

Wheat Weekly Research Report

Table of Contents

- ❖ **Review and Outlook**
- ❖ **Export/Import**
- ❖ **Weather**
- ❖ **Weekly Price Change**
- ❖ **Stocking Norms**
- ❖ **FOB Quotes**
- ❖ **NCDEX Wheat Contracts**
- ❖ **Wheat Technical Analysis**
- ❖ **Spot Price at NCDEX Delivery Centers**
- ❖ **Domestic Outlook and Spot Prices**
- ❖ **Progressive Sowing**
- ❖ **International Wheat Market**
- ❖ **IGC**
- ❖ **CBOT Future Contract**
- ❖ **CBOT Trend**
- ❖ **International FOB Trend**
- ❖ **International Weekly Outlook**

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

All India weekly average prices declined by 1.23 percent to Rs. 1987.15 per quintal during the week ended 15th April 2020. Wheat average price were ruling at Rs 2011.99 per quintal during 01-08 April 2020. As compared to prices in the week 09-15 April 2019, the prices are lower by 0.80 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.

Punjab government is gearing up for wheat procurement in the state from April 15. A 30-member control room at the mandi board has been set up for coordination and providing logistic support during the wheat harvesting and marketing season amid unprecedented security and safety measures to ensure smooth operations in view of the Covid-19 clampdown. The food and agriculture departments have been asked to come out with standard operating procedures for mandis and purchase centres. The departments will scale up the number of purchase centres to 4,000 from 3,761. Farmers and labourers will be checked for influenza-like symptoms, masks would be made compulsory and multiple hand-washing arrangements shall be set up in each mandi. Haryana Government will start procurement from April 20.

There could be shortage of wheat flour in the coming days amid supply disruptions following lockdown in the country. Flour millers who process wheat to make atta, maida and suji are operating at 40 -50% of their normal capacity due to labour issue and less supplies of wheat. Though India expects a bumper wheat production this season, harvesting is being delayed following lockdown in the country. How much wheat will be harvested and how much will be officially procured from the farmers will be clear in the coming weeks after further decision is taken when the current lockdown comes to an end on 14th April.

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 30008.75) per tonne and \$602.00 (Rs 45758.02) 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 \$218.00, \$219.00, Euro 198.25, \$240.83 and \$256.06 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

(Back to Table of Contents)

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

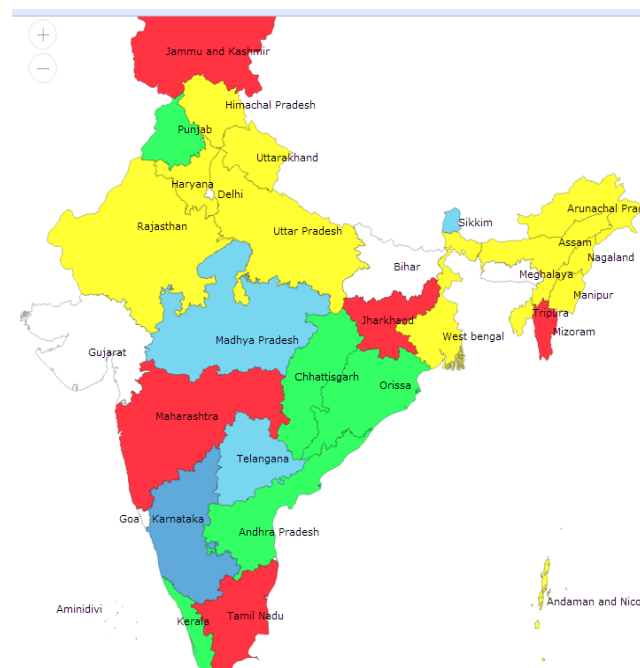
Wheat Import

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

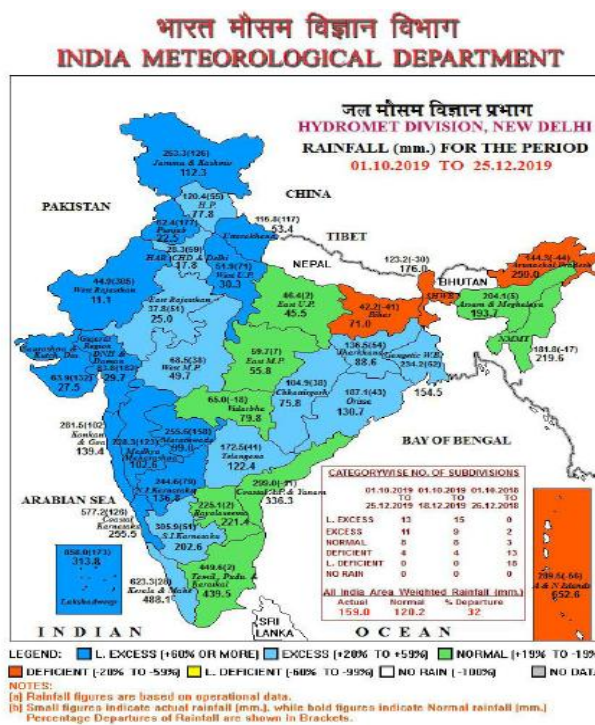
Source: Trade

Monsoon

Weekly Cumulative rainfall (02.04.2020-08.04.2020)



