Wheat Weekly Research Report
9th March-2020

Wheat Weekly Research Report

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

As per the latest update wheat cash market is likely to trade steady to weak amid new crop arrival in Madhya Pradesh. Stockists are offloading stocks in Rajasthan ahead of the new crop arrival expected by next week. In Uttar Pradesh arrival is likely to be delayed following recent rainfall.

Rain and thunder showers have been reported in certain wheat growing regions of Punjab, Haryana, Rajasthan and western Uttar Pradesh. However as of now yield is not likely to be affected. Any rain accompanied with velocity winds and hailstorm can be a cause of concern.

All India weekly average prices declined by 0.45 percent to Rs. 2128.15 per quintal during the week ended 8th March 2020. Wheat average price were ruling at Rs 2137.82 per quintal during 24-28 February 2020. As compared to prices in the week 01-08 March 2019, the prices are higher by 6.01 percent. Prices are expected to trade steady to weak in coming days amid new crop arrival in the 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.

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 $373.80 (Rs 27515.42) per tonne and $546.00 (Rs 40191.06) 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 -24500 per tonne. Therefore, as of now, there is no parity for wheat imports.

Indian FoB quote is hovering around $265.32 per tonne. Against it Russia, Ukraine, France, US and Australia are offering wheat at $207.50, $207.50, Euro 182.00, $234.68 and $236.51 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 114.95 tonnes of Australian wheat during the month of January'20.

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

Trade Call: *Stakeholders should trade in March 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

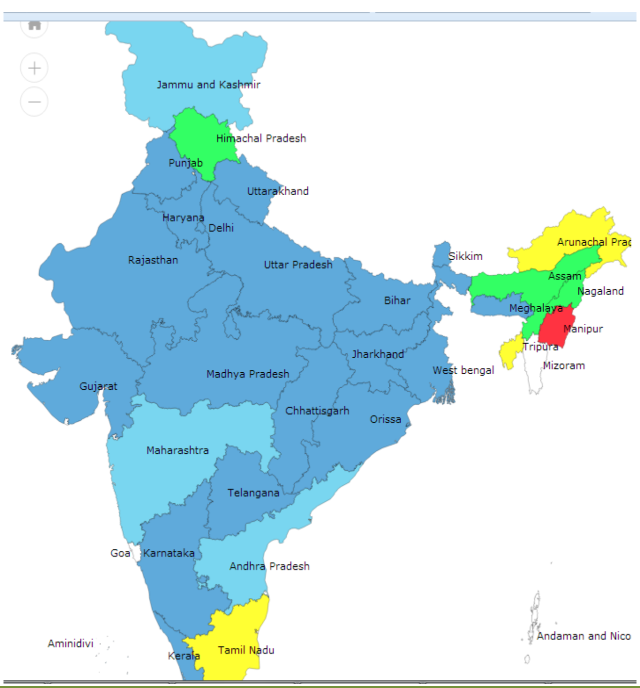
Wheat Import

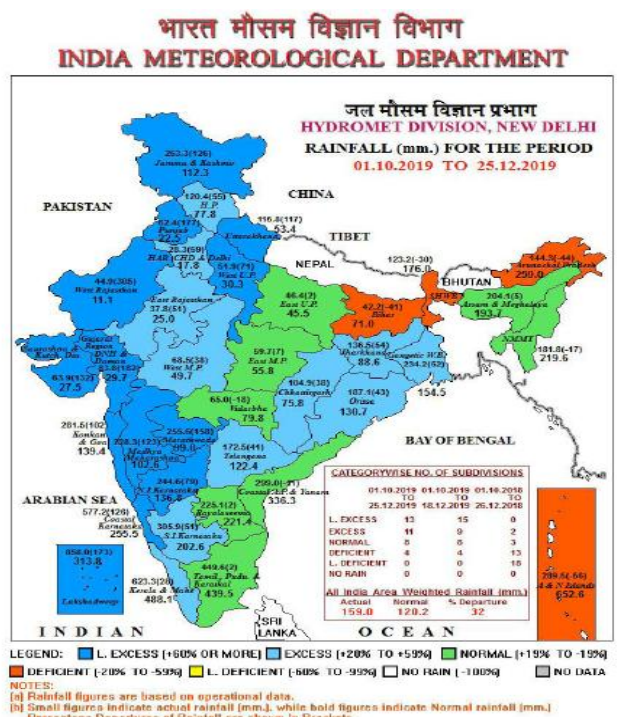
Date	Foreign Country	Port	Quantity in MT
January-2020	Australia	Tuticorin	114.95
	Total		114.95

Source: Trade

Monsoon

Weekly Cumulative rainfall (01-03-2020-07.03.2020)





