

Wheat Weekly Research Report

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

All India weekly average prices increased by 1.27 percent to Rs. 2012.39 per quintal during the week ended 23rd April 2020. Wheat average price were ruling at Rs 1987.15 per quintal during 09-15 April 2020. As compared to prices in the week 16-23 April 2019, the prices are higher by 0.71 percent. Prices are expected to trade steady to firm as official procurement has started in Punjab and will start in other states by next week.

Punjab has started the exercise of procuring 130 lakh tonnes of wheat in the coming two months. To limit crowding and ensure social distancing, the government is inviting a limited number of farmers through coupons, with permission to sell up to 50 quintals of wheat at their closest grain market. On the first day, only 6,290 coupons were issued in the entire state, followed by 17,995 coupons for Thursday and 41,337 coupons for Friday. The number of coupons will go up to 70,000 per day, depending on space in the markets and pace of harvest arrival. Each coupon allows sale of 50 quintals. The procurement agencies have been asked by the state government to ensure payment to farmers within 48 hours of procurement of their crop.

The MP government is targeting a procurement of 10 MMT of wheat but wants to make arrangements for 11.5 MMT as this year more inflows are expected with private trading adversely affected by the lockdown. The shortage of labour at procurement centres and the shortage of HDPE bags used in the process will be two concerns in the procurement process.

Harvesting of wheat is gathering momentum in Bihar and it is expected to be completed in the next 10 days. The major wheat producing districts of Bihar are Patna, Nalanda, Bhojpur, Buxar, Rohtas, Muzaffarpur and Sitamarhi.

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 \$406.00 (Rs 31071.18) per tonne and \$595.00 (Rs 45535.35) 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 \$231.00, \$228.00, Euro 197.00, \$232.90 and \$249.86 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 range -bound to weak in the coming week.

Trade Call: Stakeholders should trade in May 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

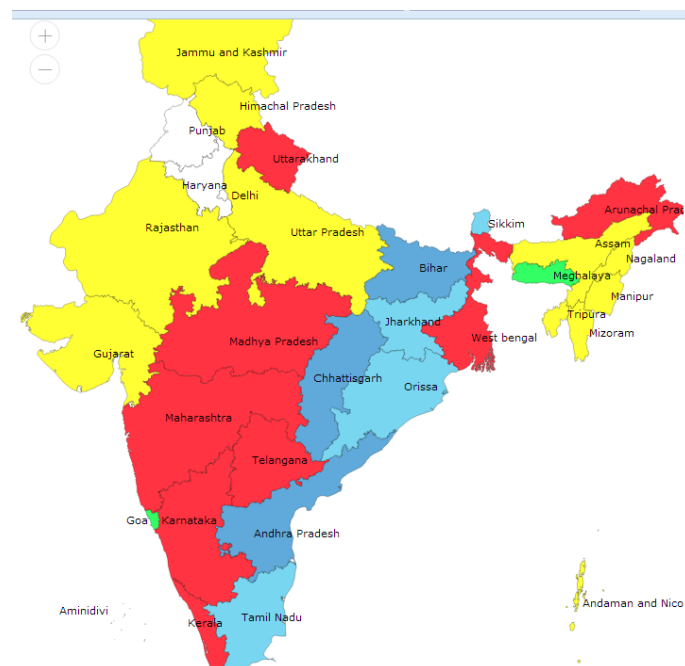
Wheat Import

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

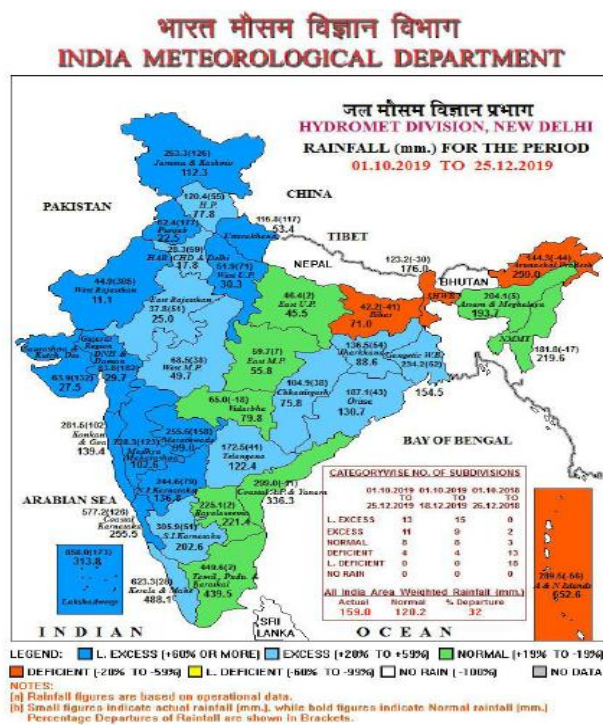
Source: Trade

Monsoon

Weekly Cumulative rainfall (09.04.2020-15.04.2020)