Source: IMD

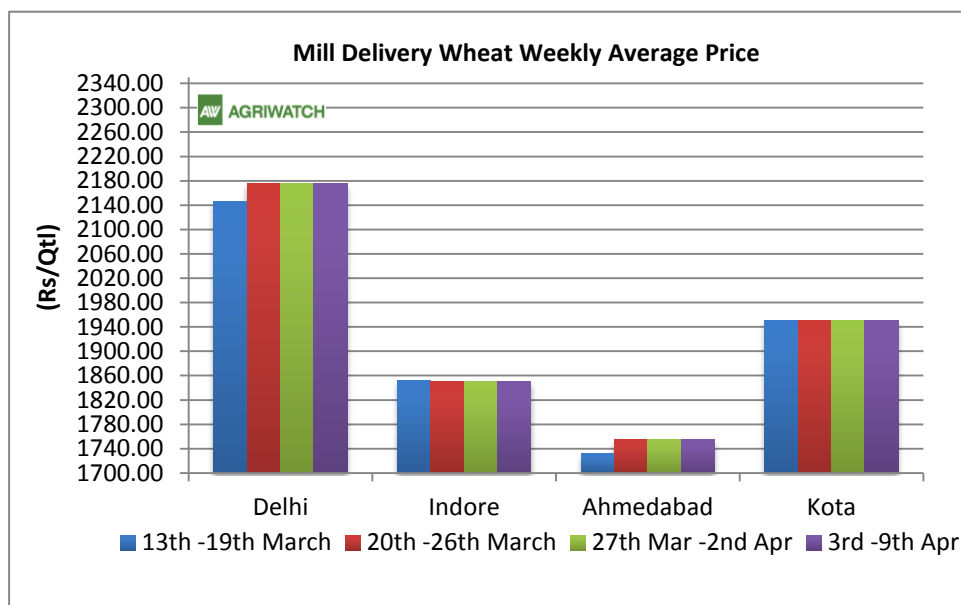


Wheat Weekly Average Price Chart

Average mill delivery prices of Wheat remained steady in Delhi, Ahmedabad, Kota and Indore during 3rd -9th 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 start by 15th -20th April. 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.

[\(Back to Table of Contents\)](#)