Source: IMD

Wheat Weekly Average Price Chart

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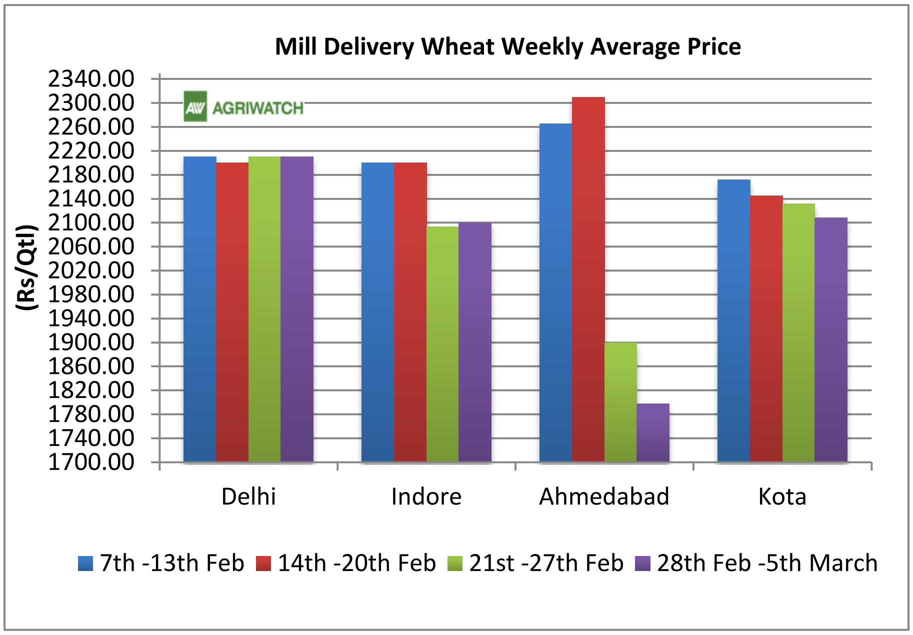
Average mill delivery prices of Wheat traded firm in Indore and steady to weak in Delhi, Ahmedabad and Kota during 28th February -5th March 2020.

Prices noticed mixed tone in past week. Market is likely to trade steady to weak tone in upcoming week amid new crop arrival in the 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

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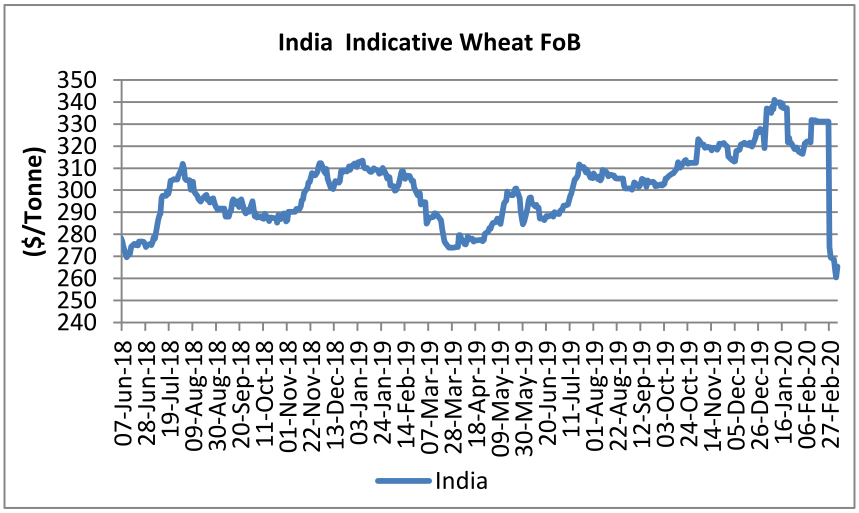
Wheat FoB quote in India noticed weak tone in the past week. The demand for Indian wheat in the international market is low. Export window remains restricted due to disparity.

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 $250-270 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**
		5-Mar-20	**26-Feb-20**	**5-Feb-20**	**6-Mar-19**	
USA (Chicago)	2srw	234.68	227.87	256.10	209.60	**11.97**
France	FCW3	202.64	204.73	210.54	209.09	**-3.09**
Australia	ASW	236.51	239.19	237.18	225.78	**4.75**
Russia	SRW	207.50	213.00	221.50	222.50	**-6.74**
India	Fob	265.32	Closed	321.31	285.53	**-7.08**

	04/03/2020	26/02/2020	19/02/2020	12/02/2020
Black Sea Mill Wheat 12.5% FOB Pmax.($/T)	*212*	*217*	*221*	*222*
Black Sea Mill Wheat 11.5% FOB Pmax. ($/T)	*211*	*216*	*220*	*222*

