

Wheat Weekly Research Report

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Wheat Domestic Market Fundamentals

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Between 15 April and 24 May, UP procured 20.39 lakh metric tonnes (LMT) of wheat, just 5.6 per cent of the total estimated production of 363 LMT. This is also only about 37 per cent of the procurement target of 55 LMT set for the state by the central government. This target in itself was only about 15 per cent of the total estimated production. Compare this to neighbouring Madhya Pradesh, which has procured 113.38 LMT until 24 May, greater than its procurement target of 100 LMT. Last year, UP had the same target — 55 LMT — but only procured 37 LMT of wheat.

As per the third advance estimate released by the Union Agriculture Ministry the country has once again achieved a milestone in wheat production in crop year 2019-20. As per the estimate for the current season, the country has produced a record 107.20 million tonnes (MT) so far. This is around 4MT higher than last season's production of 103.6 MT.

According to the state Govt. of Madhya Pradesh the farmers of those districts where wheat procurement has been delayed due to Corona crisis, need not worry, as procurement will continue till May 31 there.

The government's wheat procurement in 2020-21 (May 24, 2020) marketing year has surpassed the last year's 34.13 million tonnes, despite all the hurdles in the wake of the COVID-19 outbreak, official data showed on Monday. "Procurement of wheat by the government agencies surpassed last year's figures of 341.31Lakh Metric Tonnes (LMT) to touch 341.56LMT on 24.05.2020, surmounting all impediments created due to the spread of COVID-19 virus and the country wide lockdown"

According to FCI 354.08 LMT Wheat has been procured so far, in which Punjab has procured 126.68 LMT followed by M.P 119.43 LMT, Haryana 72.41 LMT and U.P 22.20 LMT, as on May 29.

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 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 increase by 0.83 percent to Rs. 1975.83 per quintal during the week ended 30th May 2020. Wheat average price were ruling at Rs 1972.50 per quintal during 18-23 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 199.94 tonnes of Australian wheat during the month of March'20.

Outlook & Recommendation: Wheat cash market is expected to trade range -bound too weak in the coming week.

Wheat Weekly Export

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Week on Week Exports	Quantity in MT	Average FoB (\$/T)
01-07 April -2020	2361.35	8683.70
08-15 April -2020	9257.12	26703.55
16-23 April -2020	11952.15	8261.46
24-29 April -2020	20312.36	16268.70
Total	423883	13652.16

