Wheat Weekly Research Report

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Wheat Domestic Market Fundamentals

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All India weekly average prices declined by 0.01 percent to Rs. 2029.67 per quintal during the week ended 23rd March 2020. Wheat average price were ruling at Rs 2029.78 per quintal during 09-15 March 2020. As compared to prices in the week 16-23 March 2019, the prices are higher by 1.58 percent. Prices are expected to trade steady to weak in coming days amid new crop arrival in the market. There could be some recovery in between following increase in retail demand amid fears of supply disruptions in the coming days. With the outbreak of corona virus, there could some supply disruptions in the near –term.

In Punjab, around 3% crop loss is expected in the wheat growing regions following recent rains and hailstorm. However exact crop loss will be clear in the coming days. Price of wheat has mostly increased during last few days due to a rise in demand as consumers are stocking up amid fear of supply disruptions in the country following the outbreak of Corona virus. In Rajasthan prices firmed up as stockists have almost exhausted their stock and new crop arrival will be delayed by 2-3 weeks following recent rainfall.

According to the second advance estimate released by the State of Punjab, wheat production is estimated to decline to 17.9 MMT in 2019-20 (Jul-Jun) compared with 18.3 MMT in the previous year.

As per market sources, wheat stock in central pool as on 1st March'20 stood at 275.21 lakh tonnes down by 9.37% compared to last month. This quantity is higher by around 36.86% compared to last year for the same month. Government has already applied import duty on wheat to curb imports and provide support to domestic prices. Therefore, government has abundant supplies this year to tackle any unexpected rise in wheat prices by selling more quantity in open market.

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 trade source, India has exported around 11.15 thousand tonnes in the month of February-2020. The quantity in February-2020 was exported at an average FOB of $ 312.07 per tonne and the major destinations were Nepal, Bangladesh, 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 $366.80 (Rs 27462.32) per tonne and $583.80 (Rs 43709.11) 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 $242.42 per tonne. Against it Russia, Ukraine, France, US and Australia are offering wheat at $203.00, $203.00, Euro 190.75, $245.17 and $222.88 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 602.96 tonnes of Australian wheat during the month of February'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)
01-07 February -2020	3173.93	309.51
08-15 February -2020	3652.84	313.67
16-23 February -2020	1586.63	302.72
24-29 February -2020	2737.04	319.10
Total	11150.44	

