

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

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

According to Punjab state Govt., Punjab had procured 115 lakh metric tonne of wheat in a record days in less than a month, of which over 90 LMT has been lifted. An additional 20 lakh metric tonne of wheat is expected to be procured in the coming days.

In over 22 days of staggered wheat procurement, Punjab has procured 78% of the targeted produce so far, crossing the 100 lakh metric tonne (LMT) mark. Of the estimated 135 LMT of wheat, grain markets have recorded arrival of 105.14 LMT so far, of which 104 LMT had been procured. Wheat arrival, which hovered around 6 LMT last week, fell to 4.14 LMT on Wednesday as farmers were in a hurry to sell due to uncertainty over issuance of e-passes.

The Food Corporation of India (FCI) has been able to buy half of its wheat procurement target of 40.7 million tonne by Wednesday despite a delayed start this year as Punjab has exceeded expectation by purchasing nearly 75% of its target in only 22 days.

According to Punjab state Govt "over 2.22 lakh metric tonnes (MT) of wheat has arrived at grain markets in the district so far". Almost 32% of the crop has arrived at the markets and harvesting will be completed with next 10 days. Government agencies have procured around 2.14 lakh MT of wheat till date.

Wheat is being procured through 167 purchasing centers in the Behaich district. According to District Food Marketing Officer, 12 thousand MT of wheat has been purchased in the district. However, many purchasing centers had problems in purchase due to lack of sacks. This was due to the closure of jute mills during lock down. On which sacks have been collected from the Kotdars.

With the harvesting and purchase of rabi production, the time of sowing of kharif in May is also on the head. In such a situation, some states have started direct procurement of crops, while other states have adopted new methods to deal with this issue. While the procurement of wheat in Punjab and Haryana is on the upswing, Madhya Pradesh and Rajasthan have just kept the pace of their procurement and asked the farmers to bring their produce to small groups so that the mandis do not get crowded.

According to the Govt. the wheat procurement for the central pool has crossed 13 million tonnes with Punjab leading the chart with 6.8 MT followed by Haryana (3.0 MT) and Madhya Pradesh (2.5 MT). The government targets to procure 40 million tonnes by June.

According to the state Govt. of Punjab "The Government agencies and private traders have procured 6,67,871 MT of wheat in Punjab on the fifteen day of procurement. The Govt. agencies procured 6,56,561 MT of wheat 2,310 MT has been procured by the private agencies.

According to FCI the state wise procurement of wheat till 01.05.2020 was Punjab 74.16 LMT, Haryana 33.74, U.P 5.92 LMT and M.P 27.60 LMT and Rajasthan 1.40 LMT respectively.

All India weekly average prices increased by 0.63 percent to Rs. 1965.71 per quintal during the week ended 9th May 2020. Wheat average price were ruling at Rs 1889.90 per quintal during 02-11 May 2020. As compared to prices in the week 17-23 April 2019, the prices are higher by 3.01 percent. Prices are expected to trade steady to firm as official procurement has started in Punjab and other wheat production states.

