**Wheat Weekly Research Report**
**25th May-2020**

# Wheat Weekly Research Report

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## Wheat Domestic Market Fundamentals

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*According to FCI 313.26 LMT Wheat has been procured so far, in which Punjab has procured 124.31 LMT followed by M.P 94.54 LMT, Haryana 68.42 LMT and U.P 17.01 LMT, as on May 20.*

*According to Govt. the wheat procurement season in this Rabi season till May 31 in Punjab. 125 lakh MT wheat was procured in Punjab till Thursday evening though the initially the target was of 135 lakh MT wheat coming in the mandis.*

*In Amritsar merely 1,450 tonnes of wheat arriving at grain markets in the district on Friday, almost 89 per cent of wheat as compared to the previous season has been procured so far. 56 grain markets and nine temporary procurement centres in the district have procured a total of 6,07,692 tonnes of wheat so far.*

*According to FCI, only 17.71 lakh tonnes of wheat has been procured at the support price in the current rabi from Uttar Pradesh, the largest wheat producing state, which is only 32.2% of the target 55 lakh tonnes. In the last Rabi, 37 lakh tonnes of wheat were purchased in the state, whereas last year also the target of procurement was fixed at 55 lakh tonnes. The current Rabi is estimated to produce 363 lakh tonnes of wheat in the state and the procurement of wheat started in the state.*

*According to Haryana Govt. the state government has procured over 71 lakh metric tonne (MT) of wheat. It's being procured at an MSP of ₹1,925 per quintal.*

*The wheat procurement in Champawat district will run till 31 May. These purchasing centers will be closed on June 1. So far, 1639 quintals and 50 kg have been procured in various centers of the district. Due to the ongoing lockdown under the Corona epidemic, this time wheat procurement started from April 15 instead of April 1.*

*According to the Govt. this season Indian wheat harvest has been severely interrupted by the national COVID-19 lockdown. As the harvest winds down across most states, the Govt. has increased its production forecast by almost one million tonnes to a record 107.2 million tonnes for the 2019-20 marketing year.*

*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 more than half of its wheat procurement target of 40.7 million tonne by last week despite a delayed start this year as Punjab has exceeded expectation by purchasing nearly 82% of its target in only 22 days.*

*All India weekly average prices decrease by 0.23 percent to Rs. 1975.00 per quintal during the week ended 25th May 2020. Wheat average price were ruling at Rs 1952.85 per quintal during 11-18 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 too 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

