Wheat Weekly Research Report

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

All India weekly average prices declined by 4.62 percent to Rs. 2029.78 per quintal during the week ended 15th March 2020. Wheat average price were ruling at Rs 2128.15 per quintal during 01-08 March 2020. As compared to prices in the week 09-15 March 2019, the prices are lower by 1.88 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 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. Higher arrivals and expected bumper production will weigh on the market in the coming days.

Wheat arrivals across Uttar Pradesh, Punjab, Haryana, and Rajasthan are likely to enter the markets over two weeks later than usual as recent rainfall is seen delaying harvest of the standing crops. Rain and hailstorm have been reported in certain wheat growing regions of Punjab. The fields filled with rainwater are expected to deteriorate the quality of the sprouting grains and the wheat stems were flattened. However the exact crop damage will be clear in the next few days.

As per Govt. sources the second crop forecast of India is projected to produce a record 106.2 MMT of wheat crop in 2019-20 because of favourable weather conditions and improved crop yields.

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.

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 $372.40 (Rs 27527.81) per tonne and $560.00 (Rs 41395.20) 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 23000 -23500 per tonne. Therefore, as of now, there is no parity for wheat imports.

Indian FoB quote is hovering around $244.71 per tonne. Against it Russia, Ukraine, France, US and Australia are offering wheat at $205.00, $205.00, Euro 174.50, $229.70 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 April contract taking care of lower and upper price tag of Rs. 1750 & 1950 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

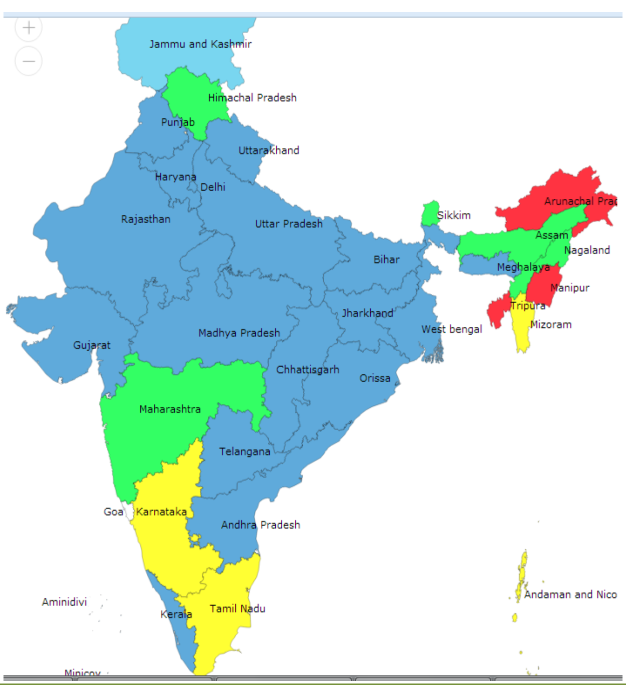
Wheat Import

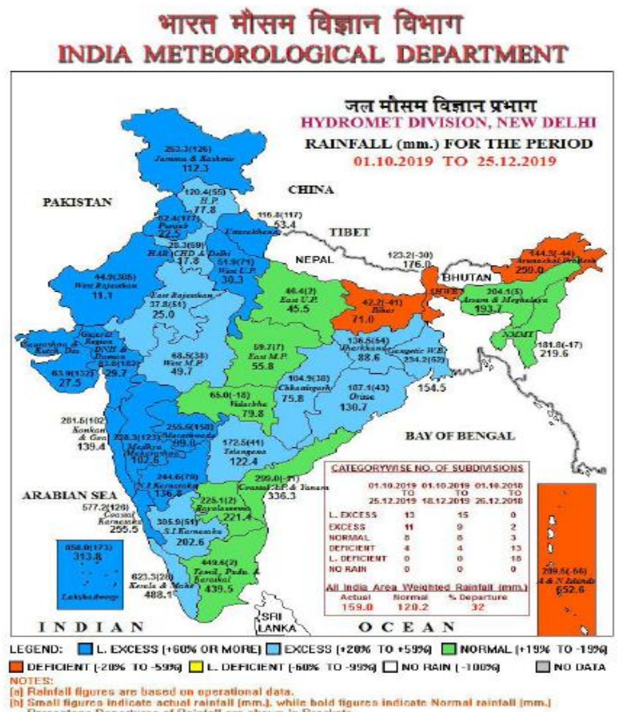
Date	Foreign Country	Port	Quantity in MT
January-2020	Australia	Tuticorin	114.95
	Total		114.95

Source: Trade

Monsoon

Weekly Cumulative rainfall (05-03-2020-11.03.2020)





