

Wheat Weekly Research Report

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Wheat Domestic Market Fundamentals**[\(Back to Table of Contents\)](#)**

All India weekly average prices declined by 0.99 percent to Rs. 2009.51 per quintal during the week ended 31st March 2020. Wheat average price were ruling at Rs 2029.67 per quintal during 16-23 March 2020. As compared to prices in the week 24-31 March 2019, the prices are lower by 0.63 percent. Prices are expected to trade steady to weak amid lock down in the country. As per the latest update, wheat markets remain closed following lock down in the country amid spread of Covid -19. In Punjab, around 3% crop loss is expected in the wheat growing regions following recent rains and hailstorm.

Harvesting of wheat is likely to be delayed in the states of Punjab and Haryana following the recent lockdown in the country. An acute shortage of labour and transportation following country-wide lockdown to halt the spread of the coronavirus outbreak will result in delay in wheat crop harvesting. Most of the farmers will face shortage of manpower in the coming days as the migration of labourers from other states has come to a halt.

The Indian government has approved the world's largest food security scheme to benefit 80 crore people across the country. Out of them, every person will get 7 kg ration per month for the next three months, including wheat at a cost of Rs 2 per kg, instead of Rs 27 per kg; and rice at cost of Rs 3 per kg, instead of Rs 37 per kg.

The Food Corporation of India (FCI) purchases bulk of the cereal produce in the month of April in the northern states of Punjab, Haryana and Uttar Pradesh. The procurement process officially commences on April 1 as farmers sell their cereal produce in designated mandis to the government agencies at minimum support price (MSP) in these states. However in the current year, procurement is likely to be delayed by 2 weeks as the country is under lock down amid the spread of Covid-19 in different states. Labour shortage and lack of adequate transportation is likely to delay the process.

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 \$378.00 (Rs 28300.86) per tonne and \$581.00 (Rs 43499.47) 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 \$213.00, \$213.00, Euro 194.75, \$261.38 and \$234.82 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

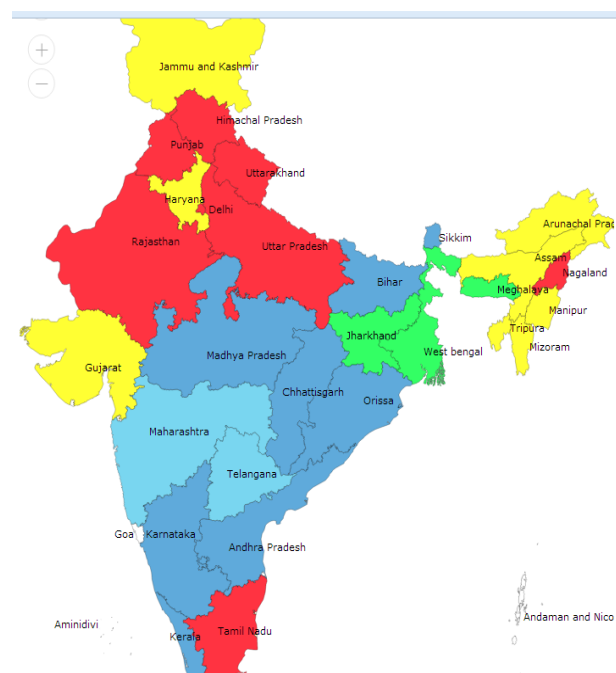
Wheat Import

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

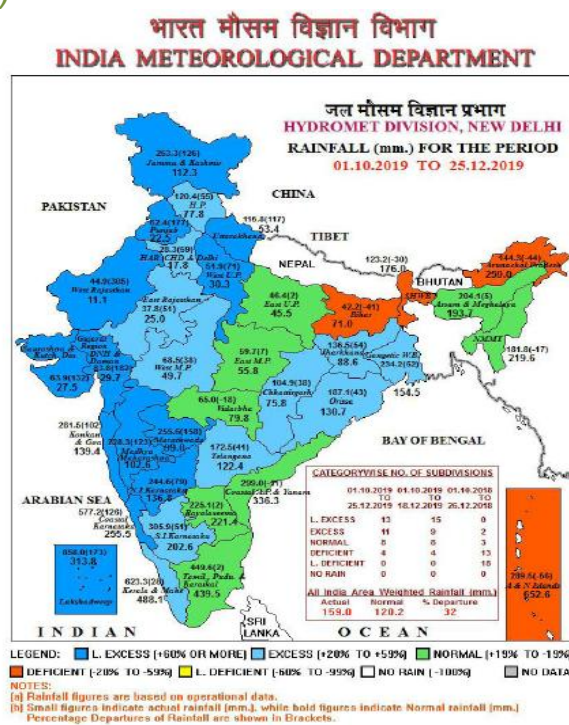
Source: Trade

Monsoon

Weekly Cumulative rainfall (19-03-2020-25.03.2020)



Source: IMD



Wheat Weekly Average Price Chart

Average mill delivery prices of Wheat traded steady to firm in Delhi, Ahmedabad, Kota and weak in Indore during 20th -26th March 2020.