NCDEX Wheat Contracts

Wheat Futures Contact: NCDEX Price									***Date: 06.03.2020***
Contract Month	***+/-***	***Open***	***High***	***Low***	***Close***	***Volume***	***Change From previous day***	***Open Interest***	***Change From previous day***
20-Mar	***0***	*2117*	*2117*	*2117*	*2117*				
20-Apr	***0***	*1911*	*1911*	*1911*	*1911*				
20-May	***0***	*1910*	*1910*	*1910*	*1910*				

AGRIWATCH

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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	2105	2180	2195
Weekly Trade Call			**Call**	**Entry**	**T1**	**T2**	**SL**
Wheat	NCDEX	March	Sell	2110	2060	2045	2137

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**
	5-Mar-20	**27-Feb-20**	**6-Feb-20**	**6-Mar-19**	
Indore	1942	2112	2160	1900	2.21
Delhi	2200	2200	2210	2080	5.77
Kanpur	2000	2000	2100	2100	-4.76
Rajkot	1900	1925	2185	1951	-2.61
Kota	2147	2157	2169	2043	5.09

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 steady to weak tone amid bumper production expected this season and new crop arrival in the 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
			05-Mar-20	03-Mar-20	27-Feb-20	04-Feb-20	07-Mar-19
Delhi	Lawrence Road	Mill Delivery	2210	2210	2210	2210	2100
	Narella	Mill Quality Loose	2125	2125	2140	2140	2040
	Nazafgarh	Mill Quality Loose	2100	2100	2100	2140	1950
Gujarat	Rajkot	Mill Delivery	1875	1850	1900	2200	1950
	Ahmedabad	Mill Delivery	2000	2000	2050	2240	1950
	Surat	Mill Delivery	2030	2025	2100	2300	2000
	Dhrol	Mill Delivery	1980	2050	2280	NR	1975
M.P.	Indore	Mill Delivery	2100	2100	2100	2215	1970
	Bhopal	Mill Quality Loose	2000	2000	2020	2050	1950
Rajasthan	Kota	Mill Quality Loose	2000	2035	2000	2000	1925
		Mill Delivery	2100	2100	2100	2100	2040
U.P.	Kanpur	Mill Delivery	2090	2090	2100	2110	2100
	Mathura	Mill Quality Loose	NA	2000	NA	NA	1920
	Kosi	Mill Quality Loose	2060	2020	2000	2120	2040
	Hathras	Mill Quality Loose	2000	2025	2025	2100	NA
	Aligarh	Mill Quality Loose	2040	2045	2000	2050	1960
Punjab	Khanna	Mill Quality Loose	1930	1960	1910	1980	1950
	Ludhiana (Jagraon)	Mill Delivery	NA	NA	NA	NA	NA
Haryana	Sirsa	Mill Delivery loose	2030	2040	2050	2070	1910
	Hodal	Mill Delivery	NA	NA	NA	NA	2050
	Bhiwani	Mill Quality Loose	2100	2080	2070	2100	2000
	Karnal	Mill Delivery	NA	NA	NA	NA	NA
	Panipat	Mill Quality	NA	NA	NA	NA	NA

		Loose					
Tamil Nadu	Chennai	Mill Quality	2400	2450	2400	2550	2300
	Madurai	Mill Quality	2457	2500	2500	2650	2450
	Coimbatore	Mill Quality	2457	2550	2550	2700	2500
Bihar	Khagariya	Mill Delivery	2000	2000	2000	2100	2100
	Muzaffarpur	Mill Delivery	2060	2050	2060	2125	2125

Sowing Status:

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State Wise Wheat Sowing in Lakh Hectares					
State	**Normal area (2020)**	**2018**	**2019**	**2020**	**% Change 2020 vs. 2019**
Bihar	20.96	23.27	22.87	22.71	**8.35**
Chhattisgarh	1.05	1.85	1.68	1.82	**73.33**
Gujarat	10.92	10.76	8.07	13.95	**27.75**
Haryana	25.35	25.26	25.16	24.90	**-1.78**
Himachal Pradesh	3.39	3.6	3.50	3.40	**0.29**
J&K	2.96	2.93	2.44	2.21	**-25.34**
Jharkhand	1.76	2.31	1.87	2.12	**20.45**
Karnataka	1.88	2.09	1.50	1.97	**4.79**
Madhya Pradesh	57.27	53.16	60.00	79.68	**39.13**
Maharashtra	10.74	9.4	5.69	10.71	**-0.28**
Punjab	35.06	35.1	35.02	35.08	**0.06**
Rajasthan	29.75	30.2	28.25	33.15	**11.43**
Uttar Pradesh	97.48	98.67	99.13	99.05	**1.61**
Uttarakhand	3.42	3.58	3.45	3.48	**1.75**
West Bengal	2.89	1.36	1.05	1.76	**-39.10**
Others	0.20	0.75	0.23	0.11	**-45.00**
All-India	305.58	304.29	299.68	336.18	**10.01**

