

Wheat Weekly Research Report

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Wheat Domestic Market Fundamentals

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Uttar Pradesh, the country's largest wheat producing state, has fallen back in its wheat purchase target this year. The state, which has produced 360 lakh metric tonne of wheat, has so far been able to purchase barely 50% of its target in the ongoing rabi marketing season (2020-21). On June 9, the state has purchased 28.3 lakh metric tonne of the grain from 5,35,670 farmers, who have been paid more than ₹4,408 crore as minimum support price (MSP) at the rate of ₹1,925 per quintal.

In the country's largest wheat producing state Uttar Pradesh, wheat production is estimated to increase to 363 lakh tonnes in the current rabi season, but the government procurement target has reached only 50 per cent of the fixed 55 lakh tonnes, which was due to the total procurement last year. Also around 9.40 lakh tonnes is less. The state government has extended the purchase deadline to June 30, but the pace with which the purchase is taking place makes it difficult to reach the target.

According to MP Govt. "Madhya Pradesh has reached first position in the country in procurement of wheat on support price. So far, 1, 27,67,628 metric tonnes of wheat have been procured. This accounts for 33 per cent of wheat procured by all states. Punjab is second to MP," a public relations department official said. He said the total amount of wheat procured in the country stood at 3,86,54,000 metric tonnes.

According to Uttarakhand Govt. Wheat harvesting is going on these days in the mountain. But the weather remains a constant villain in this work. Due to the sudden rains, tenants are facing difficulties in harvesting and mounting wheat.

The Uttar Pradesh has introduced a new system for procurement of less wheat against the target at the purchasing centers and not reaching the farmers at government purchasing centers. Now wheat will be purchased at farmers' home by operating mobile purchasing center. In rural areas, 100 quintals or more of wheat will be purchased individually or collectively through a mobile purchasing center in a place / campus. There will also be a relaxation in the quality and standards set for wheat grains affected due to rain. There are 77 centers of nine purchasing agencies approved for purchasing wheat.

Cyclone Nisarga: Madhya Pradesh has purchased 125.60 lakh MT of wheat from farmers in which Thousands of quintals of wheat procured by the Madhya Pradesh government and waiting to be transported to warehouses were damaged in rains that battered several parts of the state on Thursday. About 15,000 quintals of wheat stored in open in Katni got wet in the past two days. The value of the wheat stored is said to be about Rs 2.81 crore. Similarly, in Rajgarh district too wheat was stored in the open at about 90 per cent of the 84 procurement centres. It got wet due to rains.

According to FCI 378.81 LMT Wheat has been procured so far, in which Madhya Pradesh has procured 127.49 LMT followed by Punjab 127.12 LMT, Haryana 73.98 LMT and U.P 30.79 LMT, as on June 14.

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 0.17 percent to Rs. 1973.33 per quintal during the week ended 15th June 2020. Wheat average price were ruling at Rs 1973.57 per quintal during 06-13 June 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.

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 May -2020	8944.83	12131.18
08-14 May -2020	11523.81	9112.91
15-21 May -2020	11956.66	16035.70
21-31 May -2020	9107.86	8297.57
Total	41533.67	10970.61