Source: IMD

Wheat Weekly Average Price Chart

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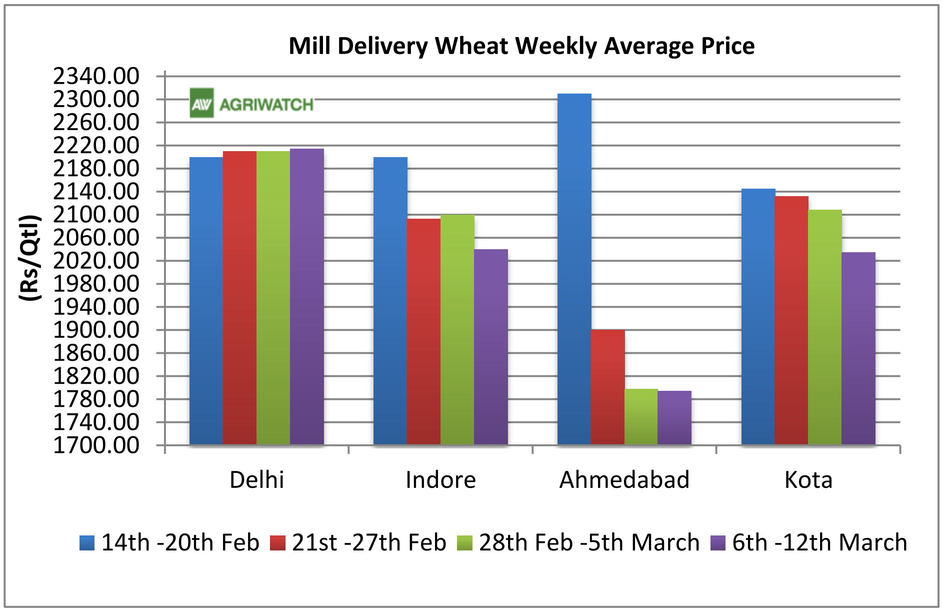
Average mill delivery prices of Wheat traded slightly firm in Delhi and weak in Indore, Ahmedabad and Kota during 6th -12th March 2020.

Prices noticed steady to weak 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**

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FOB Quote for Wheat at Kandla

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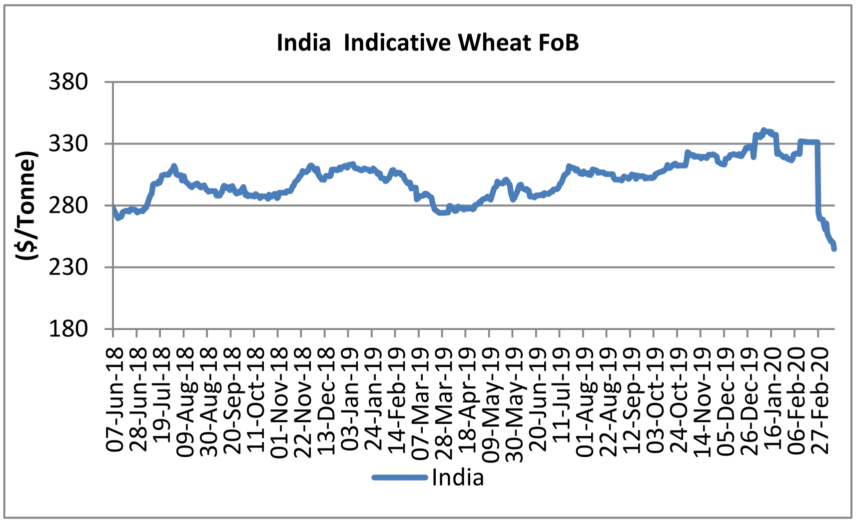
Wheat FoB quote in India noticed weak tone in the past week. The demand for Indian wheat in the international market is low. Export window remains restricted due to disparity.

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 $230-250 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**
		12-Mar-20	**4-Mar-20**	**12-Feb-20**	**13-Mar-19**	
USA (Chicago)	2srw	229.79	236.30	250.39	208.40	10.26
France	FCW3	196.62	203.92	209.55	207.37	-5.18
Australia	ASW	236.51	236.51	237.18	227.91	3.77
Russia	SRW	205.00	208.00	219.00	214.50	-4.43
India	Fob	244.71	260.40	331.79	289.43	-15.45

	11/03/2020	*04/03/2020*	*26/02/2020*	*19/02/2020*
Black Sea Mill Wheat 12.5% FOB Pmax.($/T)	*211*	*212*	*217*	*221*
Black Sea Mill Wheat 11.5% FOB Pmax. ($/T)	*210*	*211*	*216*	*220*

