AGRIWATCH

Wheat Weekly Research Report
6th April-2020

Wheat Weekly Research Report

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

All India weekly average prices increased slightly by 0.12 percent to Rs. 2011.99 per quintal during the week ended 8thApril 2020. Wheat average price were ruling at Rs 2009.51 per quintal during 24-31 March 2020. As compared to prices in the week 01-08 April 2019, the prices are lower by 1.63 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.

The Indian Council of Agricultural Research has advised wheat farmers to postpone their harvest to April 20 in the wake of the Covid-19 outbreak. The temperature in most wheat growing areas is still below long-term average and therefore, farmers can delay wheat harvesting till April 20 without incurring any significant loss. The official procurement of wheat begins in the northern states by first week of April. In view of the delayed procurement of wheat due to the ongoing lockdown, the state government has urged the Central Government's to provide incentive ranging from Rs 50 to Rs 125 per quintal to the farmers.

The distribution of free wheat grain under the PDS is of not much use to the consumers as they are unable to convert wheat into flour amid lock down. Flour mills are shut across the country amid lock down. To ensure enough food to the poor during the lockdown, the government last week started distributing free 5 kg of rice or wheat per person and 1 kg pulse per household under the Pradhan Mantri Garib Kalyan Yojana (PMGKY) to over 81 crore PDS beneficiaries. This is over and above the monthly quota of 5 kg grains per person being given at subsidised rate of Rs.2kg for wheat and Rs.3kg for rice.

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 $394.80 (Rs 29981.1) per tonne and $602.00 (Rs 45715.88) 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 $218.50, $219.00, Euro 190.25, $243.68 and $250.80 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. 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

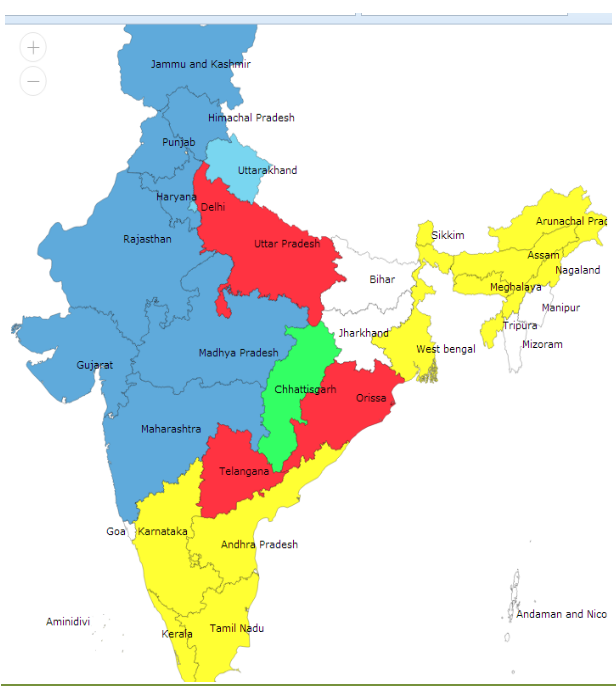
Wheat Import

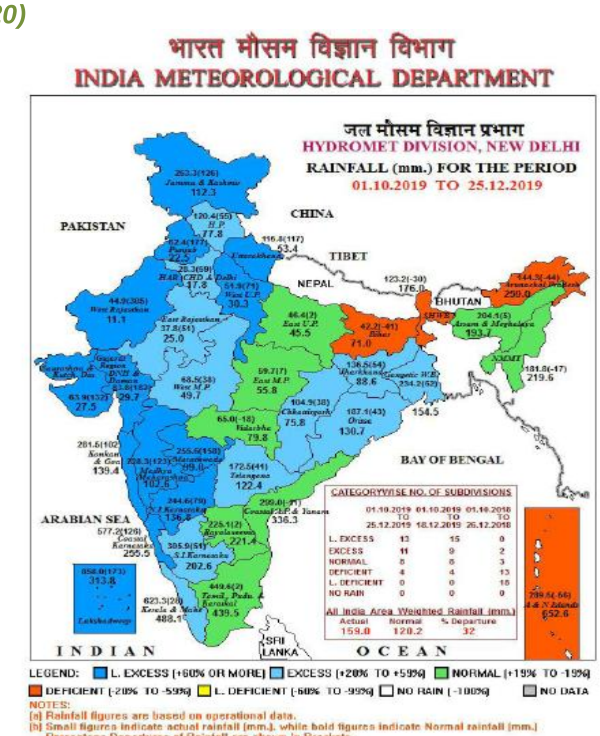
Date	Foreign Country	Port	Quantity in MT
February-2020	Australia, Mexico, UK, Belgium	Tuticorin	602.96
	Total		602.96