Source: IMD



Wheat Weekly Average Price Chart

Average mill delivery prices of Wheat remained steady in Delhi, Ahmedabad, Kota and Indore during 10th -16th April 2020.

Markets remained closed in the country following lockdown. Market is likely to trade steady to firm in upcoming week amid official procurement of wheat. Harvesting of the new crop and official procurement of wheat has started and will gain momentum in the coming week. Government is targeting a procurement of 35 -40 MMT this season.

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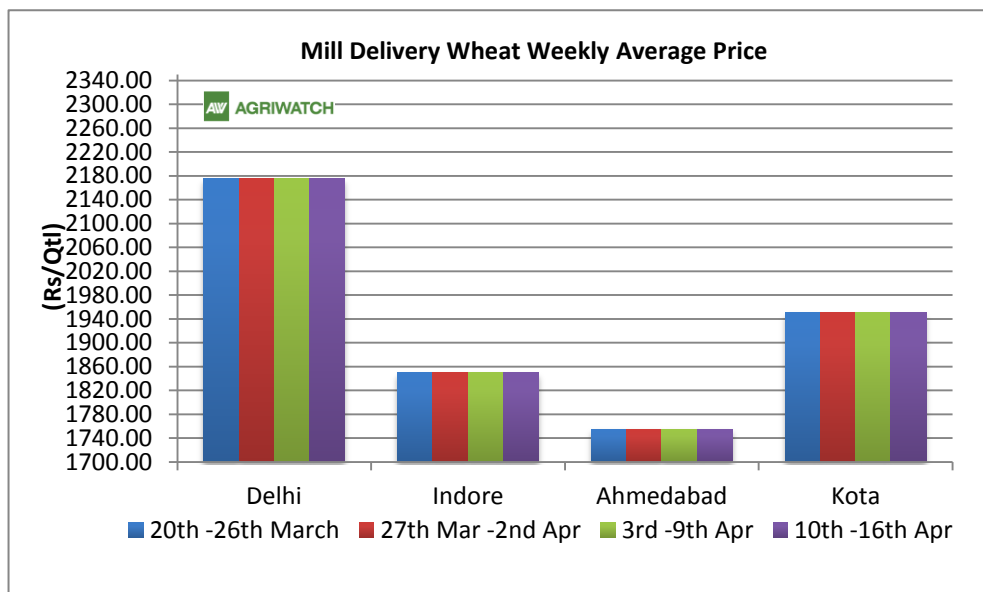

Wheat and Rice Stocking Norms
Wheat Stock Norms

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

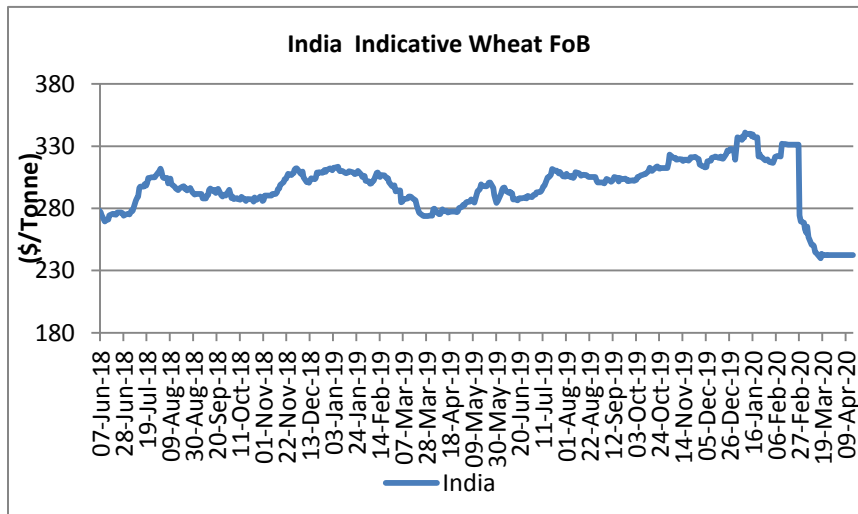
State/UTs	Procurement as on 24 th June-2019 (Figures in LMT)		
	FCI (A)	State Agency (B)	Total (A+B)
Punjab	15.72	113.4	129.12
Haryana	11.33	81.87	93.20
Uttar Pradesh	1.09	35.78	36.87
Madhya Pradesh	0.00	67.25	67.25
Rajasthan	12.06	2.01	14.07
Others	0.14	0.50	0.64
All-India	40.34	300.81	341.15