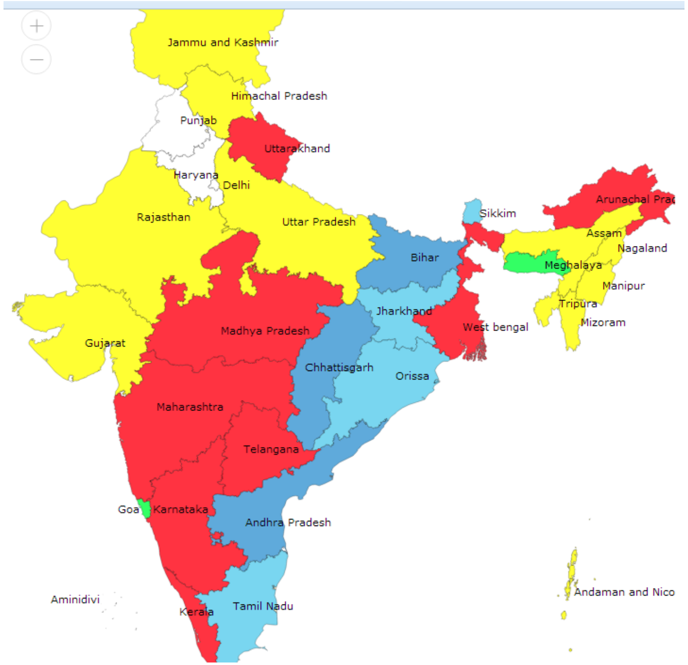
## Wheat Import

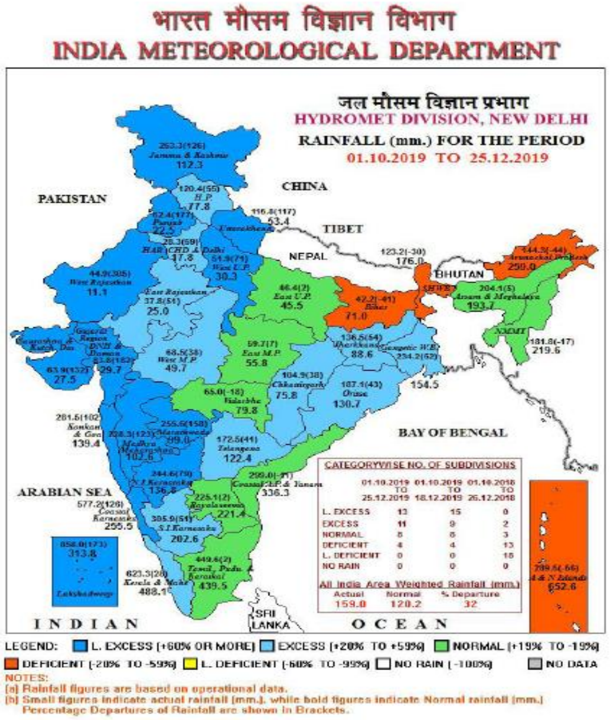
| Date | Foreign Country | Port | Quantity in MT |
|---|---|---|---|
| March-2020 | Australia, UK | Tuticorin | 199.94 |
| | Total | | 199.94 |

Source: Trade

## Monsoon

### Weekly Cumulative rainfall





Source: IMD

## *Wheat Weekly Average Price Chart*

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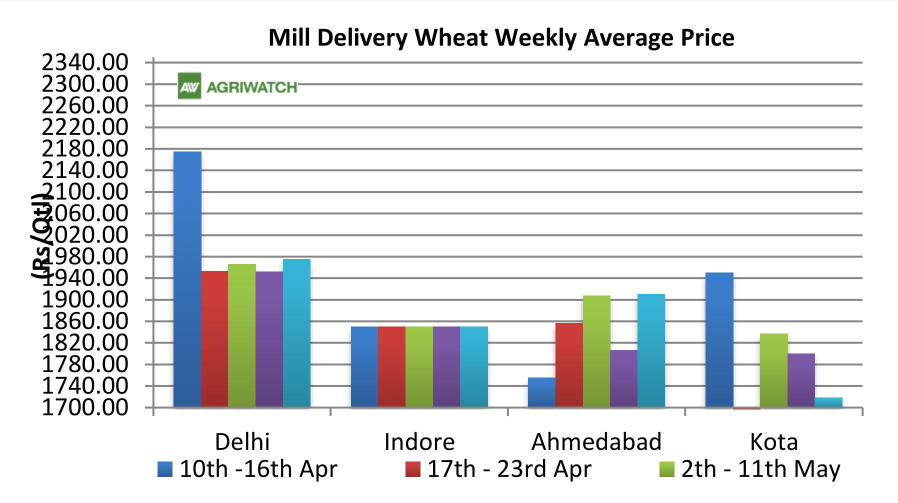
*Average mill delivery prices of Wheat remained steady in Indore, during 19th - 25th May 2020.*

*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 | | |
|---|---|---|---|---|---|---|
| **As on** | **Rice** | **Wheat** | **Total** | **Rice** | **Wheat** | **Grand Total** |
| **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 20th May-2020 (Figures in LMT) | | |
|---|---|---|---|
| | **FCI (A)** | **State Agency (B)** | **Total (A+B)** |
| **Punjab** | 13.90 | 110.41 | 124.31 |
| **Haryana** | 6/08 | 62.34 | 68.42 |
| **Uttar Pradesh** | 0.68 | 16.33 | 17.01 |
| **Madhya Pradesh** | 0.00 | 94.54 | 94.54 |
| **Bihar** | 0.00 | 0.03 | 0.03 |
| **Rajasthan** | 6.04 | 2.34 | 8.38 |
| **Others** | 0.14 | 0.43 | 0.29 |
| **All-India** | **26.84** | **286.42** | **313.26** |

