Wheat Weekly Research Report
29th June-2020

Wheat Weekly Research Report

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Wheat Domestic Market Fundamentals **(Back to Table of Contents)**

Indore bench of Madhya Pradesh High Court has directed state government to transport wheat procured from farmers to warehouses or other locations before rainy season approaches.

According to CEO District Cooperative Bank, District Shajapur, "At present, 3,000 metric tonnes of the wheat crop has been damaged in 25-30 wheat procurement centres in Shajapur district. The damage might have happened due to the commencement of monsoon in the state and negligence of contractors or officers." The wheat held in those storage facilities was meant for the purpose of being sent to the fair price shops, but now the whole quantity of the grains has been left rotten.

In Uttar Pradesh, The Meteorological Department had issued an alert on June 24 and 25 expressing the possibility of rain. Even after the alert, the PCF and marketing department did not sleep and wheat remained under the open sky at the purchasing centres. Some wheat remained safe under roofs but wheat was not protected due to lack of space at some purchasing centres.

In view of the increasing infection of the corona virus, due to the lockdown, this time the wheat procurement in the Prayagraj district started from April 15 instead of April 1. After nearly two and a half months have passed, it has become a headache for the marketing department officials to not meet even half of the target set. Due to poor yield, most of the farmers are not going to the purchasing centre to sell wheat this time. At the same time, wheat procurement is being affected due to thinning of wheat due to storms, water and hail.

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.

Previous Updates

As per trade sources, after increase of 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 and there's no further import of Wheat in the month of April and May.

Outlook & Recommendation: *All India weekly average prices decrease by 0.09 percent to Rs. 2063.35 per quintal during the week ended 30th June 2020. Wheat average price were ruling at Rs 1993 per quintal during 23-29 June 2020. Prices are expected to trade steady to firm as official procurement is completed. Wheat cash market is expected to trade between steady to firm in the coming week.*

Trade Call: *Stakeholders should trade in June contract taking care of lower and upper price tag of Rs. 1750 & 1913 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**

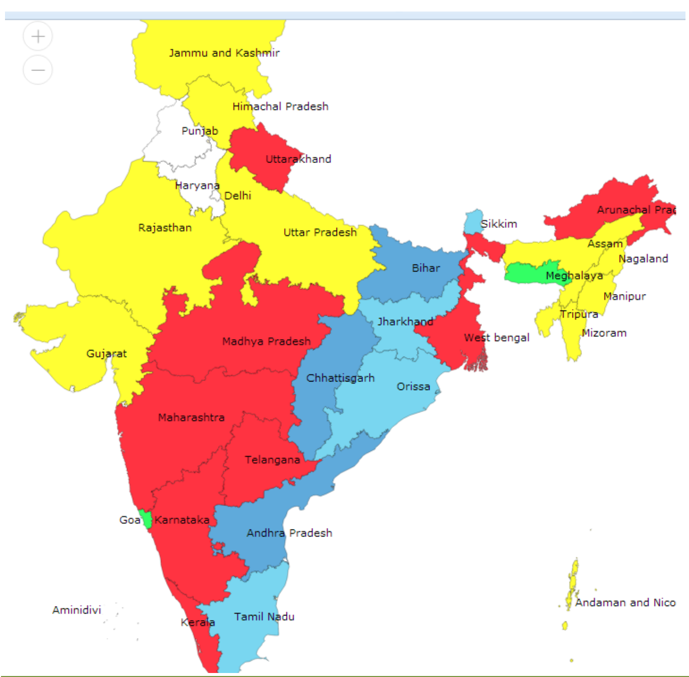
Source: Trade

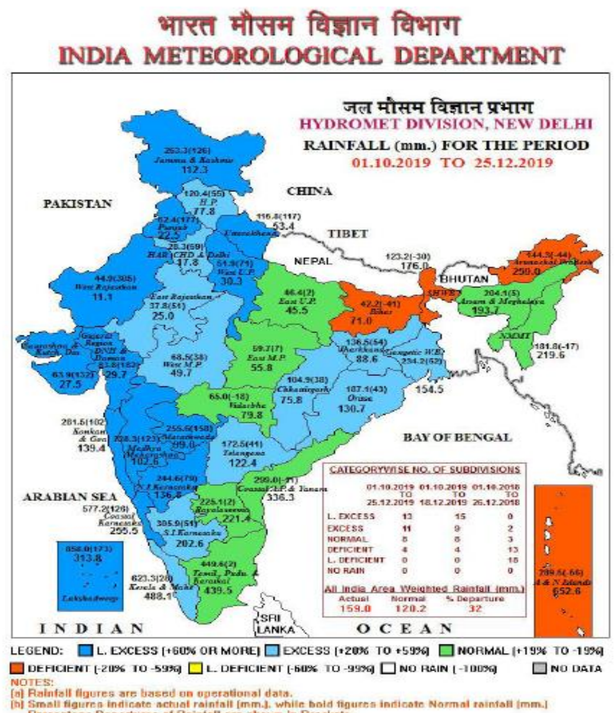
Wheat Import

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

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

Monsoon
Weekly Cumulative rainfall





Source: IMD

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Wheat Weekly Average Price Chart

