

Wheat Weekly Research Report

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Wheat Domestic Market Fundamentals

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Haryana government on Friday allowed procurement of wheat from other states through "Meri Fasal-Mera Beyora" portal, a decision taken after pressure from Arthiyas (procurement agents). The farmers from other states will be able to register on the portal from May 17. Haryana government has set a target of 10 lakh MT wheat purchase from other states and would not buy more than 360 quintal wheat from a single farmer.

According to Punjab state Govt. 92% of expected arrival of 135 lakh tonnes of wheat had been procured in Punjab. 122.02 lakh tonnes had arrived in mandis in which, 121.85 lakh tonnes had been purchased in a month despite staggered movement of wheat amid the coronavirus pandemic. More than 95 per cent wheat had been procured in 15 of the 22 Punjab districts

Despite the closure of all 247 Agriculture produce marketing committee due to ongoing strike in Rajasthan, the state continues to purchase wheat. The FCI has procured 1,42,044 metric tonnes of wheat were procured by state govt agencies, while 5,66,466 metric tonnes were procured by FCI.

In Punjab nearly 33 per cent of the total wheat crop procured by different state and Central government procurement agencies has not been lifted from different grain markets of the district. The slow lifting process resulted in trouble for arthiyas and labourers at grain markets as the area received substantial rain in the morning on Thursday.

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.

All India weekly average prices decrease by 0.70 percent to Rs. 1952.00 per quintal during the week ended 18th May 2020. Wheat average price were ruling at Rs 1965.71 per quintal during 02-09 May 2020. Prices are expected to trade steady to firm as official procurement is going 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

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Week on Week Exports	Quantity in MT	Average FoB (\$/T)
01-07 March -2020	1622.26	1606.22
08-15 March -2020	1971.84	2006.51
16-23 March -2020	2271.63	1106.55
24-29 March -2020	2621.50	2506.25
Total	8487.23	7224.89

Source: Trade

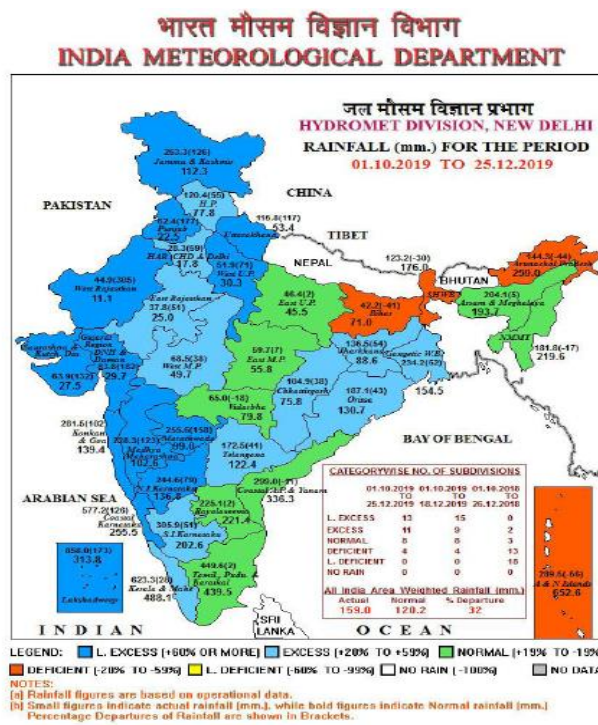
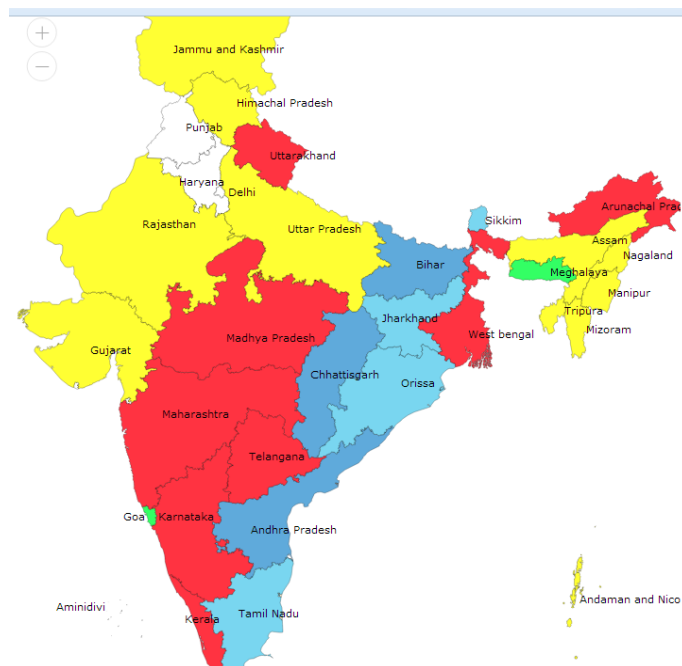
Wheat Import