Source: Trade

Monsoon

Weekly Cumulative rainfall (26-03-2020-01.04.2020)





Source: IMD

Wheat Weekly Average Price Chart

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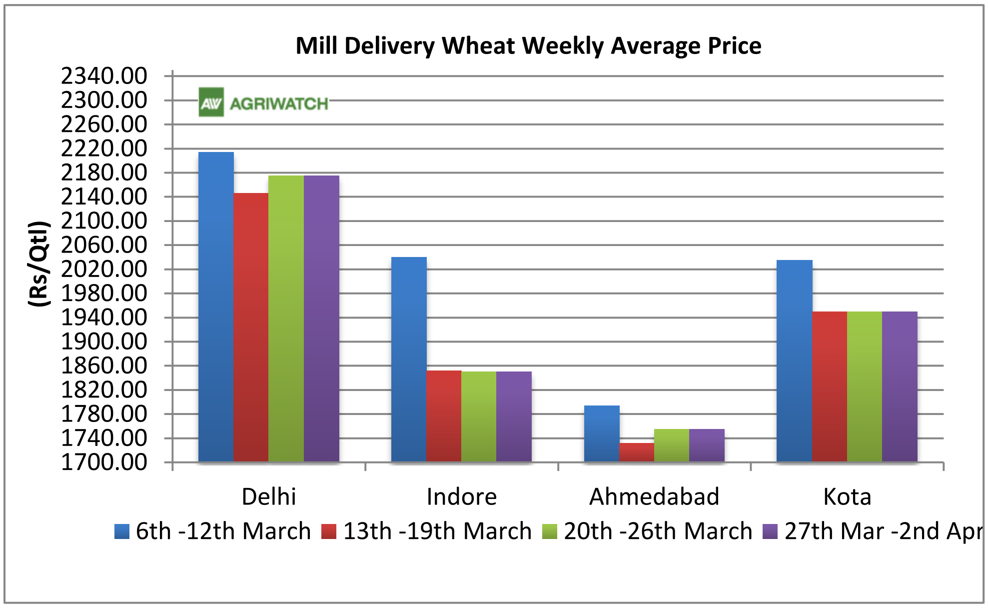

Average mill delivery prices of Wheat remained steady in Delhi, Ahmedabad, Kota and Indore during 27th March - 2nd April 2020.

Markets remained closed in the country following lockdown. 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. Harvesting of the new crop and official procurement of wheat will be delayed by 2-3 weeks. 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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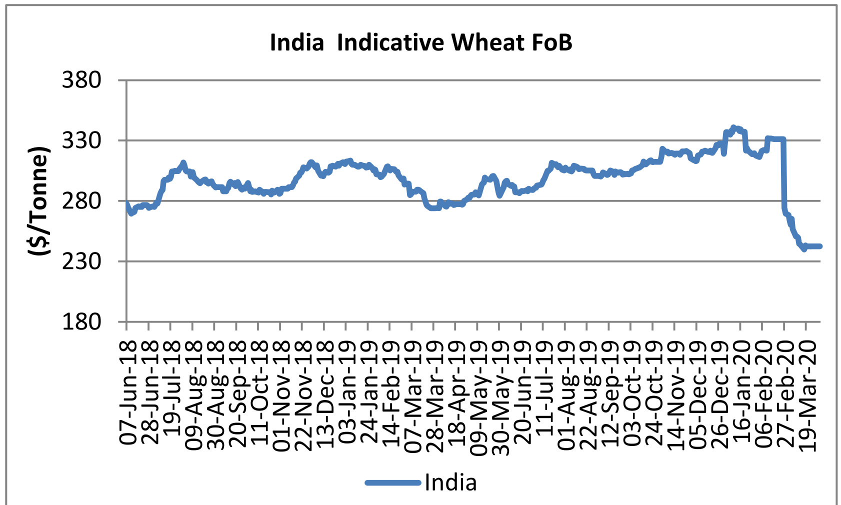
Wheat FoB quote in India noticed steady tone in the past week. The demand for Indian wheat in the international market is low. Export window remains restricted due to disparity.