## FOB Quote for Wheat at Kandla

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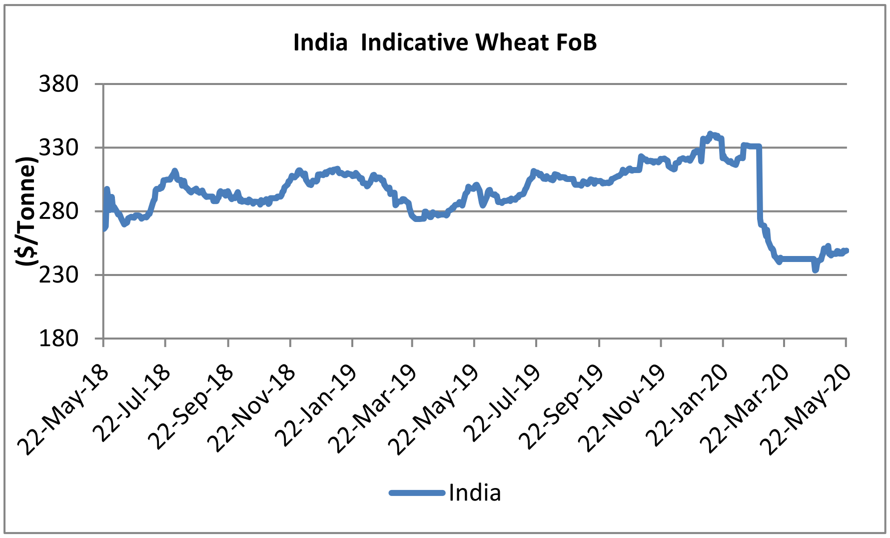
*Wheat FoB quote in India noticed steady tone in the past week. The demand for Indian wheat in the international market is low. Export window remains restricted due to disparity.*

*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** |
| | | **22-May-20** | **15-May-20** | **24-Apr-20** | **24-May-19** | |
| USA (Chicago) | 2srw | 213.40 | 210.09 | 227.12 | 224.04 | **-4.75** |
| France | FCW3 | 209.92 | NA | 206.45 | 198.61 | **5.70** |
| Australia | ASW | 247.00 | 244.48 | 263.97 | 203.55 | **21.35** |
| Russia | SRW | NA | NA | 227.50 | 194.50 | **NA** |
| India | Fob | 249.01 | 246.79 | 240.93 | 300.79 | **-17.21** |

| | *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 Contact: NCDEX Price*** | | | | | | | | | ***Date: 25.05.2020*** |
|---|---|---|---|---|---|---|---|---|---|
| ***Contract Month*** | ***+/-*** | ***Open*** | ***High*** | ***Low*** | ***Close*** | ***Volume*** | ***Change From previous day*** | ***Open Interest*** | ***Change From previous day*** |
| ***20-May*** | | | | | *1906* | | | | |
| ***20-June*** | | | | | *1899* | | | | |
| ***20-July*** | | | | | *1906* | | | | |

