Wheat Weekly Research Report

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

Wheat cash market is likely to trade steady to weak amid bumper output expected this season and higher stocks in central pool. Likely bumper production this year and FCI urgency to release old stock may pressurize wheat cash market in coming weeks. If off take remains slow at this point of time, FCI may consider to decrease bench mark price. Crop condition is good so far. Overall tone remains weak.

All India weekly average prices declined by 4.19 percent to Rs. 2137.82 per quintal during the week ended 28th February 2020. Wheat average price were ruling at Rs 2231.28 per quintal during 16-23 February 2020. As compared to prices in the week 24-28 February 2019, the prices are higher by 5.58 percent. Prices are expected to trade steady to weak in coming days amid 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.

Wheat WPI has increased from 165.7 in December -2019 to 168.6 in January -2020. Monthly wheat inflation has increased by 1.75 percent in January -2020 compared to previous month.

As per trade source, India has exported around 25.85 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, Korea, Nepal, Somalia, UAE and Sri Lanka. 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 $380.80 (Rs 27421.21) per tonne and $539.00 (Rs 38813.39) 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 24000 -25000 per tonne. Therefore, as of now, there is no parity for wheat imports.

Indian FoB quote is hovering around $274.29 per tonne. Against it Russia, Ukraine, France, US and Australia are offering wheat at $213.00, $213.50, Euro 187.00, $246.39 and $237.85 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 steady to weak in the coming week.*

Trade Call: *Stakeholders should trade in February contract taking care of lower and upper price tag of Rs. 1950 & 2150 respectively.*

Wheat Weekly Export

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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

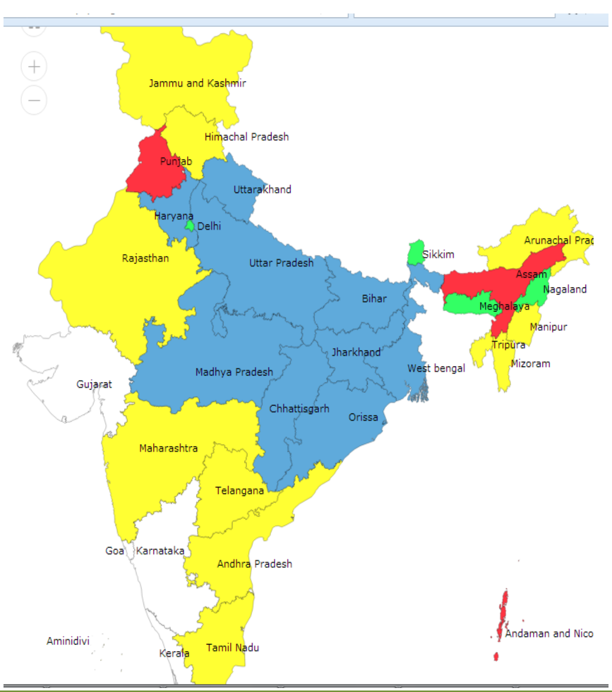
Wheat Import

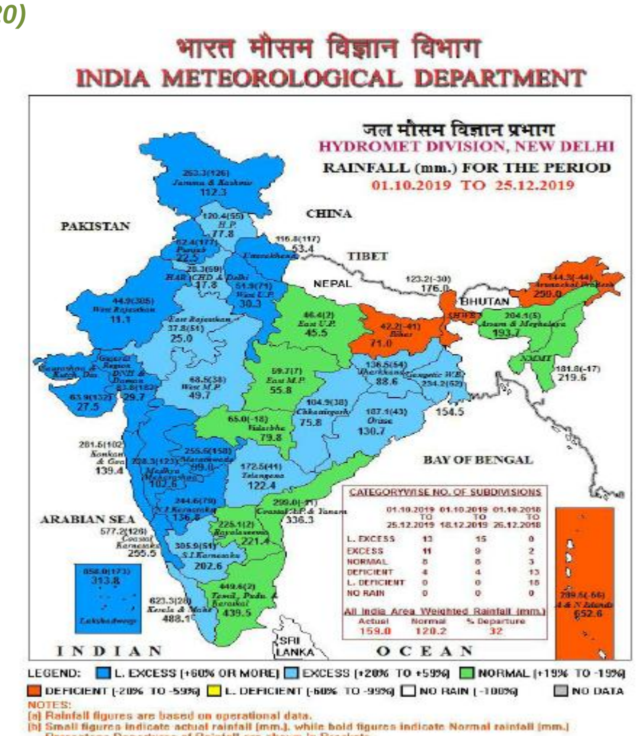
Date	Foreign Country	Port	Quantity in MT
January-2020	Australia	Tuticorin	114.95
	Total		114.95

Source: Trade

Monsoon

Weekly Cumulative rainfall (20-02-2020-26.02.2020)