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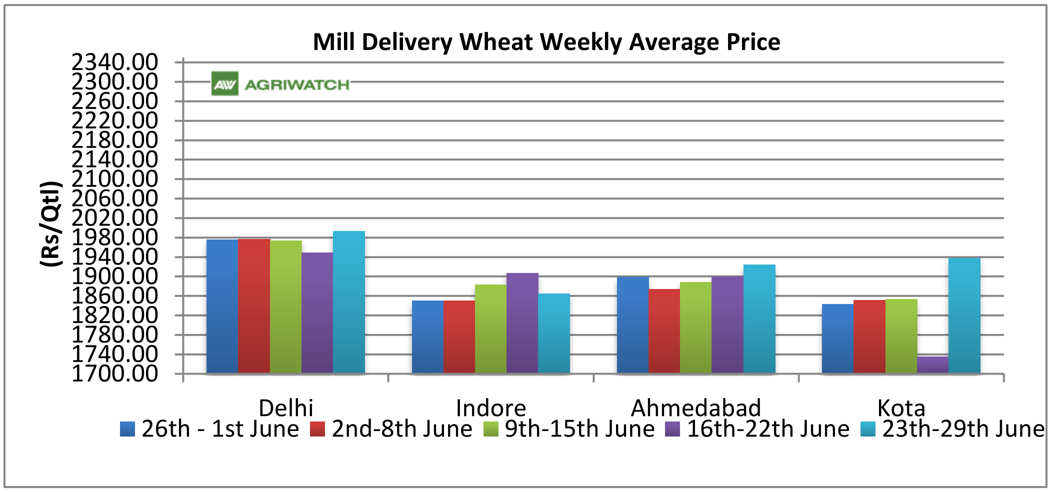
Average mill delivery prices of Wheat remained high except in Indore, during 23th -2th June 2020. Markets are open in the country after following lockdown. Market is likely to trade steady to firm in upcoming week. Harvesting of the new crop and official procurement of the wheat has already completed. Government completed his procurement target of 40.7 MMT this season.



Wheat and Rice Stocking Norms

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 29th 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	1.33	33.80	35.13
Madhya Pradesh	0.00	129.35	129.35
Bihar	0.00	0.05	0.05
Rajasthan	15.79	5.83	21.62
Others	0.14	0.78	0.89
All-India	**38.15**	**350.19**	**388.34**

FOB Quote for Wheat at Kandla

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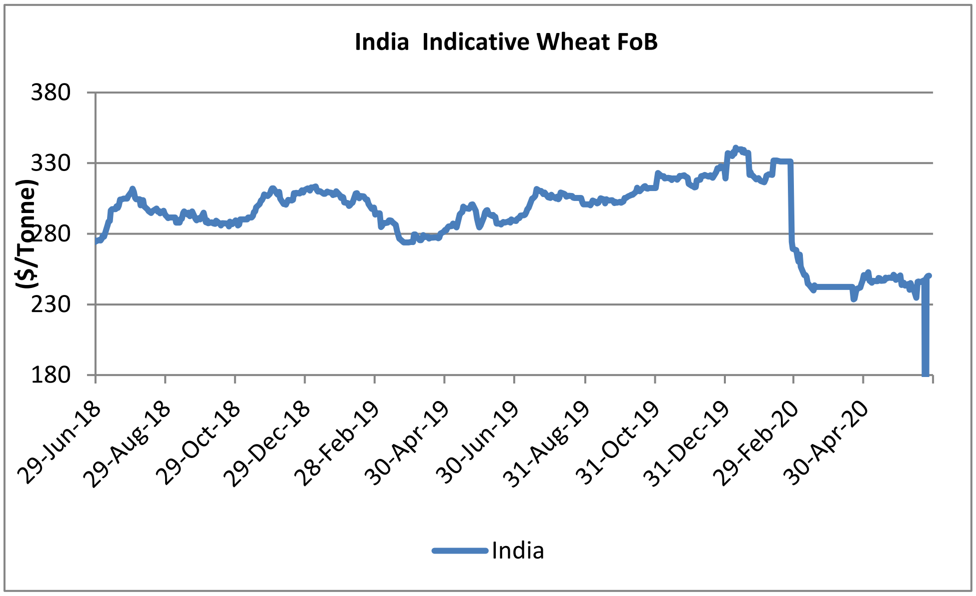
Wheat FoB quote in India noticed steady tone in the past week. The demand for Indian wheat in the international market is low. Export window remains restricted due to disparity.