Prices noticed steady to firm tone in past week. Market is likely to trade steady to weak in upcoming week amid new crop arrival in the market and subdued market sentiment following lock down in the country. 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.

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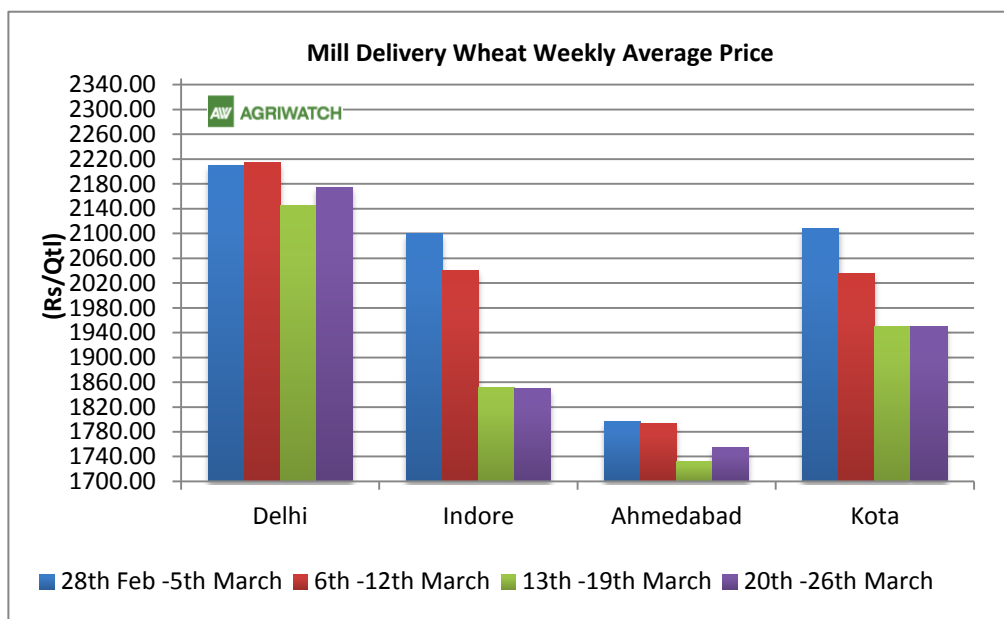

Wheat and Rice Stocking Norms
Wheat Stock Norms

Fig. In Lakh Tonne	Operational Stock			Strategic Reserve		
	Rice	Wheat	Total	Rice	Wheat	Grand Total
As on						
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

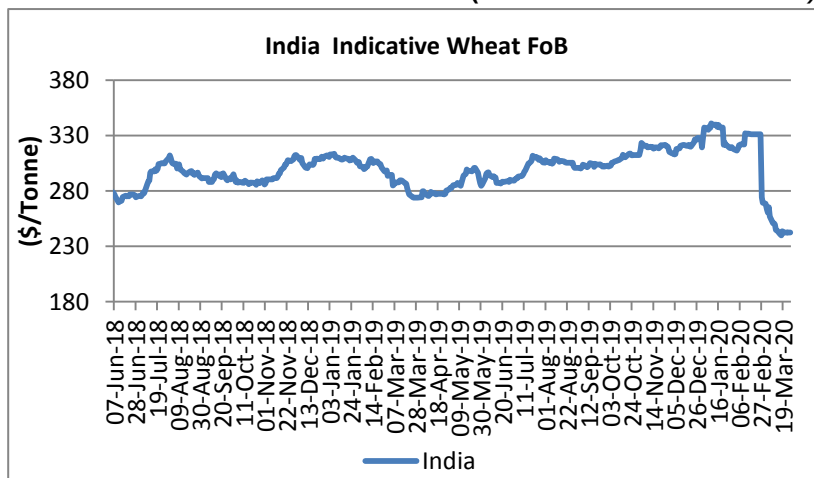
State/UTs	Procurement as on 24 th June-2019 (Figures in LMT)		
	FCI (A)	State Agency (B)	Total (A+B)
Punjab	15.72	113.4	129.12
Haryana	11.33	81.87	93.20
Uttar Pradesh	1.09	35.78	36.87
Madhya Pradesh	0.00	67.25	67.25
Rajasthan	12.06	2.01	14.07
Others	0.14	0.50	0.64
All-India	40.34	300.81	341.15

