB quote is hovering between $321.70-331.79 per tonne.*

*US and Russian quotes are hovering in the range of $244.47-254.90 and $220.00 - 218.50 per tonne respectively. Wheat prices in international markets noticed steady to weak tone in last week.*

*Wheat is expected to trade steady to weak and hover in the range of $210 to $265 per tonne in coming week.*

## International Weekly Outlook:

*Global wheat market is expected to trade steady to weak due to ample availability in global market.EU is likely to produce around 155.5 MMT in 2019-20 compared to 137.8 MMT in 2018-19. Russia and Ukraine are likely to harvest 73.5 MMT and 29.00 MMT of wheat in 2019-20 respectively. Production in US is likely to be around 52.30 MMT compared to last year's 51.30 MMT. Australia is likely to produce 15.90 MMT in 2019-20 compared to 17.30 MMT in 2017-18. Argentina is expecting to harvest around 19.0 MMT in 2019-20 compared to 19.5 MMT in 2018-19. Furthermore, Canada is likely to harvest around 32.30 MMT in 2019-20 compared to 32.20 MMT in 2018-19.*