FOB Quote for Wheat at Kandla

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Wheat FoB quote in India noticed 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
		16-Apr-20	9-Apr-20	19-Mar-20	18-Apr-19	
USA (Chicago)	2srw	232.90	240.83	238.54	198.10	17.57
France	FCW3	214.19	215.28	206.05	205.07	4.45
Australia	ASW	249.86	256.06	222.88	205.90	21.35
Russia	SRW	231.00	218.00	199.00	223.00	3.59
India	Fob	Closed	Closed	242.19	277.30	NA

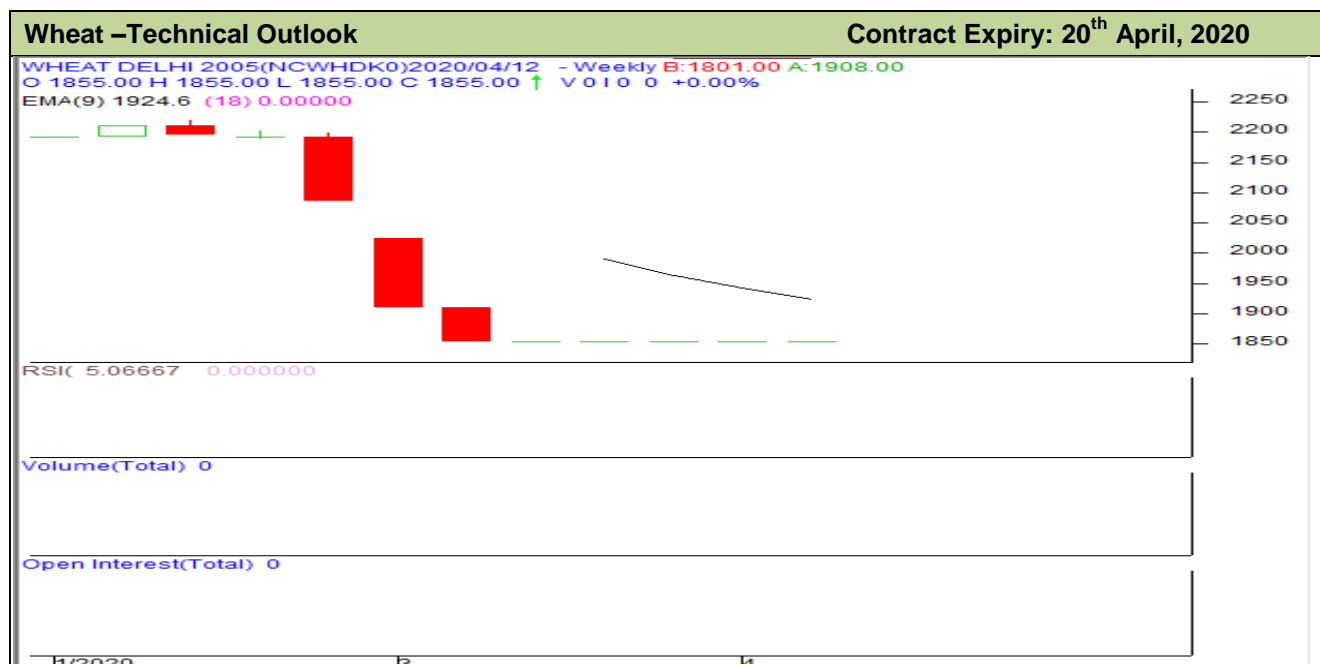
	15/04/2020	08/04/2020	01/04/2020	25/03/2020
Black Sea Mill Wheat 12.5% FOB Pmax. (\$/T)	235	227	227	215
Black Sea Mill Wheat 11.5% FOB Pmax. (\$/T)	234	221	222	212