FOB Quote for Wheat at Kandla

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Wheat FoB quote in India noticed slightly 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 \$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
		26-Mar-20	19-Mar-20	27-Feb-20	28-Mar-19	
USA (Chicago)	2srw	194.75	238.54	246.39	207.38	-6.09
France	FCW3	212.32	206.05	203.96	206.87	2.63
Australia	ASW	234.82	222.88	237.85	230.75	1.76
Russia	SRW	213.00	199.00	213.00	224.00	-4.91
India	Fob	Closed	242.19	274.29	Closed	NA

	25/03/2020	18/03/2020	11/03/2020	04/03/2020
Black Sea Mill Wheat 12.5% FOB Pmax. (\$/T)	215	207	211	212
Black Sea Mill Wheat 11.5% FOB Pmax. (\$/T)	212	204	210	211

NCDEX Wheat Contracts

Wheat Futures Contact: NCDEX Price								Date: 27.03.2020	
Contract Month	+/-	Open	High	Low	Close	Volume	Change From previous day	Open Interest	Change From previous day
20-Apr	0	1855	1855	1855	1855			10	0
20-May	0	1855	1855	1855	1855				
20-June	0	1855	1855	1855	1855				

Wheat Technical Analysis:
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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
	26-Mar-20	20-Mar-20	26-Feb-20	27-Mar-19	
Indore	NA	1850	2100	1850	NA
Delhi	NA	2155	2200	2068	NA
Kanpur	NA	1970	2075	1900	NA
Rajkot	NA	1765	1950	NA	NA
Kota	NA	2000	2156	1940	NA

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 range –bound to weak amid delay in new crop arrival and subdued market sentiment following lock down in the country. 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
			26-Mar-20	25-Mar-20	19-Mar-20	26-Feb-20	28-Mar-19
Delhi	Lawrence Road	Mill Delivery	Closed	Closed	2100	2210	2080
	Narella	Mill Quality Loose	Closed	Closed	2100	Closed	1970
	Nazafgarh	Mill Quality Loose	Closed	Closed	2070	Closed	1950
Gujarat	Rajkot	Mill Delivery	Closed	Closed	1750	Closed	Closed
	Ahmedabad	Mill Delivery	Closed	Closed	1825	Closed	Closed
	Surat	Mill Delivery	Closed	Closed	1870	Closed	Closed
	Dhrol	Mill Delivery	Closed	Closed	1675	NR	Closed
M.P.	Indore	Mill Delivery	Closed	Closed	1850	2100	1900
	Bhopal	Mill Quality Loose	Closed	Closed	1800	2000	1900
Rajasthan	Kota	Mill Quality Loose	Closed	Closed	1750	2050	1775
		Mill Delivery	Closed	Closed	1900	2125	1875
U.P.	Kanpur	Mill Delivery	Closed	Closed	NR	2110	2150
	Mathura	Mill Quality Loose	NA	NA	1995	2150	1810
	Kosi	Mill Quality Loose	Closed	Closed	2100	2025	1950
	Hathras	Mill Quality Loose	NR	NR	2050	2025	1925
	Aligarh	Mill Quality Loose	Closed	Closed	2030	Closed	1900
Punjab	Khanna	Mill Quality Loose	Closed	Closed	1960	1920	1860
	Ludhiana (Jagraon)	Mill Delivery	NA	NA	NA	NA	NA
Haryana	Sirsa	Mill Delivery loose	Closed	Closed	2000	2050	1890
	Hodal	Mill Delivery	Closed	Closed	NA	NA	2060
	Bhiwani	Mill Quality Loose	NR	NR	2050	2080	1950
	Karnal	Mill Delivery	NA	NA	NA	NA	NA
	Panipat	Mill Quality	NA	NA	NA	NA	NA



		Loose					
Tamil Nadu	Chennai	Mill Quality	Closed	Closed	2300	2500	2200
	Madurai	Mill Quality	Closed	Closed	2350	2650	2300
	Coimbatore	Mill Quality	Closed	Closed	2400	2700	2350
Bihar	Khagariya	Mill Delivery	Closed	Closed	1900	2000	2100
	Muzaffarpur	Mill Delivery	Closed	Closed	1980	2060	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:

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Sindh government has opened 525 wheat procurement centres in 23 districts of the province to begin its procurement drive to collect 1.4 MMT of wheat at a support price of Rs. 1400/40 kilogram. There was no shortage of wheat in the province, and no shortage of wheat flour would be allowed in the city according to the Minister of Agriculture. Wheat is being produced over an area of 1.11 million acres in Sindh, and a production of 3.8 MMT was expected. Sindh government would purchase 1.4 MMT around 37 percent of the total production.