Wheat and Rice Stocking Norms

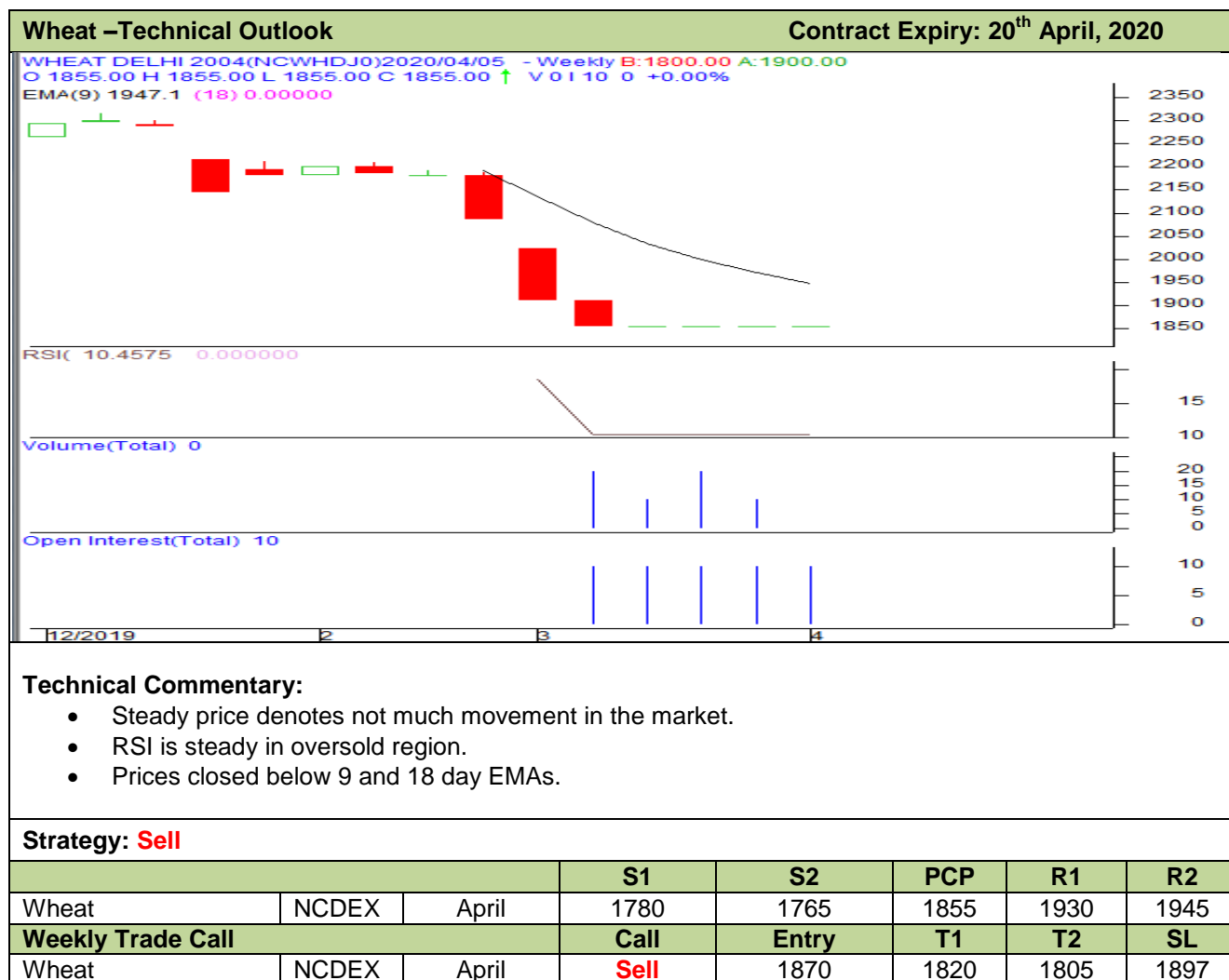
Wheat Stock Norms						
Fig. In Lakh Tonne	Operational Stock			Strategic Reserve		
	Rice	Wheat	Total	Rice	Wheat	Grand Total
As on						
1st April	115.8	44.6	160.4	20	30	210.4
1st July	115.4	245.8	361.2	20	30	411.2
1st Oct.	82.5	175.2	257.7	20	30	307.7
1st Jan	56.1	108	164.1	20	30	214.1
Buffer Norms w.e.f. 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

Wheat Technical Analysis:

[\(Back to Table of Contents\)](#)



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
	8-Apr-20	1-Apr-20	9-Mar-20	9-Apr-19	
Indore	NA	NA	1887	1825	NA
Delhi	NA	NA	2200	1943	NA
Kanpur	NA	NA	2070	1800	NA
Rajkot	NA	NA	1825	1863	NA
Kota	NA	NA	2104	1861	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:

[\(Back to Table of Contents\)](#)

Wheat market is expected to notice range –bound to weak tone 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 begin by 15th -20th April.

Spot Market Price:							
Centre	Market	Variety	Prices (Rs/Qtl)				
			Today	Yesterday	Week Ago	Month Ago	Year Ago
			09-Apr-20	08-Apr-20	03-Apr-20	09-Mar-20	11-Apr-19
Delhi	Lawrence Road	Mill Delivery	Closed	Closed	Closed	2215	1930
	Narella	Mill Quality Loose	Closed	Closed	Closed	2150	1850
	Nazafgarh	Mill Quality Loose	Closed	Closed	Closed	2075	1815
Gujarat	Rajkot	Mill Delivery	Closed	Closed	Closed	1790	1860
	Ahmedabad	Mill Delivery	Closed	Closed	Closed	1920	1920
	Surat	Mill Delivery	Closed	Closed	Closed	1940	1960
	Dhrol	Mill Delivery	Closed	Closed	Closed	2100	2300
M.P.	Indore	Mill Delivery	Closed	Closed	Closed	2075	1825
	Bhopal	Mill Quality Loose	Closed	Closed	Closed	1900	1750
Rajasthan	Kota	Mill Quality Loose	Closed	Closed	Closed	2030	1680
		Mill Delivery	Closed	Closed	Closed	2125	1800
U.P.	Kanpur	Mill Delivery	2200	2150	Closed	Closed	2060
	Mathura	Mill Quality Loose	1980	1980	Closed	Closed	1745
	Kosi	Mill Quality Loose	NA	2000	Closed	Closed	1850
	Hathras	Mill Quality Loose	Closed	Closed	Closed	Closed	1800
	Aligarh	Mill Quality Loose	2020	2020	Closed	Closed	1750
Punjab	Khanna	Mill Quality Loose	Closed	Closed	Closed	1960	1850
	Ludhiana (Jagraon)	Mill Delivery	NA	NA	NA	NA	NA
Haryana	Sirsa	Mill Delivery loose	Closed	Closed	Closed	2030	1840
	Hodal	Mill Delivery	Closed	Closed	Closed	NA	Closed
	Bhiwani	Mill Quality Loose	Closed	Closed	Closed	Closed	1900
	Karnal	Mill Delivery	NA	NA	NA	NA	NA
	Panipat	Mill Quality Loose	NA	NA	NA	NA	NA