Source: IMD

Wheat Weekly Average Price Chart

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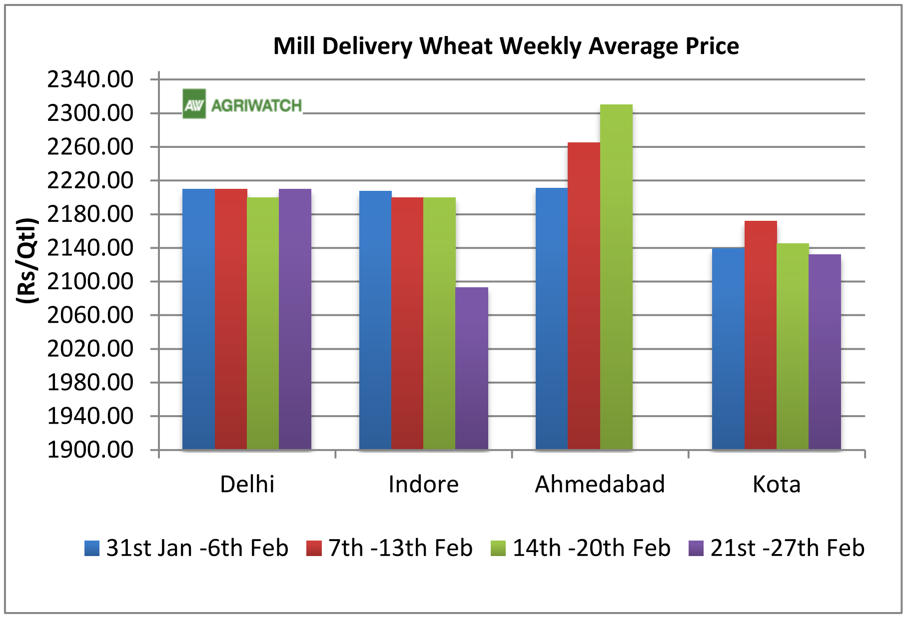
Average mill delivery prices of Wheat traded firm in Delhi and weak in Indore, Ahmedabad and Kota during 21st -27th February 2020.

Prices noticed mixed tone in past week. Market is likely to notice steady to weak tone in upcoming week amid expectation of bumper crop this season and lack of demand from the bulk buyers. 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

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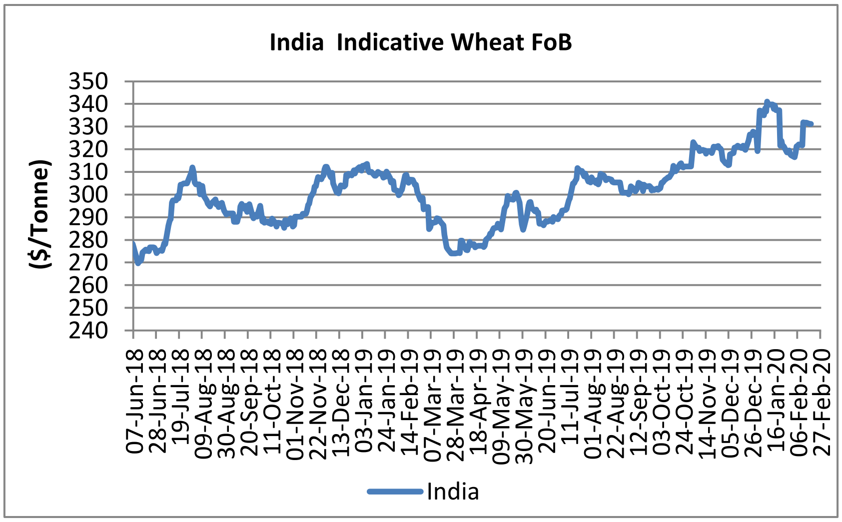
Wheat FoB quote in India noticed weak tone in the past week. The demand for Indian wheat in the international market is low. Export window remains restricted due to disparity.

Wheat FoB quote for Kandla is likely to witness steady to weak tone in the coming week and is likely to hover in the range of $270-280 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 26-Feb-20	Week Ago 19-Feb-20	Month Ago 29-Jan-20	Year Ago 27-Feb-19	% Change over Prev. Year
USA (Chicago)	2srw	227.87	258.24	254.21	209.51	8.76
France	FCW3	204.73	208.11	209.84	214.17	-4.41
Australia	ASW	239.19	239.86	246.56	220.81	8.32
Russia	SRW	213.00	217.00	225.00	231.00	-7.79
India	Fob	Closed	Closed	319.43	298.58	-

	26/02/2020	19/02/2020	12/02/2020	05/02/2020
Black Sea Mill Wheat 12.5% FOB Pmax.($/T)	*217*	*221*	*222*	*226*
Black Sea Mill Wheat 11.5% FOB Pmax. ($/T)	*216*	*220*	*222*	*224*