According to Ukraine's Ministry for Development of the Economy, Trade and Agriculture, Ukraine's wheat exports now total 17.3 MMT. Ukraine's total grain exports of 43.6 MMT are 25% ahead of last year's pace.

Grain trade association Cocereal lowered its European Union (EU) soft (non-durum) wheat forecast from 138 MMT in February to 135 MMT in March. If realized, the EU's 2020/21 soft wheat production would fall 8% from last year's 146 MMT.

Germany's association of farm cooperatives estimates the country's 2020/21 wheat crop will fall 1% on the year to 22.8 MMT on decreased planted area.

Algeria's state grains agency OAIC bought around 240,000 tonnes of optional-origin milling wheat in an international tender which closed on Tuesday according to European traders. The shipment for the tender from the main supply countries will be in two periods – June 1-15 and June 16-30. If sourced from South America, shipment is between May 1-15 and May 16-31.

The Taiwan Flour Millers' Association has issued an international tender to purchase 99,450 tonnes of grade 1 milling wheat to be sourced from the United States according to European traders. The tender will close on March 27, 2020. One consignment of 48,600 tonnes is sought for shipment between May 13 and May 27, while a second of 50,850 tonnes is sought for shipment between May 29 and June 12, 2020.

Persistent precipitation is affecting the French winter wheat crop. According to official data, 63% of the crop is in good to excellent condition, down significantly from last year's 85%.

According to USDA, winter wheat conditions fell slightly in Kansas where 46% of the crop is now in good to excellent condition. Colorado winter wheat conditions fell 13% week-over-week and 46% of the crop is in good to excellent condition. In Oklahoma, 67% of the winter wheat is in good to excellent condition, up significantly from last week. In Texas, winter wheat conditions are up 10% on the week and 36% of the crop is in good to excellent condition.

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.

IGC Wheat Balance Sheet:
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IGC Forecast(Fig-In MMT)	2016-17	2017-18	2018-19 (Estimate)	2019-20 (Forecast)	
				27.02.2020	26.03.2020
Production	757	762	733	763	768
Trade	177	176	169	176	180
Consumptions	736	739	739	753	760
Carryover stocks	248	271	265	275	283
Y-O-Y change	21	22	-5	10	9
Major Export	79	83	70	67	63

- IGC has forecasted global wheat production to be 768 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 35 MMT compared to estimate for 2018-19. IGC has forecasted higher production for 2019-20.
- Trade forecast for 2019-20 has been increased to 180 MMT. It is 11 MMT higher compared to estimate for last year and higher by 4 MMT compared to 2017-18.
- Consumption has been increased to 760 MMT for 2019-20. The forecast is higher by 21 MMT compared to 2018-19.
- Carryout for 2019-20 is forecast at 283 MMT compared to estimate of 265 MMT last year. It is higher by around 35 MMT compared to 2016-17.

CBOT FUTURES CONTRACT:

CBOT Futures Prices:(USD/T)							
CONTRACT MONTH	Today 26-Mar-20	Week Ago 19-Mar-20	Month Ago 27-Feb-20	3 Month Ago 20-Dec-19	6 Month Ago 27-Sep-19	Year Ago 27-Mar-19	% Change over prev. year
May-20	209.05	196.56	193.80	200.60	183.15	189.39	10.38
Jul-20	204.37	195.64	194.35	201.61	184.53	190.22	7.44
Sep-20	203.91	196.74	196.93	203.45	187.37	192.61	5.87
Dec-20	206.20	199.96	200.69	206.57	192.15	196.65	4.86
Mar-21	207.31	202.62	203.91	209.51	195.73	199.77	3.77
May-21	206.39	202.62	203.91	209.51	212.45	201.61	2.37

CBOT May-20

1st Support: 177.00

2nd Support: 179.00

1st Resistant: 237.00

2nd Resistant: 239.00

(\$ per tonne)

Wheat CBOT closed at \$5.71 per bushel. U.S. wheat net export sales during the week ended 19th March was 740,000 tonnes compared to 338000 tonnes last week. Sales were above trade expectation of 200000-500000 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 5% 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 \$242.19 - \$242.42 per tonne.

US and Russian quotes are hovering in the range of \$245.17-261.38 and \$203.00 - 213.00 per tonne respectively. Wheat prices in international markets noticed range - bound to firm tone in last week.

Wheat is expected to trade steady to firm and hover in the range of \$200 to \$270 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 156.0 MMT in 2019-20 compared to 137.7 MMT in 2018-19. Russia and Ukraine are likely to harvest 73.6 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 19.8 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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