Date	Foreign Country	Port	Quantity in MT
March-2020	Australia, UK	Tuticorin	199.94
	Total		199.94

Source: Trade

Monsoon

Weekly Cumulative rainfall

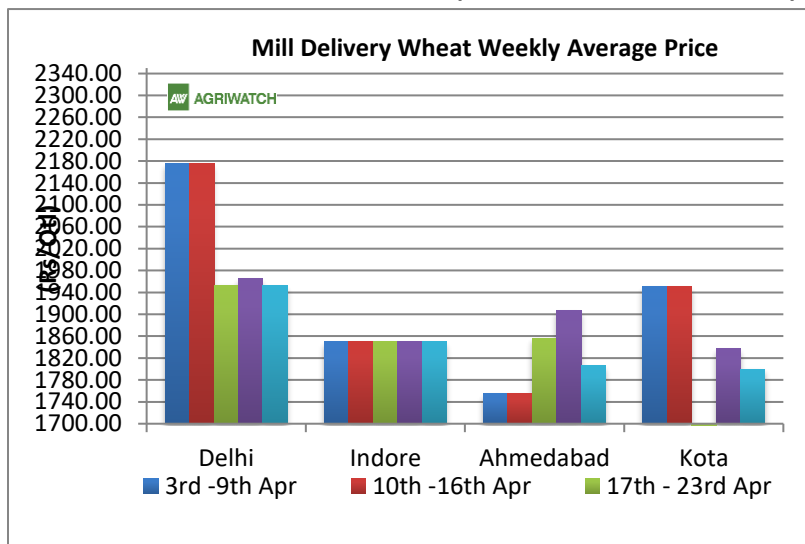


Source: IMD

Wheat Weekly Average Price Chart
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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

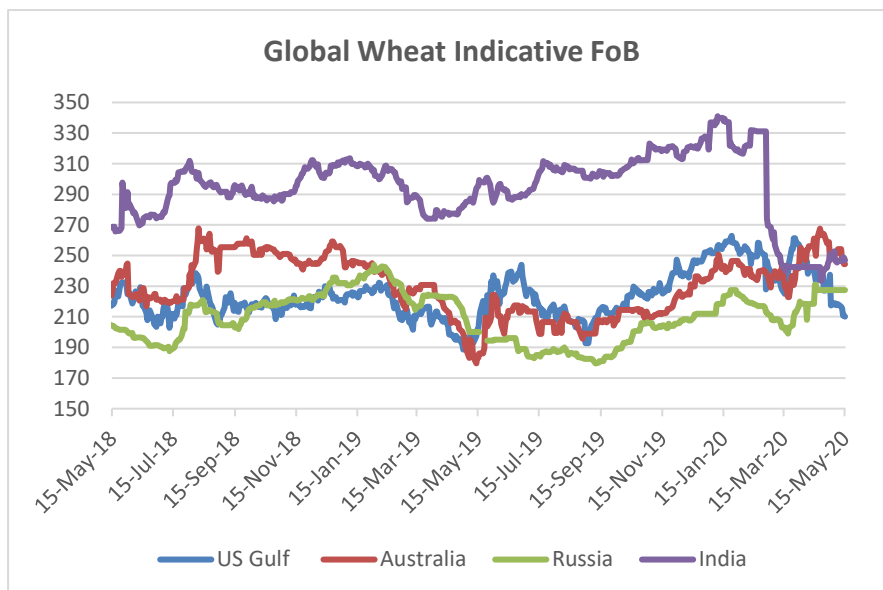
State/UTs	Procurement as on 15 th May-2020 (Figures in LMT)		
	FCI (A)	State Agency (B)	Total (A+B)
Punjab	13.54	107.12	120.66
Haryana	5.57	58.33	63.90
Uttar Pradesh	NA.57	13.53	14.10
Madhya Pradesh	NA.00	78.49	78.49
Bihar	NA.00	NA.03	NA.03
Rajasthan	4.22	1.71	5.93
Others	NA.02	NA.14	NA.16
All-India	24.03	259.60	283.63

