

Wheat Weekly Research Report

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Wheat Domestic Market Fundamentals

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The government's wheat procurement has touched an all-time record of 38.2 million tonnes so far in the 2020-21 marketing year, with Madhya Pradesh surpassing Punjab as the country's biggest wheat procuring state.

So far, only 30.85 lakh tonnes of wheat have been procured on the MSP in the current rabi marketing from Uttar Pradesh, whereas the target of procurement has been fixed at 55 lakh tonnes. In the last Rabi season, the target was to buy 5.5 million tonnes of wheat from the state, but the purchase was only 37 lakh tonnes. The state government has decided to purchase in the current Rabi season by June 30 due to the corona virus, but given the speed at which the procurement is taking place, the procurement will be less than the target.

In Uttar Pradesh the government may be making continuous efforts to increase wheat procurement, but it is not getting success as per the target. All districts are in the same condition.

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.

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.

All India weekly average prices increase by 0.66 percent to Rs. 2065.24 per quintal during the week ended 23rd June 2020. Wheat average price were ruling at Rs 1949.16 per quintal during 16-22 June 2020. Prices are expected to trade steady to firm as official procurement is completed.

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 June 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

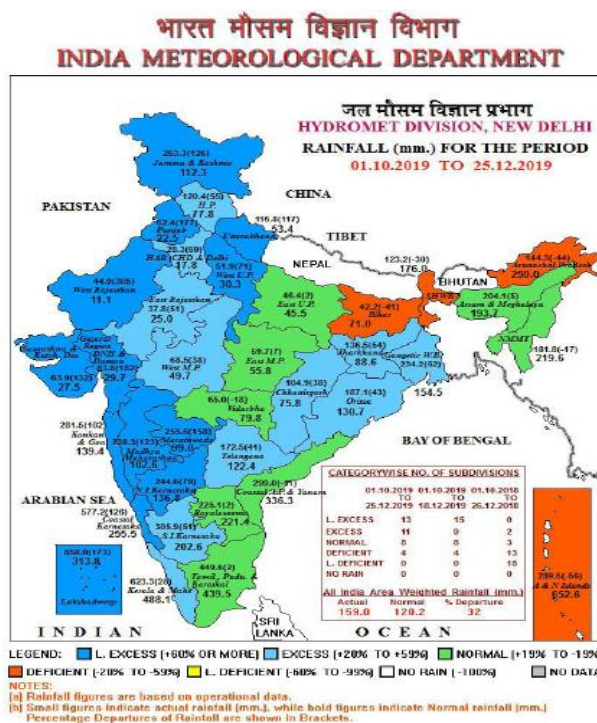
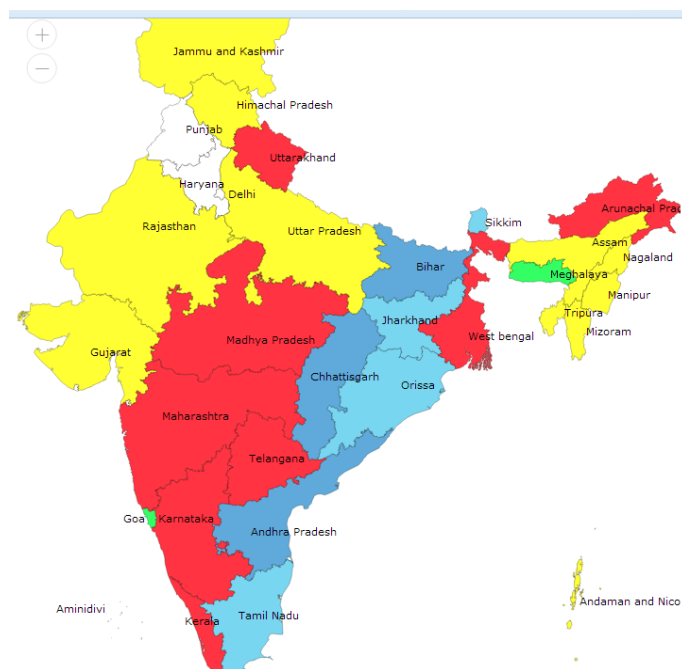
Date	Foreign Country	Port	Quantity in MT
May-2020	Australia, UK	Tuticorin	0
	Total		0