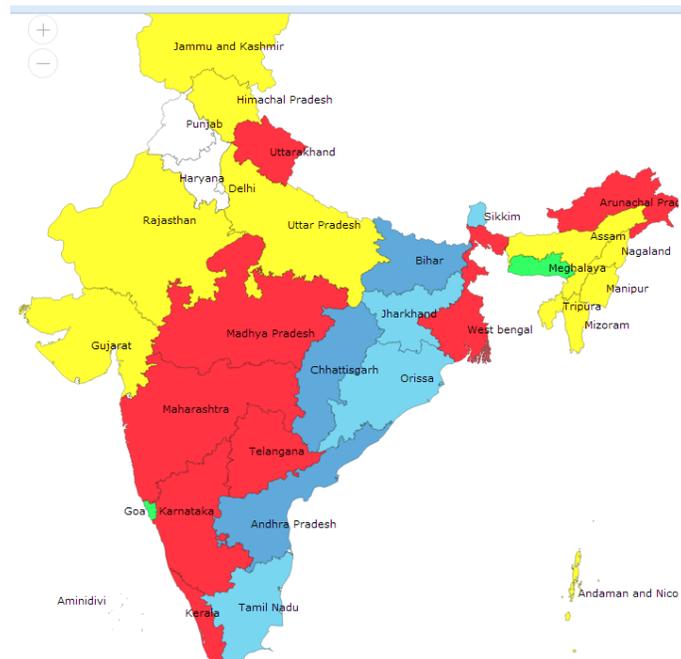
Source: Trade

Wheat Import

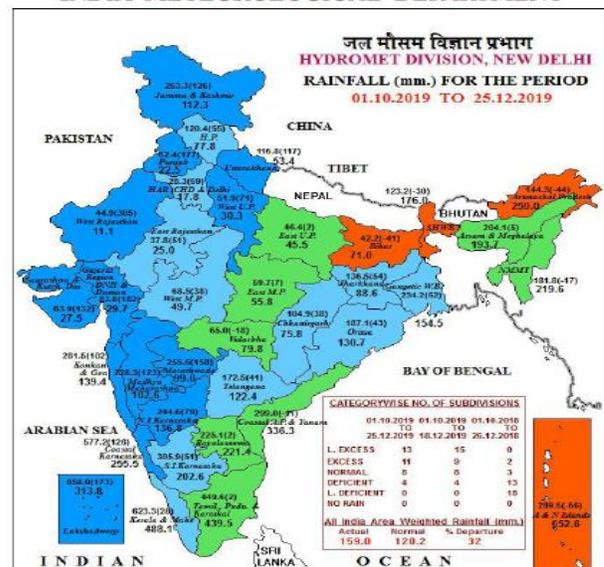
Date	Foreign Country	Port	Quantity in MT
April-2020	Australia, UK	Tuticorin	0
	Total		0

Source: Trade

Monsoon Weekly Cumulative rainfall



भारत मौसम विज्ञान विभाग INDIA METEOROLOGICAL DEPARTMENT



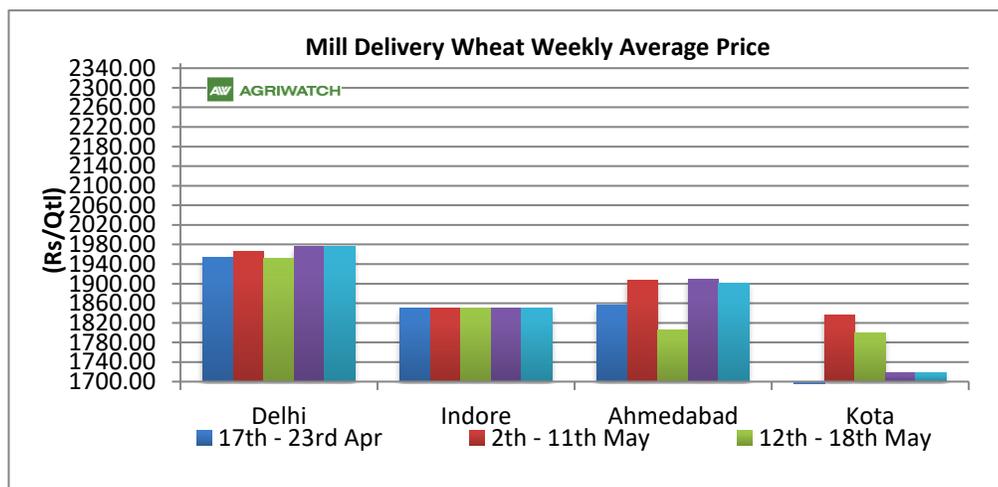
LEGEND: L. EXCESS (+100% OR MORE) EXCESS (+20% TO +99%) NORMAL (+15% TO +99%)
 DEFICIENT (-20% TO -99%) L. DEFICIENT (-50% TO -99%) NO RAIN (-100%) NO DATA

NOTE: [a] Rainfall figures are based on operational data. [b] Small figures indicate actual rainfall (mm.), while bold figures indicate Normal rainfall (mm.) Percentage Departures of Rainfall are shown in Brackets.