Wheat FoB quote for Kandla is likely to witness steady to firm tone in the coming week and is likely to hover in the range of $248-$251 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**
		26-Jun-20	**19-Jun-20**	**29-May-20**	**28-Jun-19**	
USA (Chicago)	2srw	206.59	199.34	217.05	236.74	**-12.74**
France	FCW3	NA	NA	NA	206.35	**#VALUE!**
Australia	ASW	229.77	232.56	250.80	217.00	**5.88**
Russia	SRW	195.00	198.00	NA	189.00	**3.17**
India	Fob	250.40	246.00	248.51	289.51	**-13.51**

	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: 29.06.2020**

Contract Month	**+/-**	**Open**	**High**	**Low**	**Close**	**Volume**	**Change From previous day**	**Open Interest**	**Change From previous day**
20-July					*1905*				
20-Aug					*1913*				
20-Sep					*1913*				

Wheat Technical Analysis:

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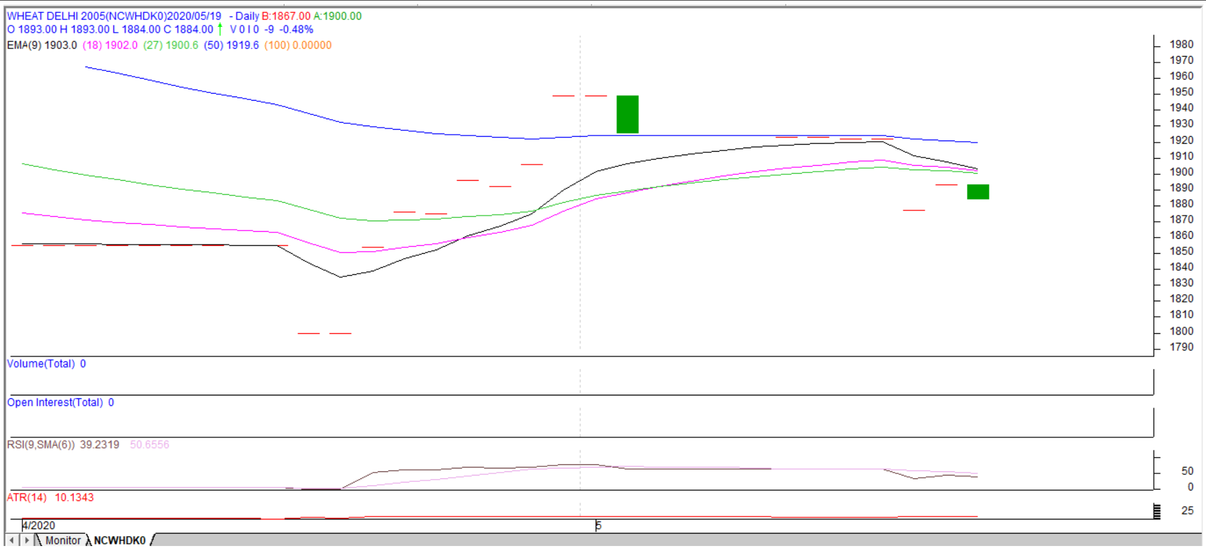
Wheat- Technical outlook



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	July	1868	1858	1893	1942	1952
Pre-Market Intraday Trade Call*			**Call**	**Entry**	**T1**	**T2**	**SL**
Wheat	NCDEX	July	**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
	27-Jun-20	20-Jun-20	30-May-20	28-Jun-19	
Indore	1875	1825	NA	1935	-3.10
Bareilly	NA	NA	NA	NA	-
Delhi	1986	1962	1971	2030	-2.17
Khanna	NA	NA	NA	NA	-
Kanpur	1910	1870	NA	1915	-0.26
Karnal	NA	NA	NA	NA	-
Rajkot	1840	1812	NA	1966	-6.41
Kota	1900	1881	1878	1938	-1.96

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Domestic Market Weekly Outlook:

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Wheat market is expected to notice range –bound to weak tone as the procurement of the new crop is completed.