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

Source: Trade

Monsoon

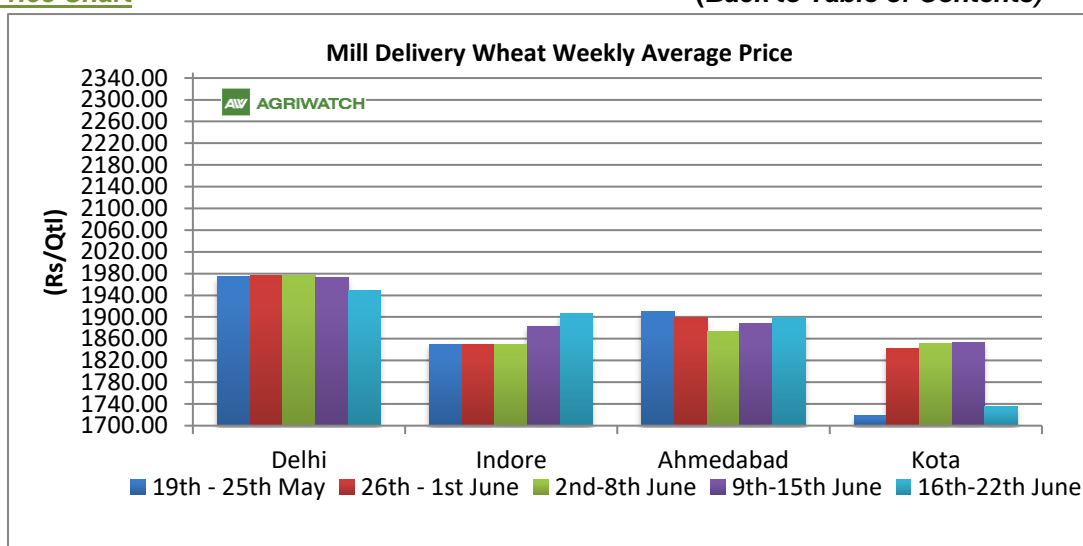
Weekly Cumulative rainfall



Source: IMD

Wheat Weekly Average Price Chart
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Average mill delivery prices of Wheat remained high except in Delhi and Kota, during 16th -22th 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 and official procurement of the wheat has already completed. Government completed his procurement target of 40.7 MMT this season.


Wheat and Rice Stocking Norms

<u>Wheat Stock Norms</u>						
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

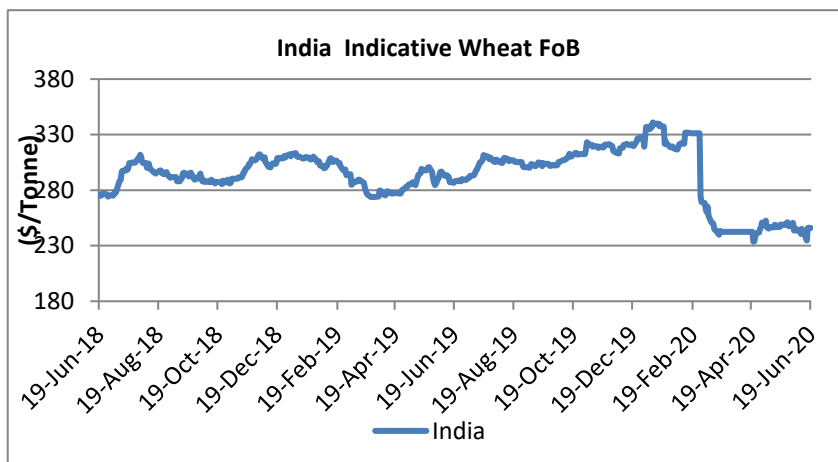
State/UTs	Procurement as on 17 th June-2020 (Figures in LMT)		
	FCI (A)	State Agency (B)	Total (A+B)
Punjab	14.19	112.93	127.12
Haryana	6.70	67.28	73.98
Uttar Pradesh	1.22	30.24	31.46
Madhya Pradesh	0.00	129.28	129.28
Bihar	0.00	0.05	0.05
Rajasthan	14.02	5.22	19.24
Others	0.14	0.78	0.89
All-India	36.26	345.79	382.05

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
		19-Jun-20	12-Jun-20	22-May-20	21-Jun-19	
USA (Chicago)	2srw	199.34	211.20	213.40	234.05	-14.83
France	FCW3	NA	201.81	209.92	201.49	NA
Australia	ASW	232.56	236.64	247.00	217.35	7.00
Russia	SRW	198.00	202.00	NA	196.00	1.02
India	Fob	246.00	241.97	249.01	287.95	-14.57

	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 Contact: NCDEX Price								Date: 22.06.2020	
Contract Month	+/-	Open	High	Low	Close	Volume	Change From previous day	Open Interest	Change From previous day
20-June					1893				
20-July					1901				
20-Aug					1901				

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
	20-Jun-20	13-Jun-20	22-May-20	21-Jun-19	
Indore	1825	1827	0	0	NA
Bareilly	NA	0	0	0	-
Delhi	1962	1970	1978	2021	-2.92
Khanna	NA	0	0	0	-
Kanpur	1870	1900	0	1930	-3.11
Karnal	NA	0	0	0	-
Rajkot	1812	1800	0	1958	-7.46
Kota	1881	1873	1893	1959	-3.98