NCDEX Wheat Contracts

Wheat Futures Contact: NCDEX Price									Date: 28.02.2020
Contract Month	+/-	Open	High	Low	Close	Volume	Change From previous day	Open Interest	Change From previous day
20-Feb	-50	2150	2150	2100	2100	20	-10	20	0
20-Mar	0	2150	2150	2150	2150				
20-Apr	0	2150	2150	2150	2150				

AGRIWATCH

Wheat Weekly Research Report
2nd March-2020

Wheat Technical Analysis:

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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	2020	2005	2100	2180	2195
Weekly Trade Call			**Call**	**Entry**	**T1**	**T2**	**SL**
Wheat	NCDEX	March	Sell	2120	2080	2065	2145

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**
	26-Feb-20	**19-Feb-20**	**29-Jan-20**	**26-Feb-19**	
Indore	2100	2187	2200	1965	11.30
Delhi	2200	2205	2195	2093	5.11
Kanpur	2075	2115	2105	2080	0.96
Rajkot	1950	2205	2235	2080	5.29
Kota	2156	2170	2171	2096	3.44

Source: NCDEX; NCDEX delivery prices are inclusive of Mandi tax and other applicable state taxes along with handling & packaging costs.

Domestic Market Weekly Outlook:

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Wheat market is expected to notice steady to weak tone amid bumper production expected this season and lack of demand 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**
			27-Feb-20	**26-Feb-20**	**20-Feb-20**	**29-Jan-20**	**28-Feb-19**
Delhi	Lawrence Road	Mill Delivery	2210	2210	2210	2210	2110
	Narella	Mill Quality Loose	2140	Closed	2150	Closed	2100
	Nazafgarh	Mill Quality Loose	2100	Closed	2100	Closed	1990
Gujarat	Rajkot	Mill Delivery	1900	Closed	Closed	2210	2025
	Ahmedabad	Mill Delivery	2050	Closed	Closed	2270	2070
	Surat	Mill Delivery	2100	Closed	Closed	2315	2110
	Dhrol	Mill Delivery	2280	NR	2570	2450	2180
M.P.	Indore	Mill Delivery	2100	2100	2215	2230	1975
	Bhopal	Mill Quality Loose	2020	2000	2080	2030	1900
Rajasthan	Kota	Mill Quality Loose	2000	2050	2050	2080	1940
		Mill Delivery	2100	2125	2150	2180	2025
U.P.	Kanpur	Mill Delivery	2100	2110	2100	2110	2050
	Mathura	Mill Quality Loose	NA	2150	NA	2150	2000
	Kosi	Mill Quality Loose	2000	2025	2050	2100	2070
	Hathras	Mill Quality Loose	2025	2025	2020	2100	NA
	Aligarh	Mill Quality Loose	2000	Closed	1960	Closed	1980
Punjab	Khanna	Mill Quality Loose	1910	1920	1920	1975	1930
	Ludhiana (Jagraon)	Mill Delivery	NA	NA	NA	NA	NA
Haryana	Sirsa	Mill Delivery loose	2050	2050	2050	2100	1910
	Hodal	Mill Delivery	NA	NA	NA	NA	2050
	Bhiwani	Mill Quality Loose	2070	2080	2050	2080	2000
	Karnal	Mill Delivery	NA	NA	NA	NA	NA
	Panipat	Mill Quality Loose	NA	NA	NA	NA	NA

Tamil Nadu	Chennai	Mill Quality	2400	2500	2500	2550	2300
	Madurai	Mill Quality	2457	2650	2650	2700	2450
	Coimbatore	Mill Quality	2457	2700	2700	2750	2500
Bihar	Khagariya	Mill Delivery	2000	2000	2000	2100	2100
	Muzaffarpur	Mill Delivery	2060	2060	2060	2150	2100

Sowing Status:

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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***)

Tunisia's state grains agency has purchased 125,000 metric tonnes of milling wheat in five 25,000 tonne consignments. The tender closed on Tuesday. The wheat is expected to be shipped between March 15 –May 25, 2020.

According to the latest estimates released by the International Grains Council (IGC), world wheat production is expected to rise to a record 769 MMT in the 2020/21 season boosted by a 2% rise in area. The upward revision for 2019/20 global wheat production was partly due to an improved outlook for India where the crop is now seen rising to 103.6 MMT, up from a previous forecast of 102.2 MMT and previous season's output of 99.7 MMT.

According to U.S. Department of Agriculture (USDA) statement, U.S wheat may now be shipped to Kenya as Kenya has agreed to lift a decade old prohibition on US wheat. This step will allow U.S. wheat from Idaho, Oregon and Washington states to Kenya regardless of state of origin or port of export.