Source: IMD

Wheat Weekly Average Price Chart
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Average mill delivery prices of Wheat remained steady in Indore, during 26th -30th May 2020. Markets remained closed in the country following lockdown. Market is likely to trade steady to firm in upcoming week. Harvesting of the new crop is completed and official procurement of the 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

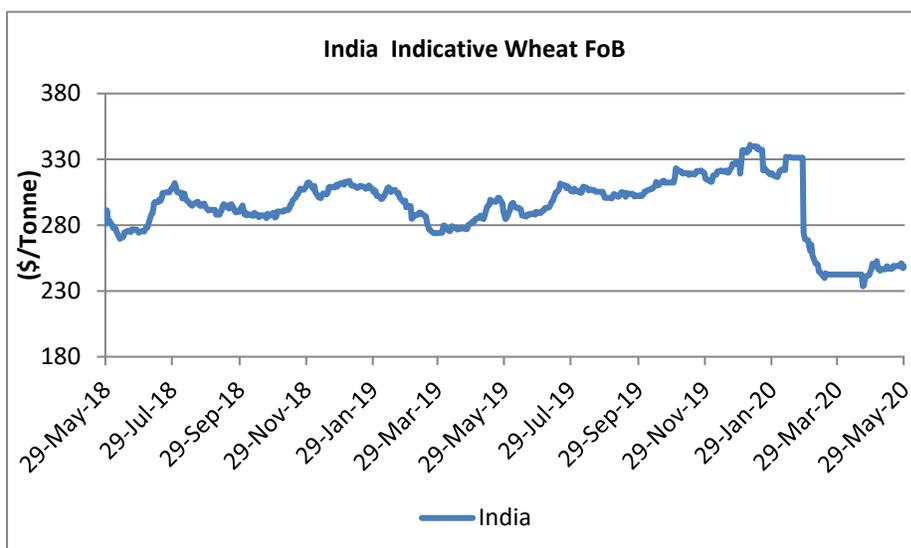
State/UTs	Procurement as on 29 th May-2020 (Figures in LMT)		
	FCI (A)	State Agency (B)	Total (A+B)
Punjab	14.12	112.56	126.68
Haryana	6.54	65.87	72.41
Uttar Pradesh	0.89	21.31	22.20
Madhya Pradesh	0.00	119.43	119.43
Bihar	0.00	0.04	0.04
Rajasthan	9.01	3.60	12.61
Others	0.14	0.57	0.39
All-India	30.70	323.38	354.08

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
		29-May-20	22-May-20	1-May-20	31-May-19	
USA (Chicago)	2srw	217.05	213.40	217.36	232.73	-6.74
France	FCW3	NA	209.92	NA	NA	NA
Australia	ASW	250.80	247.00	251.52	224.25	11.84
Russia	SRW	NA	NA	NA	195.00	NA
India	Fob	248.51	249.01	248.71	285.82	-13.05

	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: 31.05.2020		
Contract Month	+/-	Open	High	Low	Close	Volume	Change From previous day	Open Interest	Change From previous day
20-June					1906				
20-July					1884				
20-Aug					1890				

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
	29-May-20	22-May-20	1-May-20	30-May-19	
Indore	NA	NA	NA	1928	NA
Bareilly	NA	NA	NA	0	-
Delhi	1970	1978	1983	1979	-0.45
Khanna	NA	NA	NA	0	-
Kanpur	NA	NA	NA	1915	NA
Karnal	NA	NA	NA	0	-
Rajkot	NA	NA	NA	1978	NA
Kota	1881	1893	NA	1963	-4.18