Source: Trade

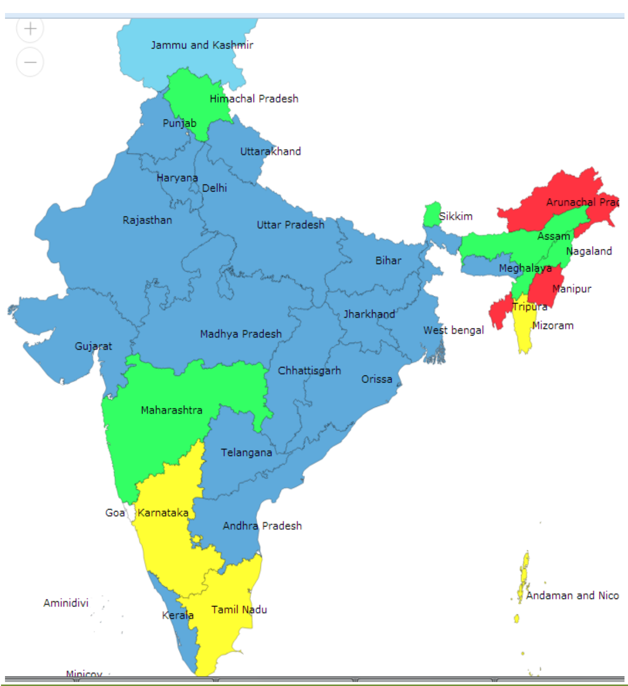
Wheat Import

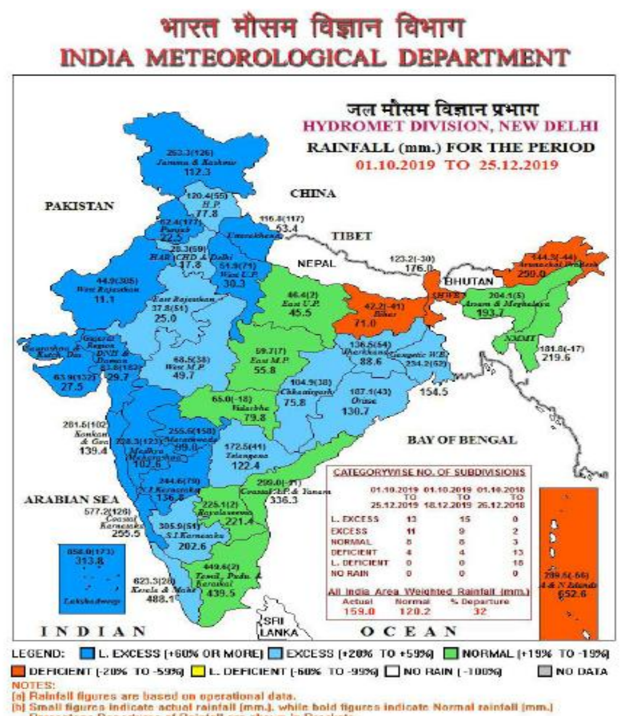
Date	Foreign Country	Port	Quantity in MT
February-2020	Australia, Mexico, UK, Belgium	Tuticorin	602.96
	Total		602.96

Source: Trade

Monsoon

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





Source: IMD

Wheat Weekly Average Price Chart

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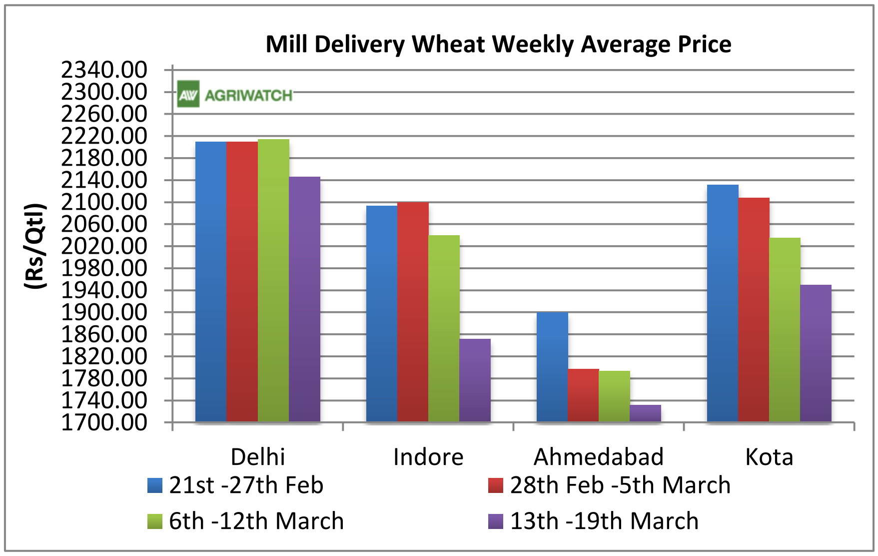
Average mill delivery prices of Wheat traded weak in Delhi, Indore, Ahmedabad and Kota during 13th -19th March 2020.

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**

FOB Quote for Wheat at Kandla

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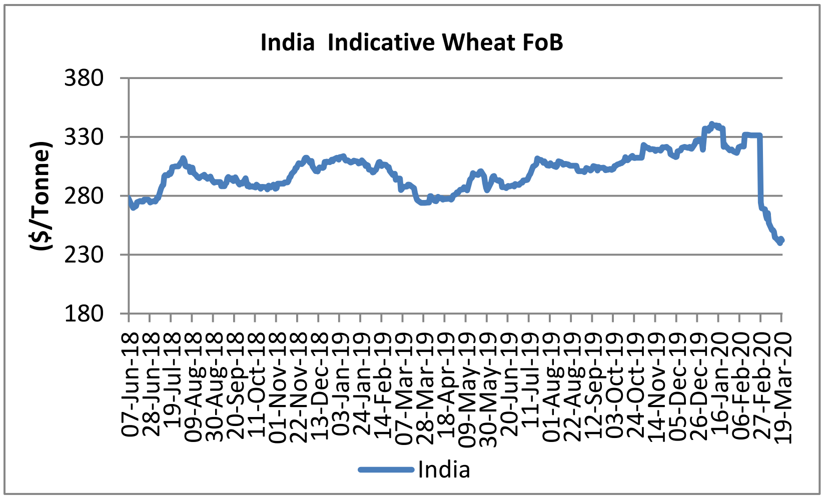
Wheat FoB quote in India noticed easy tone in the past week. The demand for Indian wheat in the international market is low. Export window remains restricted due to disparity.