## *Wheat Technical Analysis:*

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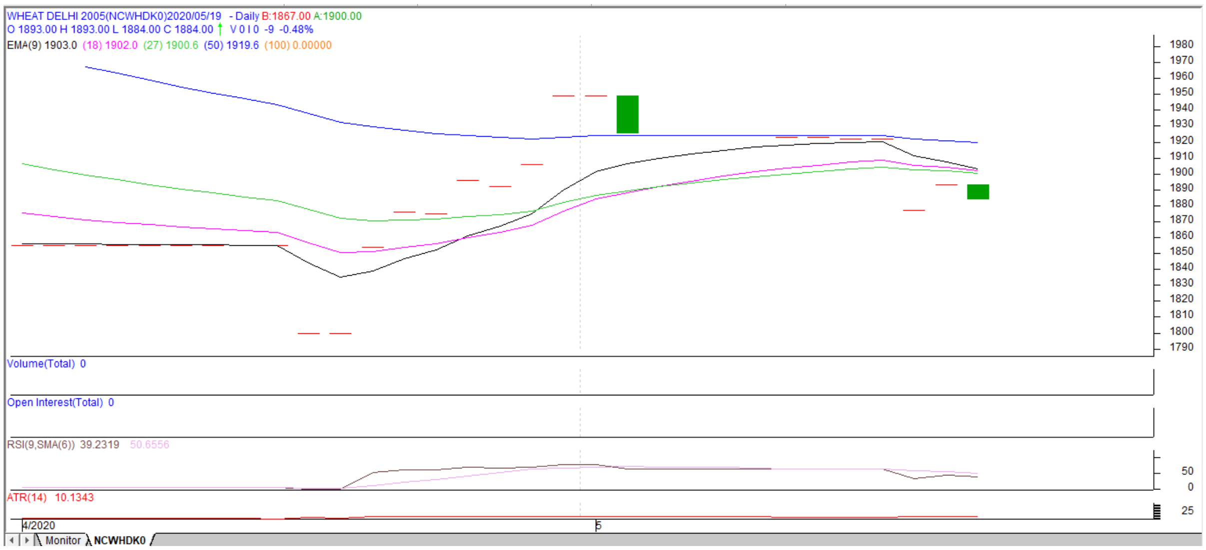
### Wheat- Technical outlook



**Technical Commentary:**

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

**Strategy: Buy on dips**

| Intraday Supports & Resistances | | | S1 | S2 | PCP | R1 | R2 |
|---|---|---|---|---|---|---|---|
| Wheat | NCDEX | May | 1868 | 1858 | 1893 | 1942 | 1952 |
| **Pre-Market Intraday Trade Call*** | | | **Call** | **Entry** | **T1** | **T2** | **SL** |
| Wheat | NCDEX | May | **BUY** | 1893 | 1919 | 1932 | 1878 |

*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 |
|---|---|---|---|---|---|
| | 23-May-20 | 16-May-20 | 25-Apr-20 | 24-May-19 | |
| Indore | NA | NA | NA | 1956 | NA |
| Bareilly | NA | NA | NA | 0 | - |
| Delhi | 1983 | 1970 | 1980 | 1990 | -0.35 |
| Khanna | NA | NA | NA | 0 | - |
| Kanpur | NA | NA | NA | 1925 | NA |
| Karnal | NA | NA | NA | 0 | - |
| Rajkot | NA | NA | NA | 2021 | NA |
| Kota | 1891 | 1875 | 1867 | 1960 | -3.52 |