Source: Ministry of Agriculture

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

Wheat production in Kazakhstan in 2019-20 is estimated at 11.5 MMT, 17%, lower than the previous year as a dry summer and rains during harvest had a significant impact on output, according to a March 4 Global Agricultural Information Network report from the U.S. Department of Agriculture (USDA). According to the agency, 2020-21 wheat harvest is expected to be around 12 MMT, just slightly higher than the current marketing year.

Jordan's state grain buyer the trade ministry has issued an international tender to buy 120,000 tonnes of milling wheat which can be sourced from optional origins according to European traders. The tender will close on March 10, 2020. The new tender seeks hard wheat for shipment in a range of possible combinations in 60,000 tonne consignments. Possible shipment periods are Sept. 16-30, Oct. 1-15, Oct. 16-31 and Nov. 1-15.

Turkey's state grain board TMO has issued a series of international tenders to purchase a total of some 305,000 tonnes of wheat according to European traders. The tenders will close on March 11, 2020. Shipment is sought between March 20 and April 7 and red milling wheat is sought. The wheat is sought for unloading in eight Turkish ports in a series of consignments of between 60,000 and 25,000 tonnes.

According to the Ukrainian grain traders union (UGA), Ukraine's 2020 wheat harvest is likely to increase to 28.8 MMT from 28.2 MMT previous year.

Pakistan is likely to harvest around 25.5 to 26.5 MMT of wheat against the production target of 27.03 MMT for Rabi 2019-2020, according to estimates by stakeholders. The main limiting factor hindering development of wheat plant was stated to be widespread attack of rust fungus diseases, which according to an estimate might dent output by at least one MMT.

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

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.

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
	05-Mar-20	26-Feb-20	06-Feb-20	28-Nov-19	06-Sep-19	07-Mar-19	
Mar-20	192.61	198.49	204.37	193.53	172.86	177.82	8.32
May-20	190.59	196.83	203.36	195.09	174.79	181.31	5.12
Jul-20	190.86	196.74	203.26	195.27	175.98	181.13	5.38
Sep-20	193.44	199.04	205.19	197.57	178.92	183.88	5.19
Dec-20	197.57	202.71	208.32	201.34	183.52	188.20	4.98
Mar-21	201.15	205.84	211.16	204.18	212.45	191.23	5.19

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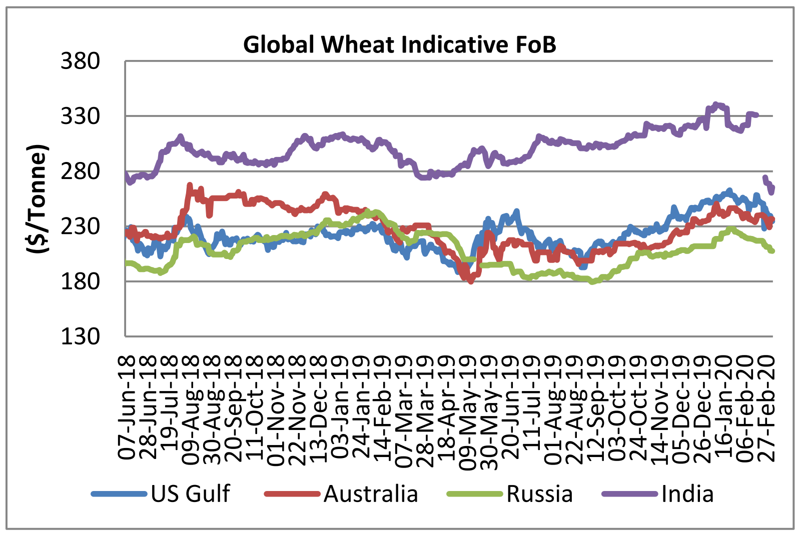
CBOT Mar-20
1st Support: 165.00
2nd Support: 167.00
1st Resistant: 225.00
2nd Resistant: 227.00
($ per tonne)

Wheat CBOT closed at $5.21 per bushel. U.S. wheat net export sales during the week ended 27th February was 542,000 tonnes compared to 382000 tonnes last week. Sales were within trade expectation of 350000-600000 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 85% 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 in the range of $260.40 - $269.41 per tonne.

US and Russian quotes are hovering in the range of $234.60-243.36 and $207.50 -211.50 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 $200 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.

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