NCDEX Wheat Contracts

Wheat Futures Contract: NCDEX Price								Date: 16.04.2020	
Contract Month	+/-	Open	High	Low	Close	Volume	Change From previous day	Open Interest	Change From previous day
20-Apr					1855				
20-May					1855				
20-June					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	May	1780	1765	1855	1930	1945
Weekly Trade Call			Call	Entry	T1	T2	SL
Wheat	NCDEX	May	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
	16-Apr-20	9-Apr-20	17-Mar-20	17-Apr-19	
Indore	NA	NA	1800	1825	NA
Delhi	NA	NA	2145	1902	NA
Kanpur	NA	NA	1990	1770	NA
Rajkot	NA	NA	1775	1868	NA
Kota	NA	NA	2019	1860	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 notice range –bound to weak tone as harvesting of the new crop will begin in full swing.

Spot Market Price:							
Centre	Market	Variety	Prices (Rs/Qtl)				
			Today	Yesterday	Week Ago	Month Ago	Year Ago
			16-Apr-20	14-Apr-20	10-Apr-20	17-Mar-20	18-Apr-19
Delhi	Lawrence Road	Mill Delivery	Closed	Closed	Closed	2100	1900
	Narella	Mill Quality Loose	Closed	Closed	Closed	2100	1825
	Nazafgarh	Mill Quality Loose	Closed	Closed	Closed	2070	1770
Gujarat	Rajkot	Mill Delivery	Closed	Closed	Closed	1710	1860
	Ahmedabad	Mill Delivery	Closed	Closed	Closed	1800	1925
	Surat	Mill Delivery	Closed	Closed	Closed	1825	1970
	Dhrol	Mill Delivery	Closed	Closed	Closed	1670	2140
M.P.	Indore	Mill Delivery	Closed	Closed	Closed	1850	1870
	Bhopal	Mill Quality Loose	Closed	Closed	Closed	1850	1750
Rajasthan	Kota	Mill Quality Loose	Closed	1750	Closed	1800	1700
		Mill Delivery	Closed	1870	Closed	1900	1850
U.P.	Kanpur	Mill Delivery	2000	2000	2100	2025	1800
	Mathura	Mill Quality Loose	1790	1805	1970	2035	Closed
	Kosi	Mill Quality Loose	1980	2000	2000	2100	Closed
	Hathras	Mill Quality Loose	1800	1850	Closed	2025	1760
	Aligarh	Mill Quality Loose	1790	1795	1970	2030	Closed
Punjab	Khanna	Mill Quality Loose	Closed	Closed	Closed	1980	1840
	Ludhiana (Jagraon)	Mill Delivery	NA	NA	NA	NA	NA
Haryana	Sirsa	Mill Delivery loose	1925	Closed	Closed	2000	1840
	Hodal	Mill Delivery	Closed	Closed	Closed	NA	NA
	Bhiwani	Mill Quality Loose	Closed	Closed	Closed	2070	1850
	Karnal	Mill Delivery	NA	NA	NA	NA	NA
	Panipat	Mill Quality Loose	NA	NA	NA	NA	NA



Tamil Nadu	Chennai	Mill Quality	Closed	2200	Closed	2300	2150
	Madurai	Mill Quality	Closed	2300	Closed	2350	2250
	Coimbatore	Mill Quality	Closed	2350	Closed	2400	2300
Bihar	Khagariya	Mill Delivery	1900	1900	Closed	1900	1700
	Muzaffarpur	Mill Delivery	1825	1825	Closed	1980	1675

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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According to USDA, Indonesia's wheat imports will decline to 10.8 MMT in 2019 -20 compared to the previous estimates of 11 MMT. The decline in imports reflects lower wheat flour for food consumption as result of the COVID-19 pandemic.

On April 10, USDA reported China purchased 55,000 MT of HRW for delivery in 2019/20 and 110,000 MT of HRW for delivery in 2020/21.

According to USDA, 62% of the country's winter wheat is in good to excellent condition compared to 60% last year. Texas winter wheat ratings rose 6% on the week to 62% good to excellent. Arkansas SRW ratings gained 4% and 48% of the crop is in good to excellent condition. Oklahoma HRW ratings increased 3% on the week and 73% of the crop is in good to excellent condition.