Source: Trade

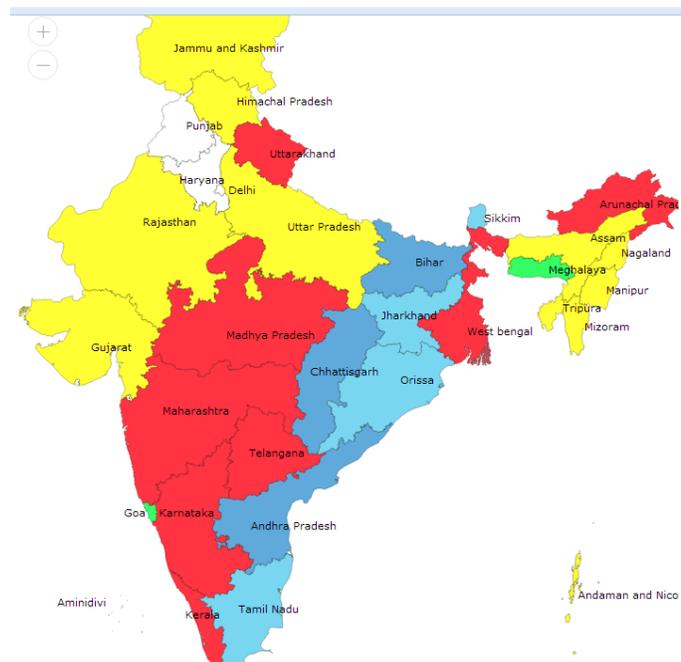
Wheat Import

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

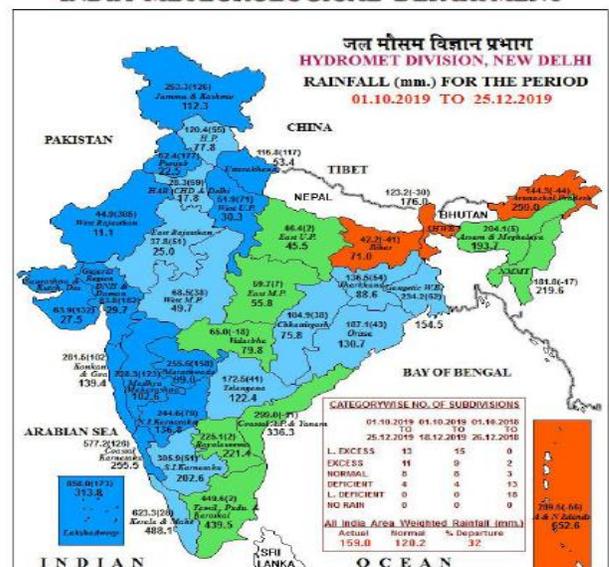
Note: There's no import of in the month of May.

Source: Trade

Monsoon Weekly Cumulative rainfall



भारत मौसम विज्ञान विभाग INDIA METEOROLOGICAL DEPARTMENT



LEGEND: L. EXCESS (+100% OR MORE) EXCESS (+20% TO +99%) NORMAL (+19% TO -19%) DEFICIENT (-20% TO -99%) L. DEFICIENT (-50% TO -99%) NO RAIN (-100%) NO DATA

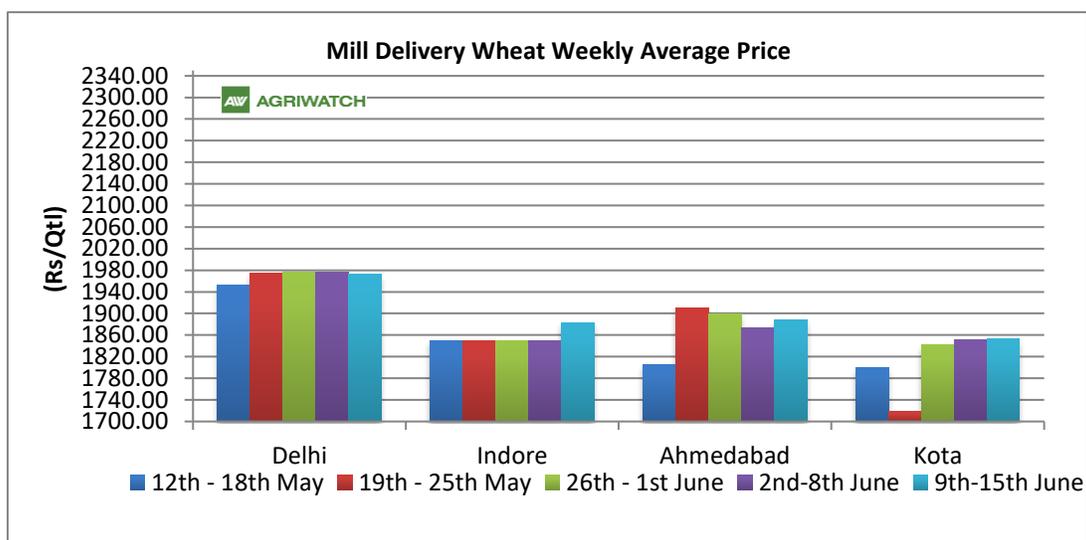
NOTE: [a] Rainfall figures are based on operational data. [b] Small figures indicate actual rainfall (mm.), while bold figures indicate Normal rainfall (mm.) Percentage Departures of Rainfall are shown in Brackets.