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 $225-245 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
		19-Mar-20	12-Mar-20	20-Feb-20	21-Mar-19	
USA (Chicago)	2srw	238.54	229.79	253.40	215.50	10.69
France	FCW3	206.05	196.62	207.31	212.78	-3.16
Australia	ASW	222.88	236.51	239.86	230.75	-3.41
Russia	SRW	199.00	205.00	217.00	224.00	-11.16
India	Fob	242.19	244.71	Closed	276.65	-12.46

	18/03/2020	11/03/2020	04/03/2020	26/02/2020
Black Sea Mill Wheat 12.5% FOB Pmax.($/T)	*207*	*211*	*212*	*217*
Black Sea Mill Wheat 11.5% FOB Pmax. ($/T)	*204*	*210*	*211*	*216*

NCDEX Wheat Contracts

Wheat Futures Contact: NCDEX Price									***Date: 20.03.2020***
Contract Month	***+/-***	***Open***	***High***	***Low***	***Close***	***Volume***	***Change From previous day***	***Open Interest***	***Change From previous day***
20-Mar	***0***	*2013*	*2013*	*2013*	*2013*				
20-Apr	***0***	*1855*	*1855*	*1855*	*1855*			*10*	***0***
20-May	***0***	*1855*	*1855*	*1855*	*1855*				

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23rd March-2020

Wheat Technical Analysis:

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

Technical Commentary:

- Steady price denotes not much movement in the market.
- RSI is steady 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
	19-Mar-20	13-Mar-20	19-Feb-20	20-Mar-19	
Indore	1850	NA	2187	1875	-1.33
Delhi	2148	2200	2200	2075	3.52
Kanpur	1970	NA	2100	NA	NA
Rajkot	1760	1773	2190	1881	-6.43
Kota	2000	2013	2168	1992	0.40

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 trade steady to weak amid bumper production expected this season and new crop arrival in the market. Some recovery can be expected in between following good retail demand amid fears of supply disruptions in the coming days. With the outbreak of corona virus, supply disruption is expected in the near –term.

Spot Market Price:							
Centre	Market	Variety	Prices (Rs/Qtl)				
			Today	Yesterday	Week Ago	Month Ago	Year Ago
			19-Mar-20	18-Mar-20	13-Mar-20	19-Feb-20	20-Mar-19
Delhi	Lawrence Road	Mill Delivery	2100	2100	2230	2205	2090
	Narella	Mill Quality Loose	2100	Closed	2100	Closed	Closed
	Nazafgarh	Mill Quality Loose	2070	Closed	2100	Closed	Closed
Gujarat	Rajkot	Mill Delivery	1750	1740	1740	Closed	1840
	Ahmedabad	Mill Delivery	1825	1800	1800	Closed	1900
	Surat	Mill Delivery	1870	1850	1840	Closed	1950
	Dhrol	Mill Delivery	1675	NR	1760	2550	NR
M.P.	Indore	Mill Delivery	1850	1810	1875	2215	Closed
	Bhopal	Mill Quality Loose	1800	1750	1800	2040	Closed
Rajasthan	Kota	Mill Quality Loose	1750	1800	1900	2060	1850
		Mill Delivery	1900	1900	2000	2150	1950
U.P.	Kanpur	Mill Delivery	NR	NR	2050	2100	Closed
	Mathura	Mill Quality Loose	1995	2025	2020	NA	Closed
	Kosi	Mill Quality Loose	2100	2100	2100	2050	Closed
	Hathras	Mill Quality Loose	2050	2025	2000	2150	Closed
	Aligarh	Mill Quality Loose	2030	Closed	2030	Closed	Closed
Punjab	Khanna	Mill Quality Loose	1960	1960	1960	1900	1875
	Ludhiana (Jagraon)	Mill Delivery	NA	NA	NA	NA	NA
Haryana	Sirsa	Mill Delivery loose	2000	2000	2030	2050	1900
	Hodal	Mill Delivery	NA	NA	NA	NA	2040
	Bhiwani	Mill Quality Loose	2050	2050	2050	2100	Closed
	Karnal	Mill Delivery	NA	NA	NA	NA	NA
	Panipat	Mill Quality	NA	NA	NA	NA	NA

		Loose					
Tamil Nadu	Chennai	Mill Quality	2300	2300	2300	2500	2200
	Madurai	Mill Quality	2357	2350	2350	2650	2300
	Coimbatore	Mill Quality	2357	2400	2400	2700	2350
Bihar	Khagariya	Mill Delivery	1900	1900	1900	2000	2100
	Muzaffarpur	Mill Delivery	1980	1980	2000	2080	2150

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)**

Despite an increase in domestic wheat production in Egypt, import of the grain continues as consumption rises, according to a Global Agricultural Information Network report from the US Department of Agriculture (USDA). Egypt's wheat production for the marketing year 2020-21 is forecast to increase by 1.5% to 8.9 MMT. The country's consumption of wheat is also anticipated to rise 1% to 20.1 MMT amid increase in population. Imports for the 2020-21 market year are forecast at 12.85 MMT, a slight increase of 0.4% compared with the previous year.