USDA now expects the United States will export 10.3 MMT of HRW, 7.48 MMT of HRS, 2.59 MMT of SRW, 5.31 MMT of white wheat, and 1.09 MMT of durum. U.S. HRW, HRS and durum exports will be greater than 2018/19, if realized.

European Union (EU) soft (non-durum) wheat exports, as of April 6, are up 66% on the year at 24.8 MMT. According to Reuters, French soft wheat shipments outside the EU for the month of March reached their highest level since 2010 as exporters continued to meet high export demand despite logistical challenges caused by the COVID-19 epidemic.

Japan's Ministry of Agriculture sought 132,277 metric tonnes of food quality wheat from the United States, Canada and Australia in a regular tender. The wheat will be loaded between June 01 –June 30, 2020.

Sudan's government will purchase 200,000 tons of wheat in a deal with the United Nations' World Food Program according to the finance ministry, in a bid to bolster strategic reserves amid the coronavirus pandemic. The northeast African country consumes two million tons of wheat annually, according to official figures, relying heavily on imports.

Ukrainian wheat exports from seaports rose 20% in the week of April 4-10 even as the government tries to retain as much of the grain amid the corona virus crisis according to the preliminary data from the APK-Inform consultancy. It exported 171,000 tonnes of wheat during the period.

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.

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 16-Apr-20	Week Ago 09-Apr-20	Month Ago 19-Mar-20	3 Month Ago 10-Jan-20	6 Month Ago 21-Oct-19	Year Ago 17-Apr-19	% Change over prev. year
May-20	194.63	204.46	196.56	208.13	196.38	184.25	5.63
Jul-20	194.91	204.83	195.64	208.78	197.57	185.63	5.00
Sep-20	196.83	206.20	196.74	210.80	199.87	188.38	4.49
Dec-20	200.05	208.59	199.96	213.83	203.54	193.16	3.57
Mar-21	203.08	210.34	202.62	216.03	206.11	196.65	3.27
May-21	203.54	210.34	202.62	216.03	212.45	198.86	2.36

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 \$5.33 per bushel. U.S. wheat net export sales during the week ended 9th April was 178000 tonnes compared to 259000 tonnes last week. Sales were below trade expectation of 250000-350000 MT. USDA expects total exports for 2019-20 to be around 26.80 MMT, higher by 5% than 2018-19. U.S. wheat commercial sales to date are 1% 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 being quoted at \$242.42 per tonne.

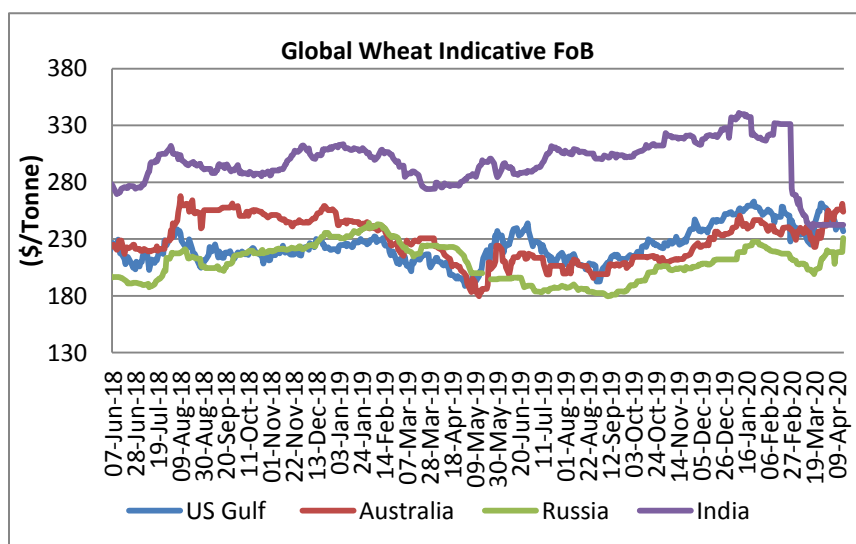
US and Russian quotes are hovering in the range of \$236.94-242.23 and \$218.50 -231.00 per tonne respectively. Wheat prices in international markets noticed range -bound to weak tone in last week.

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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