Source: IMD

Wheat Weekly Average Price Chart

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Average mill delivery prices of Wheat remained high except in Delhi, during 9th -13th June 2020. Markets are open in the country after 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 about to get complete 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

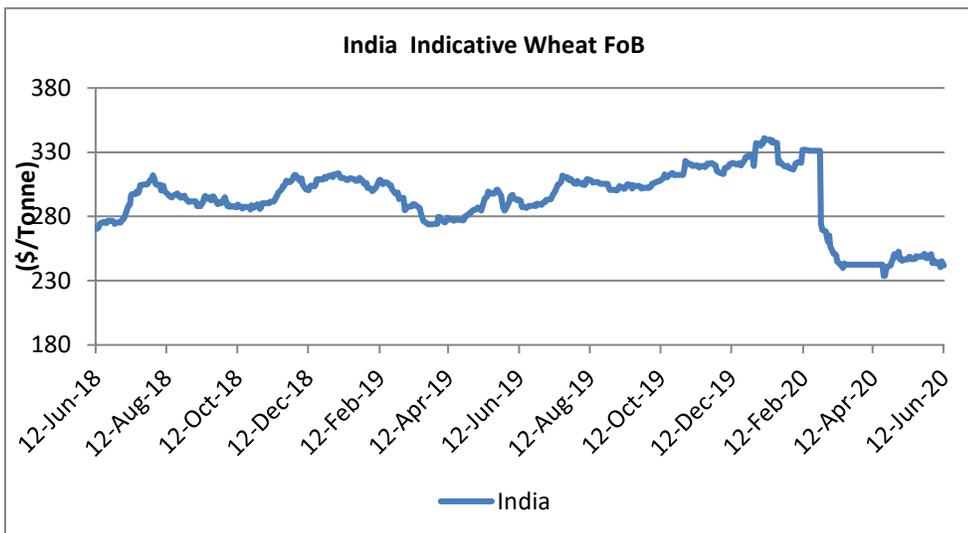
State/UTs	Procurement as on 14 th June-2020 (Figures in LMT)		
	FCI (A)	State Agency (B)	Total (A+B)
Punjab	14.19	112.93	127.12
Haryana	6.70	67.28	73.98
Uttar Pradesh	1.20	29.59	30.79
Madhya Pradesh	0.00	127.49	127.49
Bihar	0.00	0.05	0.05
Rajasthan	13.44	5.06	18.50
Others	0.15	0.74	0.85
All-India	35.67	343.14	378.81

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 \$240-\$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
		12-Jun-20	5-Jun-20	15-May-20	14-Jun-19	
USA (Chicago)	2srw	211.20	216.80	210.09	238.72	-11.53
France	FCW3	201.81	211.43	NA	201.05	0.38
Australia	ASW	236.64	244.95	244.48	213.90	10.63
Russia	SRW	202.00	200.00	NA	196.00	3.06
India	Fob	241.97	243.34	246.79	NA	#VALUE!

	15/05/2020	08/05/2020	01/05/2020	25/04/2020
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: 15.06.2020	
Contract Month	+/-	Open	High	Low	Close	Volume	Change From previous day	Open Interest	Change From previous day
20-June					1875				
20-July					1882				
20-Aug					1889				

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
	13-Jun-20	6-Jun-20	16-May-20	14-Jun-19	
Indore	1827	1827	NA	1897	-3.69
Bareilly	NA	NA	NA	0	-
Delhi	1970	1978	1970	2019	-2.43
Khanna	NA	NA	NA	0	-
Kanpur	1900	1900	NA	1930	-1.55
Karnal	NA	NA	NA	0	-
Rajkot	1800	1800	NA	1970	-8.63