NCDEX Wheat Contracts

Wheat Futures Contact: NCDEX Price — ***Date: 13.03.2020***

Contract Month	*+/-*	*Open*	*High*	*Low*	*Close*	*Volume*	*Change From previous day*	*Open Interest*	*Change From previous day*
20-Mar	***0***	*2000*	*2000*	*2000*	*2000*		***-10***		***-10***
20-Apr	***0***	*1855*	*1855*	*1855*	*1855*		***-20***	*10*	***0***
20-May	***0***	*1855*	*1855*	*1855*	*1855*				

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Wheat Technical Analysis:

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

Technical Commentary:

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

Strategy: Sell

			S1	S2	PCP	R1	R2
Wheat	NCDEX	April	1780	1765	1855	1930	1945
Weekly Trade Call			**Call**	**Entry**	**T1**	**T2**	**SL**
Wheat	NCDEX	April	Sell	1870	1820	1805	1897

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
	12-Mar-20	5-Mar-20	13-Feb-20	13-Mar-19	
Indore	NA	1942	2187	1962	NA
Delhi	2200	2200	2204	2078	5.87
Kanpur	NA	2000	2100	2090	NA
Rajkot	1802	1900	2212	1975	-8.75
Kota	2033	2147	2170	2031	0.12

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

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Domestic Market Weekly Outlook:

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Wheat market is expected to trade 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
			12-Mar-20	11-Mar-20	05-Mar-20	13-Feb-20	14-Mar-19
Delhi	Lawrence Road	Mill Delivery	2210	2220	2210	2210	2090
	Narella	Mill Quality Loose	2100	Closed	2125	2100	2000
	Nazafgarh	Mill Quality Loose	2100	Closed	2100	2130	2020
Gujarat	Rajkot	Mill Delivery	1750	1775	1875	Closed	1950
	Ahmedabad	Mill Delivery	1875	1920	2000	Closed	2050
	Surat	Mill Delivery	1920	1900	2030	Closed	2100
	Dhrol	Mill Delivery	1865	2130	1980	2560	2125
M.P.	Indore	Mill Delivery	1950	1975	2100	2190	2025
	Bhopal	Mill Quality Loose	1850	1800	2000	2025	1950
Rajasthan	Kota	Mill Quality Loose	1850	1850	2000	2035	1900
		Mill Delivery	1950	1950	2100	2150	2000
U.P.	Kanpur	Mill Delivery	NR	NR	2090	2050	2110
	Mathura	Mill Quality Loose	Closed	Closed	NA	NA	1970
	Kosi	Mill Quality Loose	Closed	Closed	2060	2050	1990
	Hathras	Mill Quality Loose	2000	Closed	2000	2050	NA
	Aligarh	Mill Quality Loose	2030	Closed	2040	2020	1910
Punjab	Khanna	Mill Quality Loose	NA	1960	1930	1900	1860
	Ludhiana (Jagraon)	Mill Delivery	NA	NA	NA	NA	NA
Haryana	Sirsa	Mill Delivery loose	2030	2030	2030	2050	1900
	Hodal	Mill Delivery	NA	NA	NA	NA	2070
	Bhiwani	Mill Quality Loose	2050	2050	2100	2100	1990
	Karnal	Mill Delivery	NA	NA	NA	NA	NA
	Panipat	Mill Quality Loose	NA	NA	NA	NA	NA

Tamil Nadu	Chennai	Mill Quality	2300	2300	2400	2550	2250
	Madurai	Mill Quality	2357	2350	2500	2650	2350
	Coimbatore	Mill Quality	2357	2400	2550	2700	2400
Bihar	Khagariya	Mill Delivery	2000	2100	2000	2000	2100
	Muzaffarpur	Mill Delivery	2025	2050	2060	2100	2100

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)***

Algeria's state grains agency OAIC bought around 600,000 tonnes of milling wheat in an international tender which closed on Wednesday according to European traders. The tender called for the wheat to be shipped in May, except for South American supplies that should be shipped in April.

The Economic Coordination Committee (ECC) of the cabinet, Pakistan has revised up wheat support price by Rs35 to Rs1,400 per 40 kilograms to ensure parity in the commodity prices in the country and set up a monitoring body to ensure smooth procurement in the upcoming harvest season.

The European Commission estimates European Union (EU) common wheat exports will rebound 30% from last year to 28.0 MMT in 2019/20. By March 1, EU common wheat exports totaled 19.1 MMT, 60% ahead of last year's pace.

As of March 2, Ukraine's Ministry for the Development of Economy, Trade and Agriculture pegged the country's total wheat exports at 16.6 MMT. Total Ukrainian grain exports to date are 24% ahead of last year's pace at 40.9 MMT.