## *Domestic Market Weekly Outlook:*

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*Wheat market is expected to notice range –bound to weak tone as harvesting is almost done and the procurement of the new crop is going 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 |
| | | | 23-May-20 | 22-May-20 | 16-May-20 | 24-Apr-20 | 25-May-19 |
| **Delhi** | Lawrence Road | Mill Delivery | 1990 | 1980 | 1960 | 1950 | 1965 |
| | Narella | Mill Quality Loose | 1825 | 1825 | 1815 | NA | 1900 |
| | Nazafgarh | Mill Quality Loose | NA | NA | NA | NA | 1900 |
| **Gujarat** | Rajkot | Mill Delivery | 1830 | 1825 | 1810 | 1775 | 2000 |
| | Ahmedabad | Mill Delivery | 1900 | 1910 | 1900 | 1880 | 1940 |
| | Surat | Mill Delivery | 2000 | 2000 | 2000 | 1940 | 2000 |
| | Dhrol | Mill Delivery | NR | NR | NR | NR | 2010 |
| **M.P.** | Indore | Mill Delivery | Closed | Closed | Closed | Closed | 1990 |
| | Bhopal | Mill Quality Loose | Closed | Closed | Closed | Closed | 1925 |
| **Rajasthan** | Kota | Mill Quality Loose | 1730 | 1725 | 1700 | 1725 | 1840 |
| | | Mill Delivery | 1850 | 1855 | 1800 | 1850 | 1950 |
| **U.P.** | Kanpur | Mill Delivery | 2000 | 2025 | 2000 | 2025 | 1870 |
| | Mathura | Mill Quality Loose | 1830 | 1825 | 1830 | 1790 | Closed |
| | Kosi | Mill Quality Loose | 1840 | 1850 | 1820 | 1820 | 1840 |
| | Hathras | Mill Quality Loose | 1820 | 1825 | 1850 | 1800 | 1825 |
| | Aligarh | Mill Quality Loose | 1830 | 1830 | 1825 | 1780 | 1810 |
| **Punjab** | Khanna | Mill Quality Loose | 1925 | 1925 | 1925 | 1925 | 1890 |
| | Ludhiana (Jagraon) | Mill Delivery | NA | NA | NA | NA | 2000 |
| **Haryana** | Sirsa | Mill Delivery loose | 1925 | 1925 | 1925 | 1925 | 1870 |
| | Hodal | Mill Delivery | NA | NA | NA | NA | NA |
| | Bhiwani | Mill Quality Loose | 1900 | 1900 | 1900 | NA | 1860 |
| | Karnal | Mill Delivery | NA | NA | NA | NA | NA |
| | Panipat | Mill Quality Loose | NA | NA | NA | NA | 1840 |
| **Tamil Nadu** | Chennai | Mill Quality | 2200 | 2200 | 2150 | 2150 | 2300 |
| | Madurai | Mill Quality | 2257 | 2300 | 2250 | 2250 | 2350 |

| | | | | | | | |
|---|---|---|---|---|---|---|---|
| | Coimbatore | Mill Quality | 2257 | 2350 | 2300 | 2300 | 2400 |
| **Bihar** | Khagariya | Mill Delivery | 2050 | 2050 | 1900 | 1900 | 1800 |
| | Muzaffarpur | Mill Delivery | 1925 | 1925 | 1900 | 1800 | 1850 |

## *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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*CBOT July wheat may fall to $4.91-3/4 per bushel, as it could have completed a bounce from the May 18 low of $4.93-3/4. The weak bounce failed to extend above a resistance at $5.02-1/4, the 150pc projection level on a downtrend from $5.61-1/2. The trend may have resumed. A break above $5.02-1/4 could lead to a gain to $5.06-3/4.*

*A United Nations aid agency has purchased about 80,000 tonnes of wheat expected to be sourced from Ukraine to be shipped to Sudan, European traders said on Monday. About 40,000 tonnes is to be shipped by the end of May and 40,000 tonnes by the first half of July. The UN has a range of food aid programmes in Sudan.*

*U.S. wheat futures fell for a second consecutive session on Monday as ample global stocks and sluggish demand caused by the coronavirus pandemic pushed prices to their lowest in nearly a month. The most-active wheat futures on the Chicago Board of Trade fell 0.2% to $4.99-1/2 a bushel by 0154 GMT, having closed 0.4% lower on Friday.*

*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.*

## 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 764 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 31 MMT compared to estimate for 2018-19. IGC has forecasted higher production for 2019-20.*
- *Trade forecast for 2019-20 has been increased to 177 MMT. It is 8 MMT higher compared to estimate for last year and higher by 1 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 |
|---|---|---|---|---|---|---|---|
| | 22-May-20 | 15-May-20 | 24-Apr-20 | 17-Feb-20 | 25-Nov-19 | 24-May-19 | |
| **Jul-20** | 508.75 | 500.25 | 530.50 | 541.00 | 536.00 | 191.87 | **165.15** |
| **Sep-20** | 512.75 | 503.00 | 533.25 | 547.25 | 542.25 | 194.17 | **164.07** |
| **Dec-20** | 521.50 | 503.00 | 540.25 | 556.50 | 552.50 | 193.71 | **169.21** |
| **Mar-21** | 529.25 | 503.00 | 545.50 | 565.00 | 559.00 | 205.38 | **NA** |
| **May-21** | 532.00 | 512.75 | 545.00 | 563.50 | 557.25 | 209.42 | **154.04** |
| **Jul-21** | 529.25 | 521.75 | 534.50 | 552.00 | 552.00 | 212.27 | **149.33** |