Kota	1873	1882	1875	1949	-3.90
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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)		Week Ago	Month Ago	Year Ago
			Today	Yesterday			
			13-Jun-20	12-Jun-20			
Delhi	Lawrence Road	Mill Delivery	1955	1970	1975	1950	2015
	Narella	Mill Quality Loose	1780	1800	1815	1800	1940
	Nazafgarh	Mill Quality Loose	1770	1780	NA	0	1925
Gujarat	Rajkot	Mill Delivery	1790	1770	1780	1800	1940
	Ahmedabad	Mill Delivery	1890	1880	1880	1880	2030
	Surat	Mill Delivery	1940	1940	1940	1980	2090
	Dhrol	Mill Delivery	NR	NR	NR	NR	2060
M.P.	Indore	Mill Delivery	1850	1850	1900	Closed	1965
	Bhopal	Mill Quality Loose	1750	1750	1750	Closed	1800
Rajasthan	Kota	Mill Quality Loose	1700	1700	1710	1680	1840
		Mill Delivery	1850	1840	1850	1800	1950
U.P.	Kanpur	Mill Delivery	2000	2000	2000	2000	1915
	Mathura	Mill Quality Loose	1775	1775	1800	1800	1825
		Mill Quality Loose	1850	1800	1830	1820	1900
	Hathras	Mill Quality Loose	1800	1790	1850	1800	1890
	Aligarh	Mill Quality Loose	1780	1795	1800	1830	1860
Punjab	Khanna	Mill Quality Loose	1900	1880	1925	1925	1875
	Ludhiana (Jagraon)	Mill Delivery	NA	NA	NA	0	0
Haryana	Sirsa	Mill Delivery loose	1890	1890	1920	1925	1900
	Hodal	Mill Delivery	NA	NA	NA	NA	0
	Bhiwani	Mill Quality Loose	1900	1900	1900	1890	1880
	Karnal	Mill Delivery	NA	NA	NA	0	0
	Panipat	Mill Quality Loose	NA	NA	NA	0	0

Tamil Nadu	Chennai	Mill Quality	2150	2150	2150	2150	2275
	Madurai	Mill Quality	2207	2250	2250	2250	2300
	Coimbatore	Mill Quality	2207	2300	2300	2300	2350
Bihar	Khagariya	Mill Delivery	2050	2050	2000	1900	1900
	Muzaffarpur	Mill Delivery	1900	1900	1925	1900	1810

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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Farm office FranceAgriMer on Wednesday increased its forecast for French soft wheat exports outside the European Union this season to 13.45 million tonnes from the 13.3 million estimated last month. The projected exports for the 2019/20 season that ends on June 30, which would mark a record volume, would be 39.1% above 2018/19, FranceAgriMer's cereal supply and demand data showed.

Ukrainian export wheat prices have risen by \$3-\$4 per tonne over the past week in response to expectations of a decrease in the 2020/21 harvest in Ukraine as well as in other exporting countries, APK-Inform agriculture consultancy said on Wednesday. Milling wheat from the new 2020 harvest was quoted at \$172-174 per tonne CPT (Carriage Paid To) in small Ukrainian Black Sea ports as of June 3 compared with around \$168-170 a week earlier, the consultancy said.

Ukraine's 2020/21 wheat harvest is likely to fall around 18% to 23.2 million tonnes and exports by more than a quarter to 14.9 million tonnes, Ukrainian traders quoted preliminary data from the economy ministry as showing on Monday. Ukraine harvested 28.3 million tonnes of wheat in 2019, and exports could reach a record 20.5 million tonnes in 2019/20 season which ends on June 30.

Russia's wheat export prices have stabilized as the market examined crop conditions and yield potential, Wheat with 12.5% protein loaded from Black Sea ports with delivery in July was at \$202 per tonne at the end of last week, unchanged from the previous week, said SovEcon. New crop wheat for July delivery was up \$1 to \$200 a tonne. Exports from Russia slowed to the lowest levels in recent years, SovEcon said. Exports were at 134,000 tonnes of wheat last week compared to 305,000 tonnes a week earlier. Total grain exports from July 1-May 28 are down 13% to 35.4 million tonnes. Wheat accounted for 30.2 million tonne.

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.