Ukraine's Grain Traders Union predicts the country's 2020 wheat output will total 25.8 MMT, 11% less than last year's record of 29.0 MMT.

According to the latest monthly supply and demand report released by the USDA, output of wheat is raised on higher production forecasts for India and Argentina more than offsetting reductions for Turkey and Australia. India's production is raised 1.4 MMT to a record 103.6 MMT, mainly on an updated government production estimate. World exports are increased by 0.8 MMT to 183.6 MMT as higher exports by Russia and Argentina more than offset reductions for Canada and Australia. Russia's exports are increased 1.0 MMT to 35.0 MMT, primarily on higher projected imports by Turkey as Russia is its leading supplier. Global consumption is raised 0.7 MMT tons as increases for Turkey, Bangladesh, and Canada more than offset reductions for the EU, Iraq, and Lebanon. Global ending stocks are projected lower this month but remain record large for the 2019/20 crop year at 287.1 MMT with China comprising 52 percent of the total.

Australia has exported a record 1.3 MMT of wheat in January 2020, a 41% increase compared to previous month and a 52% rise from a year ago, according to export data by S&P Global Platts. The Philippines was Australia's number one export destination purchasing 318,116 metric tonnes of wheat, followed by Indonesia at 150,494 metric tonnes and China at 104,524 metric tonnes.

Unseasonably warm, rainy weather is impacting French common (non-durum) wheat conditions. France's agricultural office, FranceAgriMer, reported 65% of the country's soft wheat in good to excellent condition compared to 85% this time last year. French durum planting is nearly complete and 67% of the crop is in good to excellent condition. According to Stratégie Grains, French common wheat production is expected to fall 14% in 2020/21 to 33.8 MMT on decreased planted area and lower average yields.

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.

IGC Wheat Balance Sheet: (Back to Table of Contents)

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
	12-Mar-20	04-Mar-20	12-Feb-20	05-Dec-19	13-Sep-19	13-Mar-19	
Mar-20	185.72	190.41	201.52	193.99	181.50	180.67	2.80
May-20	186.18	190.86	201.70	194.72	182.78	182.97	1.76
Jul-20	188.66	193.44	203.91	196.83	185.35	183.42	2.85
Sep-20	192.98	197.66	207.49	200.60	189.85	189.95	1.60
Dec-20	196.74	201.43	210.61	203.36	193.34	192.98	1.95
Mar-21	197.75	201.43	210.61	203.36	212.45	194.81	1.51

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CBOT May-20
1st Support: 155.00
2nd Support: 157.00
1st Resistant: 215.00
2nd Resistant: 217.00
($ per tonne)

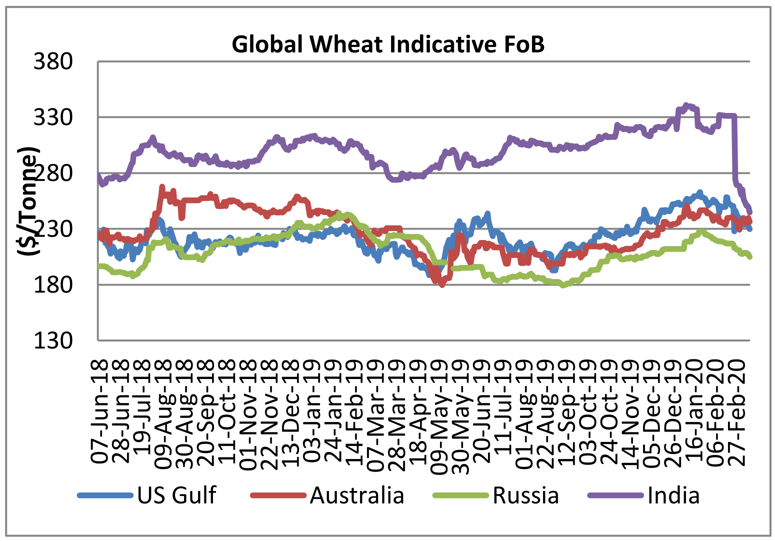
Wheat CBOT closed at $5.06 per bushel. U.S. wheat net export sales during the week ended 27th February was 452,000 tonnes compared to 542000 tonnes last week. Sales were within trade expectation of 200000-600000 MT. USDA expects total exports for 2019-20 to be around 27.20 MMT, higher by 7% than 2018-19. U.S. wheat commercial sales to date are 3% ahead of previous year's 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 $244.71 - $256.76 per tonne.

US and Russian quotes are hovering in the range of $229.79-235.97 and $205.00 -208.50 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 $260 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.