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
			30-May-20	29-May-20	23-May-20	01-May-20	01-Jun-19
Delhi	Lawrence Road	Mill Delivery	1965	1975	1990	1980	1980
	Narella	Mill Quality Loose	1810	1820	1825	1840	1925
	Nazafgarh	Mill Quality Loose	NA	NA	NA	0	1850
Gujarat	Rajkot	Mill Delivery	1800	1815	1830	1815	1950
	Ahmedabad	Mill Delivery	1900	1900	1900	1920	2020
	Surat	Mill Delivery	1950	2000	2000	2000	2060
	Dhrol	Mill Delivery	NR	1700	NR	NR	2150
M.P.	Indore	Mill Delivery	Closed	Closed	Closed	Closed	1975
	Bhopal	Mill Quality Loose	Closed	Closed	Closed	Closed	1825
Rajasthan	Kota	Mill Quality Loose	1715	1725	1730	1770	1915
		Mill Delivery	1830	1860	1850	1825	2075
U.P.	Kanpur	Mill Delivery	2000	1950	2000	2000	1870
	Mathura	Mill Quality Loose	1810	1805	1830	1800	1780
	Kosi	Mill Quality Loose	1850	1850	1840	1810	1850
	Hathras	Mill Quality Loose	1850	1825	1820	1850	NR
	Aligarh	Mill Quality Loose	1800	1800	1830	1800	1820
Punjab	Khanna	Mill Quality Loose	1925	1925	1925	1925	1880
	Ludhiana (Jagraon)	Mill Delivery	NA	NA	0	0	0
Haryana	Sirsa	Mill Delivery loose	1925	1925	1925	1925	1870
	Hodal	Mill Delivery	NA	NA	NA	0	0
	Bhiwani	Mill Quality Loose	1900	1900	1900	0	1860
	Karnal	Mill Delivery	NA	NA	NA	0	0
	Panipat	Mill Quality Loose	NA	NA	NA	0	0
Tamil Nadu	Chennai	Mill Quality	2150	2200	2200	2150	2300
	Madurai	Mill Quality	2207	2300	2300	2250	2450

	Coimbatore	Mill Quality	2207	2350	2350	2300	2500
Bihar	Khagariya	Mill Delivery	2100	2100	2050	1900	1800
	Muzaffarpur	Mill Delivery	1980	1980	1925	1825	1800

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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The European Commission decreased the EU's 2020-21 wheat production from 121.5 million tonnes from the previous estimate of 125.8 million tonnes a month ago, according to Reuters. The European Commission's lowered forecast comes after the EU's crop monitoring service decreased its outlook due to dry weather and a warm spring, Reuters reported. The EU wheat exports also were lowered for the 2020-21 season. It is forecast to export 26.5 million tonnes of wheat compared to the previous estimate of 28 million tonnes, according to Reuters.

Export prices for Russian wheat new crop grew up amid lower crop forecast due to dry weather, including the Russian Ministry of agriculture. According to IKAR, the price of the new harvest with a 2.5-percent protein content in Novorossiisk for delivery in July rose within the week by \$4 to \$199 per ton FOB.

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.

IGC Wheat Balance Sheet:

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IGC Forecast (Fig-In MMT)	2016-17	2017-18	2018-19 (Estimate)	2019-20 (Forecast)	
				28.05.2020	30.04.2020
Production	757	762	733	766	764
Trade	177	176	169	178	177
Consumptions	736	739	739	755	755
Carryover stocks	248	271	265	289	289
Y-O-Y change	21	22	-5	NA	9
Major Export	79	83	70	64	64

- IGC has forecasted global wheat production to be 766 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 178 MMT. It is 16 MMT higher compared to estimate for last year and higher by 2 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 289 MMT compared to estimate of 265 MMT last year. It is higher by around 24 MMT compared to 2016-17.

CBOT FUTURES CONTRACT:

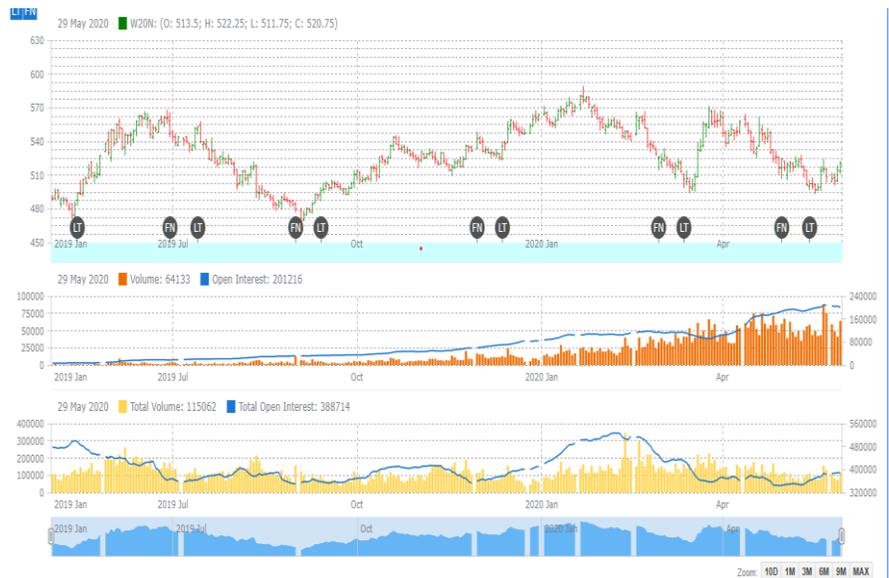
CBOT Futures Prices:(USD/T)							
CONTRACT MONTH	Today	Week Ago	Month Ago	3 Month Ago	6 Month Ago	Year Ago	% Change over prev. year
	29-May-20	22-May-20	01-May-20	24-Feb-20	02-Dec-19	31-May-19	
Jul-20	520.75	508.75	516.50	197.02	196.65	197.02	164.32
Sep-20	523.50	512.75	191.60	196.47	198.03	198.95	163.14
Dec-20	191.32	186.91	189.76	197.20	197.94	197.75	-3.25
Mar-21	192.33	188.38	191.14	199.68	200.05	205.38	-6.35
May-21	195.55	191.60	194.35	203.63	203.63	209.42	-6.62
Jul-21	198.49	194.45	197.11	206.94	212.45	212.27	-6.49

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 \$5.21 per bushel. U.S. wheat net export sales during the week ended 21st May was 2,10,000 tonnes were 19% higher compared to 1,76,000 tonnes last week. This week commercial sale was 4,96,000 MT 19% 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.

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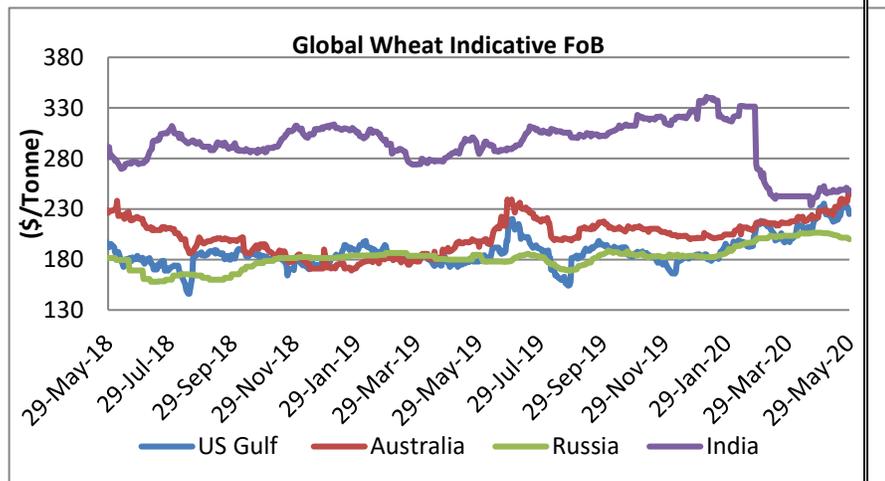


International FOB Weekly Price Movement

Indian FoB quote is based on local price. There is no export in bulk currently. Indian FoB quote is being quoted at \$248.51 per tonne.

US and Russian quotes are hovering in the range of \$211.72 - \$217.04 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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