According to ABARES the wheat production was 15.2 million tonnes in 2019, down from the 15.85mt they predicted in December and behind last year's crop of 17.3mt.g. Government commodity forecaster ABARES said the 2019 wheat production was 15.2 million tonnes, down from the 15.85mt they predicted in December and behind last year's crop of 17.3mt.

According to the final estimates released by the Ministry of National Food Security and Research (MNFS&R), Pakistan, wheat during the current season was sown over an area of 8.839 million hectares against the set target of 9.062 million hectares which might affect wheat production target of 27.03 MMT fixed by the government. In Sindh, the second largest producer after Punjab, wheat was sown over an area of 1.115 million hectares against the target of 1.150 million hectares. Acreage has reduced in the major growing regions amid late start of sugarcane crushing, climatic change, heavy rains and snowfall during the sowing season.

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.

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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.

IGC Wheat Balance Sheet:

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IGC Forecast(Fig-In MMT)	2016-17	2017-18	2018-19 (Estimate)	2019-20 (Forecast)	
				23.01.2020	27.02.2020
Production	757	762	733	761	763
Trade	177	176	169	175	176
Consumptions	736	739	739	754	753
Carryover stocks	248	271	265	272	275
Y-O-Y change	21	22	-5	7	10
Major Export	79	83	70	66	67

- *IGC has forecasted global wheat production to be 763 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 30 MMT compared to estimate for 2018-19. IGC has forecasted higher production for 2019-20.*
- *Trade forecast for 2019-20 has been increased to 176 MMT. It is 7 MMT higher compared to estimate for last year and lower by 1 MMT compared to 2017-18.*
- *Consumption has been decreased to 753 MMT for 2019-20. The forecast is higher by 14 MMT compared to 2018-19.*
- *Carryout for 2019-20 is forecast at 275 MMT compared to estimate of 265 MMT last year. It is higher by around 27 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
	27-Feb-20	20-Feb-20	30-Jan-20	22-Nov-19	02-Sep-19	28-Feb-19	
Mar-20	194.45	205.74	203.45	190.59	172.68	185.35	4.91
May-20	193.80	205.47	202.99	192.06	174.52	188.20	2.98
Jul-20	194.35	205.28	202.99	192.52	176.17	187.74	3.52
Sep-20	196.93	207.40	205.38	195.09	179.47	190.04	3.62
Dec-20	200.69	210.98	208.68	199.13	184.16	194.17	3.36
Mar-21	203.91	214.01	211.44	201.98	212.45	197.20	3.40

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CBOT Mar-20
1st Support: 165.00
2nd Support: 167.00
1st Resistant: 225.00
2nd Resistant: 227.00
($ per tonne)

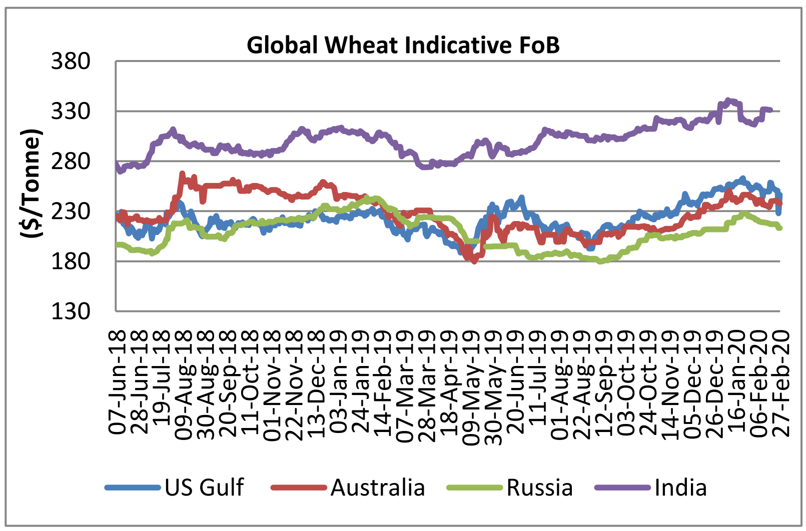
Wheat CBOT closed at $5.29 per bushel. U.S. wheat net export sales during the week ended 20th February was 382,000 tonnes compared to 346000 tonnes last week. Sales were below trade expectation of 400000-600000 MT. USDA expects total exports for 2019-20 to be around 27.20 MMT, higher by 7% than 2018-19. U.S. wheat commercial sales to date make up 83% of USDA's final export forecast. 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 around $274.29 per tonne.

US and Russian quotes are hovering in the range of $227.87-250.49 and $213.00 - 217.00 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 155.9 MMT in 2019-20 compared to 137.7 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 15.20 MMT in 2019-20 compared to 17.30 MMT in 2017-18. Argentina is expecting to harvest around 19.5 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.