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	Yesterd ay	Week Ago	Month Ago	Year Ago
			20-Jun- 20	19-Jun- 20	13-Jun- 20	22-May- 20	22-Jun- 19
Delhi	Lawrence Road	Mill Delivery	1955	1955	1955	1980	2020
	Narella	Mill Quality Loose	1825	1825	1780	1825	1940
	Nazafgarh	Mill Quality Loose	1800	1800	1770	NA	1900
Gujarat	Rajkot	Mill Delivery	1800	1810	1790	1825	1940
	Ahmedabad	Mill Delivery	1890	1900	1890	1910	2025
	Surat	Mill Delivery	1930	1940	1940	2000	2070
	Dhrol	Mill Delivery	NA	NA	1755	0	2260
M.P.	Indore	Mill Delivery	1900	1930	1850	Closed	Closed
	Bhopal	Mill Quality Loose	1740	1750	1750	Closed	1800
Rajasthan	Kota	Mill Quality Loose	1740	1730	1700	1725	1800
		Mill Delivery	1890	1875	1850	1855	1930
U.P.	Kanpur	Mill Delivery	Closed	1980	2000	2025	1930
	Mathura	Mill Quality Loose	Closed	1760	1775	1825	1820
	Kosi	Mill Quality Loose	1870	1870	1850	1850	1940
	Hathras	Mill Quality Loose	1760	1760	1800	1825	1880
	Aligarh	Mill Quality Loose	Closed	1790	1780	1830	1860
Punjab	Khanna	Mill Quality Loose	1820	1800	1900	1925	1905
	Ludhiana (Jagraon)	Mill Delivery	NA	NA	0	0	0
Haryana	Sirsa	Mill Delivery loose	1870	1865	1890	1925	1900
	Hodal	Mill Delivery	NA	NA	0	0	0
	Bhiwani	Mill Quality Loose	1970	1900	1900	1900	1900
	Karnal	Mill Delivery	NA	NA	0	0	0
	Panipat	Mill Quality Loose	NA	NA	0	0	0
Tamil Nadu	Chennai	Mill Quality	2150	2150	2150	2200	2350
	Madurai	Mill Quality	2207	2250	2250	2300	2400



	Coimbatore	Mill Quality	2207	2300	2300	2350	2450
Bihar	Khagariya	Mill Delivery	2000	2000	2050	2050	1900
	Muzaffarpur	Mill Delivery	1915	1915	1900	1925	1825

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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Wheat for July delivery fell 0.5% to \$4.81 1/4 a bushel on the Chicago Board of Trade Friday as the weather outlook for the U.S. Corn Belt continues to support crop growth.

China will see a bumper harvest of grains this summer thanks to stable grain acreage and improved crop yields, the Ministry of Agriculture and Rural Affairs said Monday. Summer grain acreage is 400 million mu (about 26.67 million hectares) this year. As of Monday, 90 percent of summer grains have been harvested. The quality of wheat, which is the mainstay of summer grains, has improved and its yield is expected to rise by 4 kg per mu on average, said Han Changfu, minister of agriculture and rural affairs.

Ukrainian wheat export prices have risen by up to \$7 a tonne over the past two weeks because of expected decreases in the 2020/21 harvest in Ukraine and other exporting countries.

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.

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
	19-Jun-20	12-Jun-20	22-May-20	16-Mar-20	23-Dec-19	21-Jun-19	
Jul-20	176.81	184.43	186.91	183.52	200.97	202.25	-12.58
Sep-20	178.28	186.55	188.38	185.72	203.08	205.38	-13.19
Dec-20	181.59	189.85	191.60	189.67	206.57	209.42	-13.29
Mar-21	185.08	193.34	194.45	193.25	212.45	212.27	-12.81
May-21	509.75	530.00	532.00	524.25	571.00	565.50	-6.28
Jul-21	512.25	530.00	529.25	524.00	561.25	576.25	-8.03

CBOT June-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 \$5.02 per bushel. U.S. wheat net export sales during the week ended 28th May was 2,10,000 tonnes were 87% higher compared to 2,70,000 tonnes last week. This week commercial sale was 5,05,000 MT 18% behind of last week. USDA expects total exports for 2019-20 to be around 25.9 MMT, lower by 2% 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.

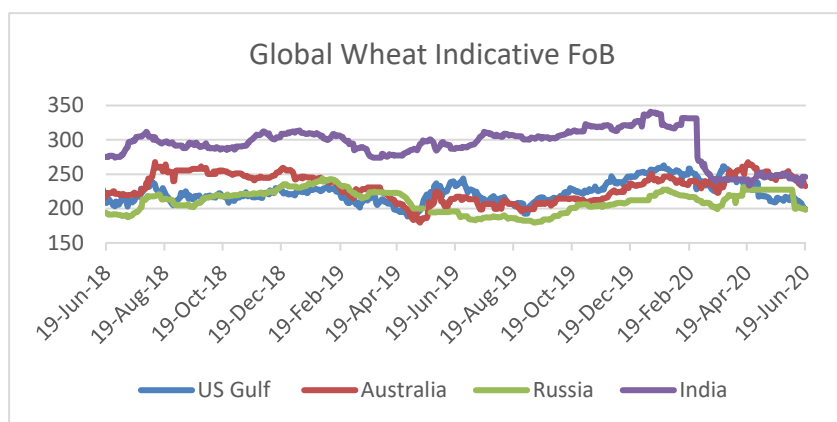


International FOB Weekly Price Movement

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



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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