# Wheat Weekly Research Report
25th May-2020

## CBOT May-20

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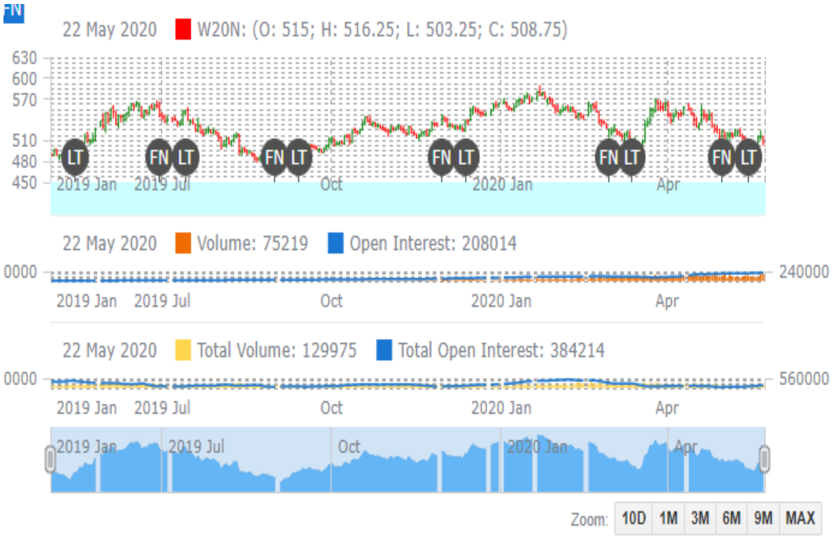
***1st Support: 189.00***
***2nd Support: 188.00***
***1st Resistant: 193.00***
***2nd Resistant: 194.00***
***($ per tonne)***

*Wheat CBOT closed at $5.09 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 1,76,000 MT 14% behind of last week. USDA expects total exports for 2019-20 to be around 26.4 MMT, higher by 3% 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.*

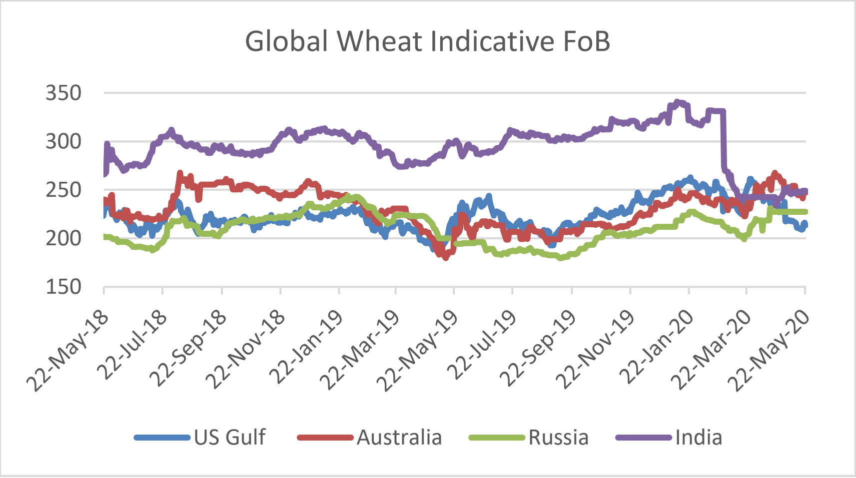


## International FOB Weekly Price Movement

*Indian FoB quote is based on local price. There is no export in bulk currently. Indian FoB quote is being quoted at $248.40 per tonne.*

*US and Russian quotes are hovering in the range of $209.72 - $216.04 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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