[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:

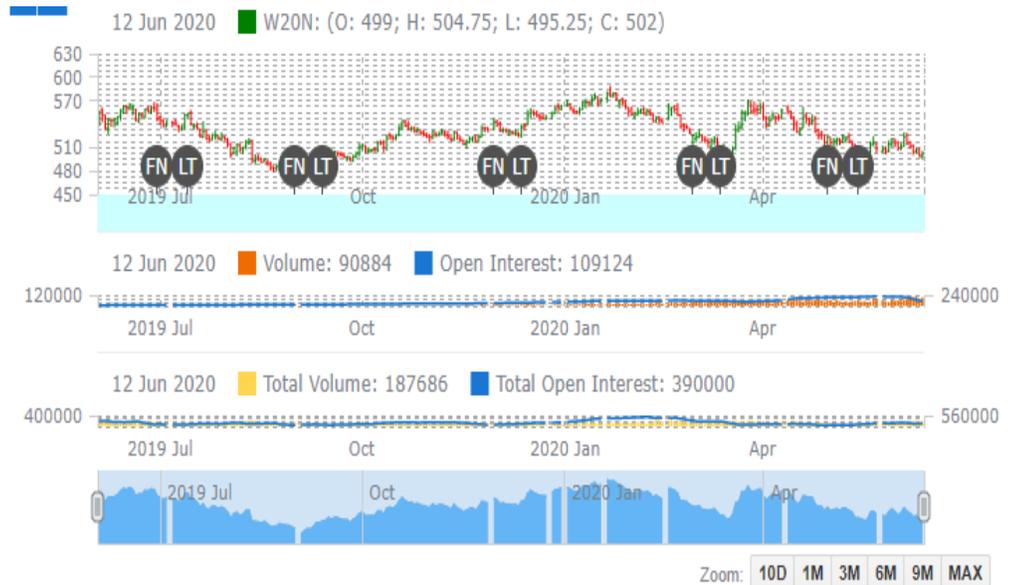
CBOT Futures Prices:(USD/T)							
CONTRACT MONTH	Today	Week Ago	Month Ago	3 Month Ago	6 Month Ago	Year Ago	% Change over prev. year
	12-Jun-20	05-Jun-20	15-May-20	09-Mar-20	16-Dec-19	14-Jun-19	
Jul-20	502.00	515.25	500.25	518.75	551.25	553.25	-9.26
Sep-20	507.75	520.25	503.00	525.75	555.50	563.00	-9.81
Dec-20	516.75	530.50	512.75	537.00	564.25	565.00	-8.54
Mar-21	526.25	540.00	521.75	547.00	572.25	560.75	-6.15
May-21	530.00	544.75	525.25	524.25	571.00	565.50	-6.28
Jul-21	530.00	542.75	522.00	524.00	561.25	576.25	-8.03

CBOT June-20

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

Wheat CBOT closed at \$5.02 per bushel. U.S. wheat net export sales during the week ended 28th May was 2,10,000 tonnes were 15% higher compared to 1,76,000 tonnes last week. This week commercial sale was 4,37,000 MT 18% 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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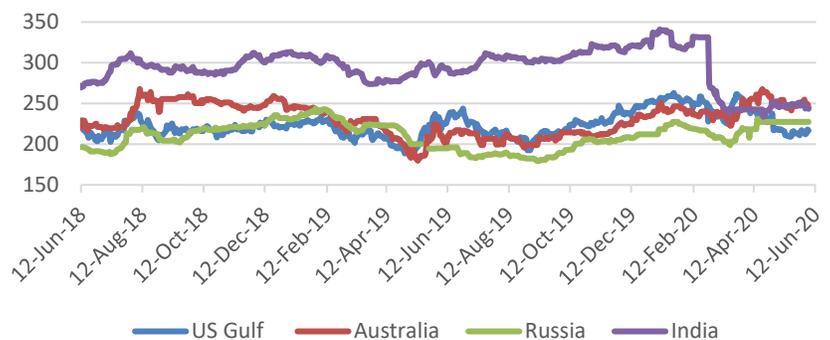


International FOB Weekly Price Movement

Indian FoB quote is based on local price. There is no export in bulk currently. Indian FoB quote is being quoted at \$242.94 per tonne.

US and Russian quotes are hovering in the range of \$210.72 - \$215.04 and \$199.50-\$203.50 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.

Global Wheat Indicative FoB



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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