Tamil Nadu	Chennai	Mill Quality	Closed	Closed	Closed	2400	2150
	Madurai	Mill Quality	Closed	Closed	Closed	2500	2300
	Coimbatore	Mill Quality	Closed	Closed	Closed	2550	2350
Bihar	Khagariya	Mill Delivery	Closed	Closed	Closed	Closed	1750
	Muzaffarpur	Mill Delivery	Closed	Closed	Closed	Closed	1800

Sowing Status:

[\(Back to Table of Contents\)](#)

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:

[\(Back to Table of Contents\)](#)

According to the latest supply and demand report released by the USDA, wheat exports are reduced by 15 million bushels to 985 million bushels on a slowing pace and prices that have become uncompetitive in many international import markets. The 2019/20 global outlook is for slightly higher supplies, but reduced trade and utilization. Global exports are lowered 0.9 MMT, led by a 1.5 MMT reduction for Russia, which was directly offset by an equivalent increase for the EU. Global imports are reduced 0.3 MMT each for Brazil, Japan, and Uzbekistan; a 0.3 MMT increase for Morocco is partially offsetting. Aggregate world consumption is lowered 5.1 MMT following updates to several countries. With supplies higher and use down, projected 2019/20 global ending stocks are raised 5.6 MMT to a record high 292.8 MMT.

Egypt is planning to import 800,000 tonnes of wheat during this year's harvest season following a request from the President. Egypt, the world's largest wheat buyer, does not normally import wheat during the local harvest but the country is encouraging officials to boost reserves of strategic commodities amid concern about supplies during the new coronavirus outbreak.

According to the Indonesian Flour Mills Association, Indonesia consumed 1.71 MMT of wheat flour in the first quarter of 2020 equivalent to 2.19 MMT of wheat grain. In 2019, Indonesia, a major wheat grain importer, consumed 6.63 MMT of wheat flour equivalent to 8.5 MMT of grain.

As of April 2, total Ukrainian grain exports reached a record 46.0 MMT, 17.9 MMT of which is wheat. Last week, Ukrainian millers and bakers asked the government to limit grain exports and related products to maintain domestic bread prices during the coronavirus pandemic.

Ukraine, one of the world's leading wheat exporters has reduced its exports of wheat to an average 14,000 tonnes a day in April from 44,000 tonnes in March to ensure adequate domestic supplies according to the economy ministry. The bakers and millers in the country asked the government to limit grain exports to maintain bread prices in the event of the coronavirus spreading after some nations considered export restrictions. Ukraine had already exported 17.9 MMT of wheat so far in the 2019-20 July-June season and an additional 2.3 MMT would be available for export by the end of the season. Ukraine harvested 28.3 MMT of wheat in 2019 and its domestic consumption totalled 8.2 MMT.

According to the farm ministry, French soft wheat sowing for the 2020 harvest will drop 7.5pc from last year to a 17-year low of 4.6 million hectares after adverse autumn weather. The 2020 estimate, which includes a small amount of spring wheat, would be 8pc below the five-year average, it said. Last month the ministry had estimated winter wheat sowing at 4.7 million hectares.

The European Commission raised its 2019/20 European Union plus Britain soft (non-durum) wheat export forecast to 30.0 MMT, 2.0 MMT greater than last month's estimate.

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.

IGC Wheat Balance Sheet:

[\(Back to Table of Contents\)](#)

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 08-Apr-20	Week Ago 01-Apr-20	Month Ago 11-Mar-20	3 Month Ago 03-Jan-20	6 Month Ago 11-Oct-19	Year Ago 09-Apr-19	% Change over prev. year
May-20	201.43	199.04	188.38	204.92	190.50	187.47	7.45
Jul-20	201.52	197.94	188.57	205.93	191.87	188.11	7.13
Sep-20	203.08	199.22	191.05	208.41	194.45	190.50	6.61
Dec-20	205.74	202.44	195.36	211.81	198.76	194.72	5.66
Mar-21	208.04	204.73	199.04	214.84	201.89	197.84	5.15
May-21	207.95	204.73	199.04	214.84	212.45	200.05	3.95

CBOT May-20

1st Support: 177.00
2nd Support: 179.00
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 2nd April was 259000 tonnes compared to 73000 tonnes last week. Sales were above trade expectation of 50000-200000 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 \$238.10-246.25 and \$208.00-218.00 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 \$200 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 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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(Back to Table of Contents)