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 \$246-\$249 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
		15-May-20	8-May-20	17-Apr-20	17-May-19	
USA (Chicago)	2srw	210.09	218.25	234.40	213.20	-1.46
France	FCW3	NA	NA	214.39	199.48	NA
Australia	ASW	244.48	254.15	260.19	183.40	33.30
Russia	SRW	NA	NA	227.50	198.00	NA
India	Fob	246.79	246.78	Closed	298.02	-17.19

	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

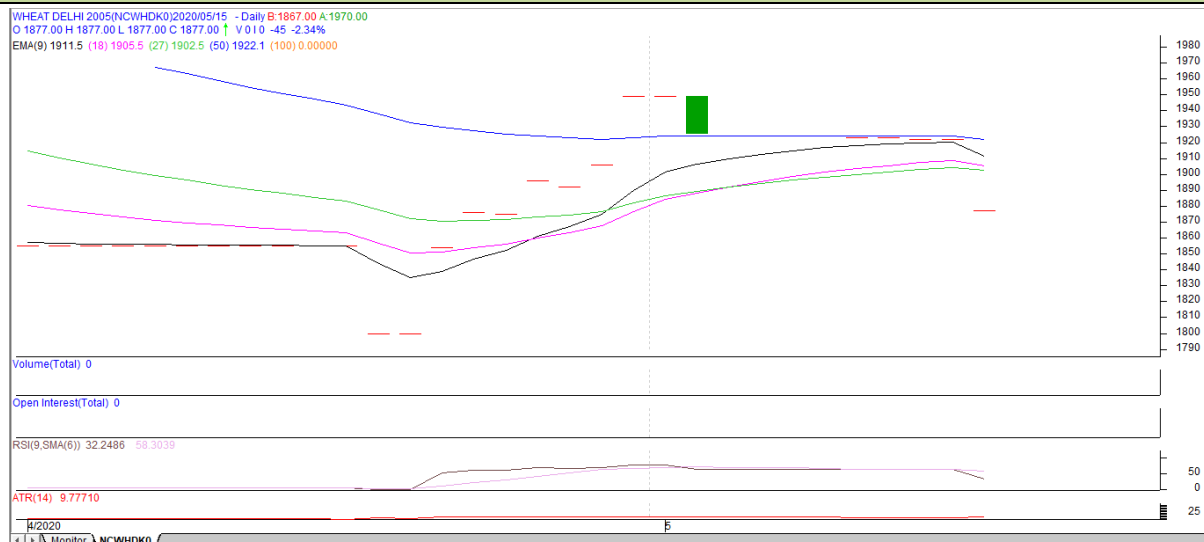
NCDEX Wheat Contracts

Wheat Futures Contract: NCDEX Price								Date: 18.05.2020	
Contract Month	+/-	Open	High	Low	Close	Volume	Change From previous day	Open Interest	Change From previous day
20-May					1877				
20-June					1884				
20-July					1891				

Wheat Technical Analysis:

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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	1867	1857	1877	1887	1897
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
	15-May-20	8-May-20	17-Apr-20	16-May-19	
Indore	NA	NA	NA	1912	NA
Bareilly	NA	NA	NA	NA	-
Delhi	1963	1967	NA	1977	-NA.71
Khanna	NA	NA	NA	NA	-
Kanpur	NA	NA	NA	1875	NA
Karnal	NA	NA	NA	NA	-
Rajkot	NA	NA	NA	2005	NA

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 and about to get complete.