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

(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

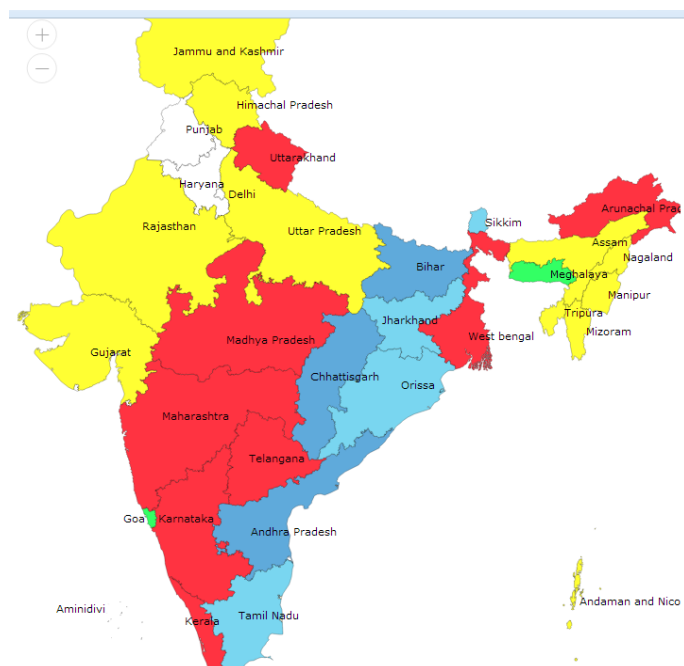
Wheat Import

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

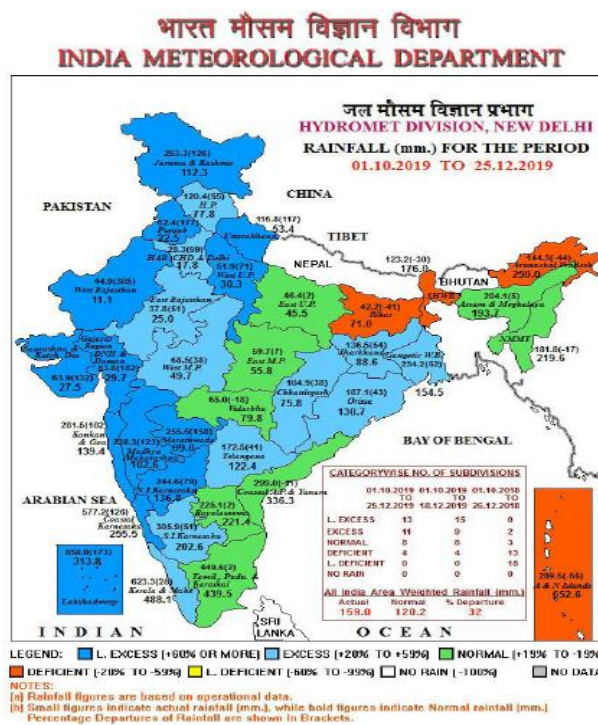
Source: Trade

Monsoon

Weekly Cumulative rainfall (024.04.2020-01.05.2020)



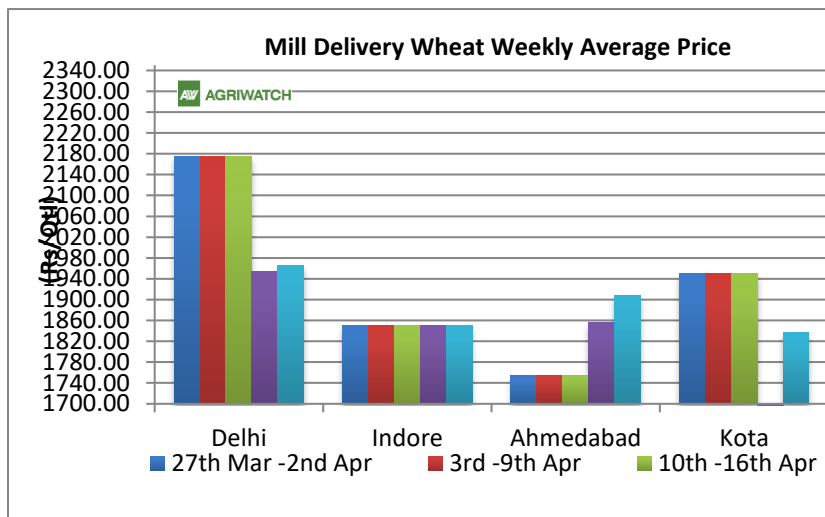
Source: IMD



Wheat Weekly Average Price Chart
[\(Back to Table of Contents\)](#)

Average mill delivery prices of Wheat remained steady in Indore, during 02nd -11th May 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 40.7 MMT this season.


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	115.80	44.60	160.40	20.00	30.00	210.40
1st July	115.40	245.80	361.20	20.00	30.00	411.20
1st October	82.50	175.20	257.70	20.00	30.00	307.70
1st January	56.10	108.00	164.10	20.00	30.00	214.10
Buffer Norms w.e.f. 01.07.2017						

Procurement RMS 2019-20

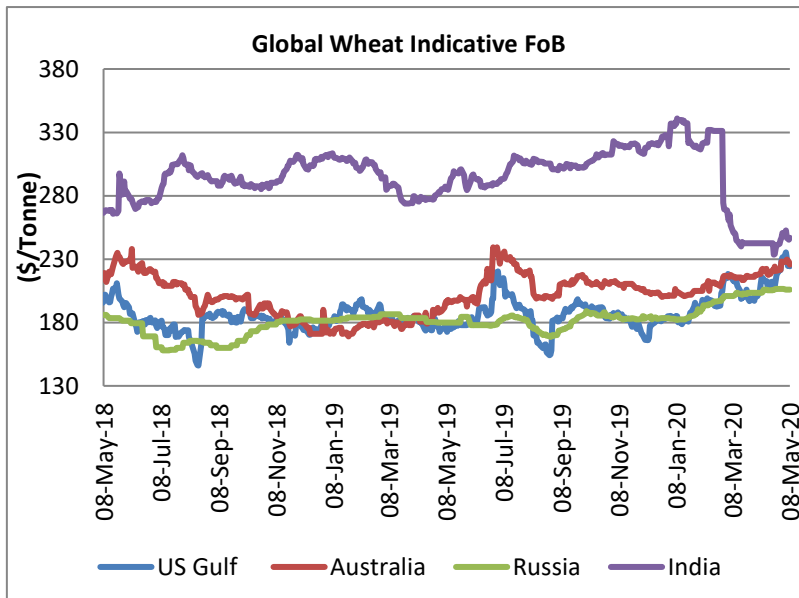
State/UTs	Procurement as on 06 th May-2020 (Figures in LMT)		
	FCI (A)	State Agency (B)	Total (A+B)
Punjab	11.16	89.00	100.16
Haryana	4.03	43.62	47.65
Uttar Pradesh	0.34	8.39	8.73
Madhya Pradesh	0.00	0.00	0.00
Rajasthan	1.67	0.69	2.36
Others	0.10	0.22	0.32
All-India	17.30	186.38	203.68