Wheat FoB quote for Kandla is likely to witness steady 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**
		1-Apr-20	**25-Mar-20**	**4-Mar-20**	**3-Apr-19**	
USA (Chicago)	2srw	244.08	261.38	236.30	213.40	**14.38**
France	FCW3	210.78	212.66	203.92	209.63	**0.55**
Australia	ASW	254.98	230.84	236.51	223.65	**14.01**
Russia	SRW	218.50	210.00	208.00	224.00	**-2.46**
India	Fob	Closed	Closed	260.40	279.60	**NA**

	01/04/2020	*25/03/2020*	*18/03/2020*	*11/03/2020*
Black Sea Mill Wheat 12.5% FOB Pmax.($/T)	*227*	*215*	*207*	*211*
Black Sea Mill Wheat 11.5% FOB Pmax. ($/T)	*222*	*212*	*204*	*210*

NCDEX Wheat Contracts

Wheat Futures Contact: NCDEX Price									***Date: 03.04.2020***
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*				

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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
	1-Apr-20	26-Mar-20	3-Mar-20	2-Apr-19	
Indore	NA	NA	1975	1850	NA
Delhi	NA	NA	2200	2036	NA
Kanpur	NA	NA	2000	1840	NA
Rajkot	NA	NA	1850	1850	NA
Kota	NA	NA	2126	1874	NA

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

<u>***Domestic Market Weekly Outlook:***</u>

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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, harvesting of the new crop will be delayed.

Spot Market Price:							
Centre	Market	Variety	Prices (Rs/Qtl)				
			Today	Yesterday	Week Ago	Month Ago	Year Ago
			01-Apr-20	30-Mar-20	25-Mar-20	03-Mar-20	03-Apr-19
Delhi	Lawrence Road	Mill Delivery	Closed	Closed	NA	2210	2040
	Narella	Mill Quality Loose	Closed	Closed	NA	2125	Closed
	Nazafgarh	Mill Quality Loose	Closed	Closed	NA	2100	Closed
Gujarat	Rajkot	Mill Delivery	Closed	Closed	Closed	1850	1850
	Ahmedabad	Mill Delivery	Closed	Closed	Closed	2000	1910
	Surat	Mill Delivery	Closed	Closed	Closed	2025	1950
	Dhrol	Mill Delivery	Closed	Closed	Closed	2050	2505
M.P.	Indore	Mill Delivery	Closed	Closed	Closed	2100	1900
	Bhopal	Mill Quality Loose	Closed	Closed	Closed	2000	1800
Rajasthan	Kota	Mill Quality Loose	Closed	Closed	Closed	2035	1700
		Mill Delivery	Closed	Closed	Closed	2100	1825
U.P.	Kanpur	Mill Delivery	Closed	Closed	Closed	2090	2150
	Mathura	Mill Quality Loose	Closed	Closed	Closed	2000	1840
	Kosi	Mill Quality Loose	Closed	Closed	Closed	2020	1820
	Hathras	Mill Quality Loose	Closed	Closed	Closed	2025	NA
	Aligarh	Mill Quality Loose	Closed	Closed	Closed	2045	Closed
Punjab	Khanna	Mill Quality Loose	Closed	Closed	Closed	1960	1860
	Ludhiana (Jagraon)	Mill Delivery	NA	NA	NA	NA	NA
Haryana	Sirsa	Mill Delivery loose	Closed	Closed	Closed	2040	1865
	Hodal	Mill Delivery	Closed	Closed	Closed	NA	2000
	Bhiwani	Mill Quality Loose	Closed	Closed	Closed	2080	1925
	Karnal	Mill Delivery	NA	NA	NA	NA	NA
	Panipat	Mill Quality	NA	NA	NA	NA	NA

		Loose					
Tamil Nadu	Chennai	Mill Quality	Closed	Closed	Closed	2450	2250
	Madurai	Mill Quality	Closed	Closed	Closed	2500	2350
	Coimbatore	Mill Quality	Closed	Closed	Closed	2550	2400
Bihar	Khagariya	Mill Delivery	Closed	Closed	Closed	2000	1800
	Muzaffarpur	Mill Delivery	Closed	Closed	Closed	2050	2050

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)***

European Union (EU) soft (non-durum) wheat yields for harvest in 2020/21 are expected to drop 2% from last year on excessively wet field conditions in France throughout the winter. The European Commission pegged the average EU soft wheat yield at 5.88 MT/hectare (87.5 bu/acre).

The International Grains Council (IGC) forecasts a record global grains crop of 2.22 billion tons in 2020/21, up 2% from last year. The council pegged global wheat production at 768 MMT, up from this year's 764 MMT. Global domestic consumption in 2020/21 is estimated at 760 MMT, up from this year's 754 MMT.