Spot Market Price:							
Centre	Market	Variety	Prices (Rs/Qtl)				
			Today	Yesterday	Week Ago	Month Ago	Year Ago
			16-May-20	15-May-20	09-May-20	17-Apr-20	18-May-19
Delhi	Lawrence Road	Mill Delivery	1960	1950	1960	1950	1990
	Narella	Mill Quality Loose	1815	1800	1800	1870	1990
	Nazafgarh	Mill Quality Loose	NA	NA	NA	1850	1900
Gujarat	Rajkot	Mill Delivery	1810	1800	1810	Closed	2030
	Ahmedabad	Mill Delivery	1900	1880	1900	Closed	1970
	Surat	Mill Delivery	2000	1980	2000	Closed	2010
	Dhrol	Mill Delivery	NR	NR	1710	Closed	2265
M.P.	Indore	Mill Delivery	Closed	Closed	Closed	Closed	2000
	Bhopal	Mill Quality Loose	Closed	Closed	1900	Closed	1950
Rajasthan	Kota	Mill Quality Loose	1700	1680	Closed	1700	1900
		Mill Delivery	1800	1800	Closed	1850	2030
U.P.	Kanpur	Mill Delivery	2000	2000	2000	2000	1875
	Mathura	Mill Quality Loose	1830	1800	1820	1800	1810
	Kosi	Mill Quality Loose	1820	1820	1850	1850	1850
	Hathras	Mill Quality Loose	1850	1800	1800	1790	1845
	Aligarh	Mill Quality Loose	1825	1830	1800	1760	1825
Punjab	Khanna	Mill Quality Loose	1925	1925	1925	Closed	1870
	Ludhiana (Jagraon)	Mill Delivery	NA	NA	NA	NA	2000
Haryana	Sirsa	Mill Delivery loose	1925	1925	1925	1925	1875
	Hodal	Mill Delivery	NA	NA	NA	Closed	NA
	Bhiwani	Mill Quality Loose	1900	1890	1900	Closed	1900
	Karnal	Mill Delivery	NA	NA	NA	NA	NA
	Panipat	Mill Quality Loose	NA	NA	NA	NA	1840
Tamil Nadu	Chennai	Mill Quality	2150	2150	Closed	2150	2300
	Madurai	Mill Quality	2207	2250	Closed	2250	2350



	Coimbatore	Mill Quality	2207	2300	Closed	2300	2400
Bihar	Khagariya	Mill Delivery	1900	1900	1900	1900	1750
	Muzaffarpur	Mill Delivery	1900	1900	1900	1815	1700

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	NA.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	-NA.28
Punjab	35.06	35.1	35.02	35.08	NA.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	NA.20	NA.75	NA.23	NA.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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Ukraine's wheat sales have reached 19.7 million tonnes as of May 15, leaving only 500,000 tonnes available for export over the rest of the season which runs until June 30, in line with a memorandum signed with traders, economy ministry data showed on Friday.

Ukrainian seaport wheat exports rose nearly 23% in the first week of May to 351,000 tonnes from 286,000 tonnes a week earlier, preliminary data from the APK-Inform consultancy showed on Tuesday. The data showed that Ukraine has already exported 19.460 million tonnes of wheat in the current season, which runs from July to June.

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 unfavourable weather conditions, transportation challenges, market access issues and then the coronavirus (COVID-19).

European Union wheat exporters are set to record their best export season for years with record shipments expected from top exporter France, traders said on Wednesday. For the current July 2019/June 2020 season, the EU Commission this week raised its monthly forecast for exports of soft wheat, or common wheat, from the EU plus Britain to 31.8 million tonnes, a four-year high.

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.

IGC Wheat Balance Sheet:
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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
	15-May-20	08-May-20	17-Apr-20	10-Feb-20	19-Nov-19	16-May-19	
May-20	0.00	194.54	196.01	202.62	190.68	185.81	-100.00
Jul-20	183.79	191.78	196.10	202.99	191.51	185.90	-1.14
Sep-20	184.80	192.98	197.94	205.28	194.35	188.48	-1.95
Dec-20	188.38	196.10	200.97	208.78	198.67	193.16	-2.47
Mar-21	191.69	198.95	203.72	211.99	201.79	196.65	-2.52
May-21	192.98	198.95	203.72	211.99	212.45	198.86	-2.96

CBOT May-20

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 \$247.40 per tonne.

US and Russian quotes are hovering in the range of \$210.09 - \$216.52 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.NA 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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