FOB Quote for Wheat at Kandla

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 \$242-252 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.

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



Indicative FOB Quotes:

Wheat FOB	Variety	Today	Week Ago	Month Ago	Year Ago	% Change over Prev. Year
		8-May-20	1-May-20	10-Apr-20	10-May-19	
USA (Chicago)	2srw	218.25	217.36	NA	192.80	13.20
France	FCW3	NA	NA	NA	199.25	-
Australia	ASW	254.15	251.52	256.06	178.71	42.21
Russia	SRW	NA	NA	218.50	200.00	-
India	Fob	246.78	248.71	Closed	284.61	-13.29

	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: 01.05.2020	
Contract Month	+/-	Open	High	Low	Close	Volume	Change From previous day	Open Interest	Change From previous day
20-May					1949				
20-June					1957				
20-July					1964				

Wheat Technical Analysis:
[\(Back to Table of Contents\)](#)
Wheat- Technical outlook

Technical Commentary:

- Decrease in price denotes wait interest in the market.
- RSI is increasing in neutral region.
- Prices closed below 9 and 18 Day EMAs.

Strategy: Wait

Intraday Supports & Resistances			S1	S2	PCP	R1	R2
Wheat	NCDEX	May	1914	1904	1924	1934	1944
Pre-Market Intraday Trade Call*			Call	Entry	T1	T2	SL
Wheat	NCDEX	May	WAIT	-	-	-	-

*Do not carry forward the position until the next day.

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
	9-May-20	2-May-20	9-Apr-20	10-May-19	
Indore	NA	NA	0	1867	-
Bareilly	NA	NA	0	0	-
Delhi	1965	1983	0	1941	1.24
Khanna	NA	NA	0	0	-
Kanpur	NA	NA	0	1825	-
Karnal	NA	NA	0	0	-
Rajkot	NA	NA	0	1967	-
Kota	NA	NA	0	1947	-

Domestic Market Weekly Outlook:

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

Wheat market is expected to notice range –bound to weak tone as harvesting of the new crop will begin in full swing and about to get complete.

Spot Market Price:							
Centre	Market	Variety	Prices (Rs/Qtl)				
			Today	Yesterday	Week Ago	Month Ago	Year Ago
			09-May-20	08-May-20	02-May-20	10-Apr-20	11-May-19
Delhi	Lawrence Road	Mill Delivery	1960	1960	1980	Closed	1955
	Narella	Mill Quality Loose	1800	1815	1835	Closed	1870
	Nazafgarh	Mill Quality Loose	NA	NA	NA	Closed	1850
Gujarat	Rajkot	Mill Delivery	1810	1810	1820	Closed	1960
	Ahmedabad	Mill Delivery	1900	1910	1920	Closed	1975
	Surat	Mill Delivery	2000	2000	2000	Closed	2025
	Dhrol	Mill Delivery	NR	1700	1725	Closed	2350
M.P.	Indore	Mill Delivery	Closed	Closed	Closed	Closed	1950
	Bhopal	Mill Quality Loose	1900	1925	Closed	Closed	1900
Rajasthan	Kota	Mill Quality Loose	Closed	Closed	1750	Closed	1845
		Mill Delivery	Closed	Closed	1825	Closed	1975
U.P.	Kanpur	Mill Delivery	2000	2000	2000	2100	1825
	Mathura	Mill Quality Loose	1820	1800	1800	1970	1780
	Kosi	Mill Quality Loose	1850	1820	1810	2000	1825
	Hathras	Mill Quality Loose	1800	1810	1825	Closed	1800
	Aligarh	Mill Quality Loose	1800	1800	1825	1970	1780
Punjab	Khanna	Mill Quality Loose	1925	1925	1925	Closed	1845
	Ludhiana (Jagraon)	Mill Delivery	NA	NA	NA	NA	1950
Haryana	Sirsa	Mill Delivery loose	1925	1925	1925	Closed	1840
	Hodal	Mill Delivery	NA	NA	NA	Closed	NA
	Bhiwani	Mill Quality Loose	1900	1890	NA	Closed	1900
	Karnal	Mill Delivery	NA	NA	NA	NA	NA
	Panipat	Mill Quality Loose	NA	NA	NA	NA	1840
	Chennai	Mill Quality	Closed	Closed	2150	Closed	2250