According to official data, France is now expected to export 12.7 MMT of soft wheat outside of the European Union, 31% more than last year and the highest since 2010/11.

From early July 2019 to March 5, 2020, Russia exported 24.2 MMT of wheat. All Russian grain exports over the same period totaled 28.1 MMT, down 19% on the year. USDA expects Russia will export 35.0 MMT of wheat in 2019/20.

Tunisia's state grains agency has issued an international tender to purchase around 67,000 tonnes of durum wheat and 25,000 tonnes of soft wheat according to European traders. The tender closes on Tuesday, March 17. The grains can be sourced from optional origins and shipment is expected in April.

The European association Coceral revised its 2020/21 wheat production estimates from initial forecasts last month in a recent report. Coceral estimate the UK wheat area at 1478KHa with a yield of 7.38t/ha. For the EU and UK, soft wheat production was lowered 1.4MMT to 136.5MMT due to persistent torrential rain disrupting sowing and affecting crop conditions. This is significantly down on last year which was recorded at 145.7MMT. With a reduced wheat production figure, crop conditions will be an important focus for milling quality amidst the frequent rainfall and a greater volume of grain imports into the EU and UK may be seen.

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 17, 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.

Iran's wheat output is forecast to be around 15.36 MMT by the year 2028 from 13.57 MMT in 2019, registering an annual growth of 2.7% year-on-year. The forecast was made in a joint report released by the Food and Agricultural Organization of the United Nations and the Organization for Economic Cooperation and Development.

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.

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
	19-Mar-20	12-Mar-20	20-Feb-20	13-Dec-19	20-Sep-19	20-Mar-19	
Mar-20	196.56	185.72	205.47	197.57	182.14	188.57	4.24
May-20	195.64	186.18	205.28	199.68	183.61	189.12	3.45
Jul-20	196.74	188.66	207.40	203.45	186.36	191.51	2.73
Sep-20	199.96	192.98	210.98	206.85	191.05	195.46	2.30
Dec-20	202.62	196.74	214.01	207.03	194.63	198.49	2.08
Mar-21	200.88	196.74	214.01	207.03	212.45	200.32	0.28

AGRIWATCH

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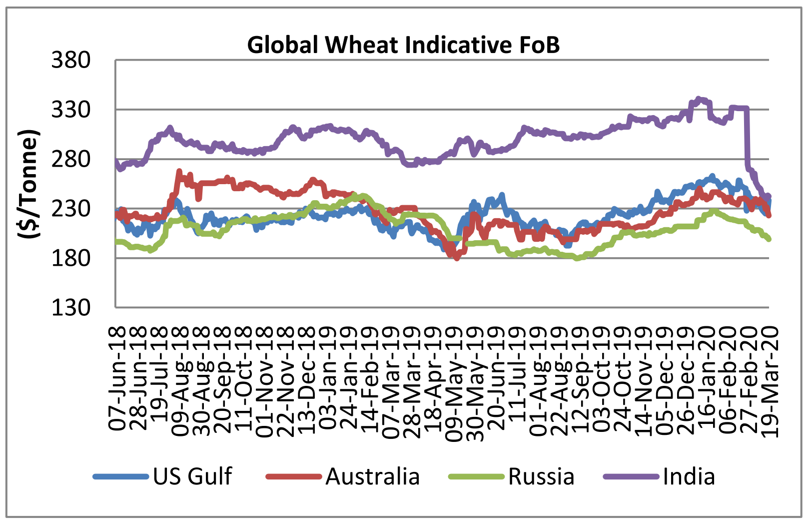
CBOT May-20
1st Support: 165.00
2nd Support: 167.00
1st Resistant: 225.00
2nd Resistant: 227.00
($ per tonne)

Wheat CBOT closed at $5.39 per bushel. U.S. wheat net export sales during the week ended 12th March was 338,000 tonnes compared to 452000 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 4% ahead of previous year's USDA's final export forecast. CBOT wheat prices closed higher amid short –covering.

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 $239.90 - $244.18 per tonne.

US and Russian quotes are hovering in the range of $225.02-238.54 and $199.00 -203.00 per tonne respectively. Wheat prices in international markets noticed range -bound to weak tone in last week.

Wheat is expected to trade steady to weak and hover in the range of $190 to $250 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.