According to the planting intentions report released by the USDA, wheat acreage is expected to be lower this season. All wheat acreage is estimated at 44.7 million acres, 1% below last year's levels and the lowest since 1919. Winter wheat area, at 30.8 million acres is down from last year but even with pre-report expectations. Of that total, 21.7 ma will be planted to hard red winter, 5.69 to soft red winter, 3.42 ma to white winter. Spring wheat acreage is expected to decline 1% from last year to 12.6 million acres.

Ukraine's biggest grain traders have agreed to an economy ministry proposal to limit wheat exports to 20.2 MMT in the 2019-20 season to avoid a rise in domestic bread prices. Although Ukraine is a major grain exporter and its harvest largely exceeds domestic consumption, the coronavirus pandemic has led some countries to consider feed export restrictions.

According to USDA, beneficial rains helped HRW crop conditions across the Great Plains. Kansas wheat conditions increased week-over-week and 48% of the crop is now in good to excellent condition. In Colorado, HRW conditions increased 8% from last week and 54% of the crop is in good to excellent condition. Crop conditions in Oklahoma improved 10% from last week and 77% of the state's winter wheat is in good to excellent condition. In Texas, winter wheat conditions are up 13% on the week and 49% of the crop is in good to excellent condition.

As of March 30, Ukraine's total grain and flour exports stood at 45.77 MMT in the marketing year that started July 1, 2019, according to the Ukraine's Ministry of Agrarian Policy.

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.

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	Week Ago	Month Ago	3 Month Ago	6 Month Ago	Year Ago	% Change over prev. year
	01-Apr-20	25-Mar-20	04-Mar-20	26-Dec-19	04-Oct-19	02-Apr-19	
May-20	199.04	213.09	190.41	202.71	184.71	187.47	6.17
Jul-20	197.94	208.59	190.86	203.36	186.27	188.11	5.22
Sep-20	199.22	208.13	193.44	205.28	189.21	190.50	4.58
Dec-20	202.44	210.06	197.66	208.68	194.08	194.72	3.96
Mar-21	204.73	210.89	201.43	211.71	197.66	197.84	3.48
May-21	204.00	210.89	201.43	211.71	212.45	199.68	2.16

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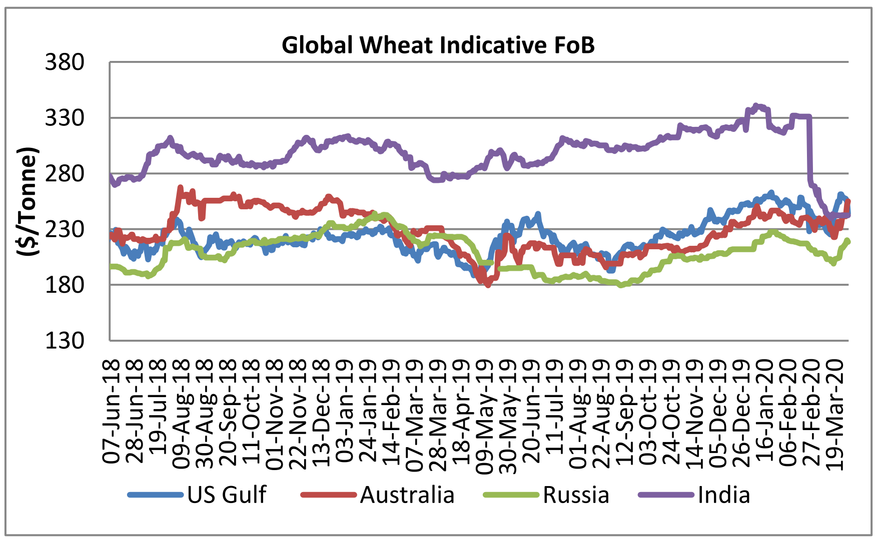
CBOT May-20
1st Support: 167.00
2nd Support: 169.00
1st Resistant: 227.00
2nd Resistant: 229.00
($ per tonne)

Wheat CBOT closed at $5.49 per bushel. U.S. wheat net export sales during the week ended 26th March was 73,000 tonnes compared to 740000 tonnes last week. Sales were below trade expectation of 100000-500000 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 2% 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 being quoted at $242.42 per tonne.

US and Russian quotes are hovering in the range of $244.08-258.83 and $213.00 -220.00 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.