Tamil Nadu	Madurai	Mill Quality	Closed	Closed	2250	Closed	2300
	Coimbatore	Mill Quality	Closed	Closed	2300	Closed	2350
Bihar	Khagariya	Mill Delivery	1900	1900	1900	Closed	1700
	Muzaffarpur	Mill Delivery	1900	1900	1825	Closed	1700

[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 USDA Canada's wheat production in 2020-21 is expected to increase slightly on a 2% increase in area planted and a decrease in area abandoned. Wheat production is estimated at 33.8 million tonnes, up from an estimated production of 32.3 million tonnes in 2019-20. Marketing year 2019-20 was marked with unfavorable weather conditions, transportation challenges, market access issues and then the coronavirus (COVID-19).

Ukrainian farmers since the beginning of 2019-2020 Marketing Year, exported 19.08 million tonnes of wheat, which is 95% of the export ceiling of 20.2 million tonnes, approved by the Ministry for Development of Economy, Trade, and Agriculture.

According wheat forecast for global wheat production in the 2020/21 season, driven partly by downward revisions for Russia, Ukraine and the European Union. The inter-governmental body cut its global wheat crop forecast by 4 million tonnes to 764 million tonnes, as less than ideal conditions are harming crop prospects in Europe and the Black Sea region. Dry weather has been a concern although there have been some recent showers in Ukraine and the European Union, and rains are expected to arrive in Russia's southern regions in early May.

Argentina is forecast to harvest a record wheat crop in 2020-21 at 20.2 million tonnes, according to a (GAIN). Argentine farmers are projected to expand wheat area to 6.53 million hectares, a 2% increase over the previous year. If realized it will be the largest planted area in 13 years

Ukraine's wheat exports dropped 37% the week of April 18-24 following a record jump in the previous week, Government officials have said the nation is ready to ban wheat exports if the total exceeds 20.2 million tonnes, According to the data. In the current season, which runs July to June, Exports declined to 215,000 tonnes from 341,000 tonnes Ukraine has already exported 18.8 million tonnes of wheat.

Ukrainian seaport wheat exports fell nearly 37% in the week of April 18-24 after a record jump in the week earlier, Inform data showed that Ukraine has already exported 18.8 million tonnes of wheat in the current season, which runs from July to June.

More than 830,619 metric tons of wheat has been procured so far under the Islamabad government's procurement campaign for the current fiscal year of 2019/20 as against the set target of 8.25 million tons to fulfill the domestic and export requirements, an official said on Saturday.

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.

IGC Wheat Balance Sheet:

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

IGC Forecast(Fig-In MMT)	2016-17	2017-18	2018-19 (Estimate)	2019-20 (Forecast)	
				30.04.2020	26.03.2020
Production	757	762	733	764	768
Trade	177	176	169	177	180
Consumptions	736	739	739	755	760
Carryover stocks	248	271	265	289	283
Y-O-Y change	21	22	-5	9	9
Major Export	79	83	70	64	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
	08-May-20	01-May-20	10-Apr-20	31-Jan-20	12-Nov-19	09-May-19	
May-20	194.54	191.60	204.46	202.99	193.44	175.34	10.95
Jul-20	191.78	189.76	204.83	202.99	194.81	176.44	8.69
Sep-20	192.98	191.14	206.20	205.38	197.39	179.38	7.58
Dec-20	196.10	194.35	208.59	208.68	201.61	193.16	1.52
Mar-21	198.95	197.11	210.34	211.44	204.46	196.65	1.17
May-21	199.59	197.11	210.34	211.44	212.45	198.86	0.37

CBOT May-20

[\(Back to Table of Content00s0\)](#)

1st Support: 189.00
2nd Support: 188.00
1st Resistant: 193.00
2nd Resistant: 194.00
(\$ per tonne)

Wheat CBOT closed at \$5.07 per bushel. U.S. wheat net export sales during the week ended 30th April was 4,67,000 tonnes were 91% higher compared to 2,45,000 tonnes last year. This week commercial sale was 1,35,000 MT 17% behind of last year pace. 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 \$247.76 per tonne.

US and Russian quotes are hovering in the range of \$217.26 - \$218.94 and \$227.50 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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