Spot Market Price:

Centre	Market	Variety	Prices (Rs/Qtl) Today 27-Jun-20	Yesterday 26-Jun-20	Week Ago 20-Jun-20	Month Ago 29-May-20	Year Ago 29-Jun-19
Delhi	Lawrence Road	Mill Delivery	2025	2000	1955	1975	2040
	Narella	Mill Quality Loose	1860	1850	1825	1820	1950
	Nazafgarh	Mill Quality Loose	1800	1800	1800	NA	1930
Gujarat	Rajkot	Mill Delivery	1875	1825	1800	1815	1930
	Ahmedabad	Mill Delivery	1940	1920	1890	1900	2030
	Surat	Mill Delivery	1980	1950	1930	2000	2070
	Dhrol	Mill Delivery	NA	1785	NA	1700	1900
M.P.	Indore	Mill Delivery	1900	1900	1900	Closed	1970
	Bhopal	Mill Quality Loose	1750	1760	1740	Closed	1825
Rajasthan	Kota	Mill Quality Loose	1850	1800	1740	1725	1830
		Mill Delivery	1980	1950	1890	1860	1920
U.P.	Kanpur	Mill Delivery	2000	2000	Closed	1950	1930
	Mathura	Mill Quality Loose	1825	1830	Closed	1805	1790
	Kosi	Mill Quality Loose	1825	1825	1870	1850	1900
	Hathras	Mill Quality Loose	1795	1760	1760	1825	1825
	Aligarh	Mill Quality Loose	1800	1790	Closed	1800	1870
Punjab	Khanna	Mill Quality Loose	1800	1800	1820	1925	1920
	Ludhiana (Jagraon)	Mill Delivery	NA	NA	NA	0	0
Haryana	Sirsa	Mill Delivery loose	1875	1875	1870	1925	1915
	Hodal	Mill Delivery	NA	NA	NA	0	0
	Bhiwani	Mill Quality Loose	1900	1900	1970	1900	1925
	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	2200	2350
	Madurai	Mill Quality	2207	2250	2250	2300	2450

	Coimbatore	Mill Quality	2207	2300	2300	2350	2500
Bihar	Khagariya	Mill Delivery	2000	2000	2000	2100	1900
	Muzaffarpur	Mill Delivery	1900	1900	1915	1980	1830

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: (**Back to Table of Contents**)

The European Commission (EC) lowered its forecast for total European Union (EU) soft wheat production to 117 MMT, down 3% from last month's estimate and 20% lower than last year's output on extreme dryness in France and Germany during the growing season.

IKAR, a Russian agriculture consultancy increased its 2020 Russian wheat production estimate to 79.5 MMT, up 2% from its previous estimate and 8% more than last year, if realized. IKAR increased its estimate for Russian wheat exports to 37.0 MMT, up 2.0 MMT from its previous forecast. That would be 10% more wheat exported in 2020/21 than the year prior.

Brazil's government could move to boost domestic wheat production with the goal of reducing the country's dependency on wheat imports from Argentina. Last year, Brazil imported 7.20 MMT of wheat from all origins, 85% of which came from Argentina. According to USDA, Brazil is forecast to produce 5.50 MMT of wheat in 2020/21, up 6% from last year's output, if realized.

The new crop U.S. HRW harvest is in full swing from Texas to central Kansas and the SRW harvest is well underway from Arkansas to Alabama. According to USDA, as of June 22, 29% of the country's total winter wheat area is harvested.

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.

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.

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	25.06.2020
Production	757	762	733	766	768
Trade	177	176	169	178	180
Consumptions	736	739	739	755	751
Carryover stocks	248	271	265	289	290
Y-O-Y change	21	22	-5	NA	16
Major Export	79	83	70	64	65

- *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 751 MMT for 2019-20. The forecast is higher by 12 MMT compared to 2018-19.*
- *Carryout for 2019-20 is forecast at 290 MMT compared to estimate of 265 MMT last year. It is higher by around 25 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
	26-Jun-20	19-Jun-20	29-May-20	23-Mar-20	30-Dec-19	28-Jun-19	
Jul-20	174.15	176.81	191.32	204.18	206.11	200.88	**-13.31**
Sep-20	174.79	178.28	192.33	204.18	208.04	205.38	**-14.89**
Dec-20	177.82	181.59	195.55	206.57	211.35	209.42	**-15.09**
Mar-21	181.04	185.08	198.49	208.13	212.45	212.27	**-14.71**
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**

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CBOT July-20

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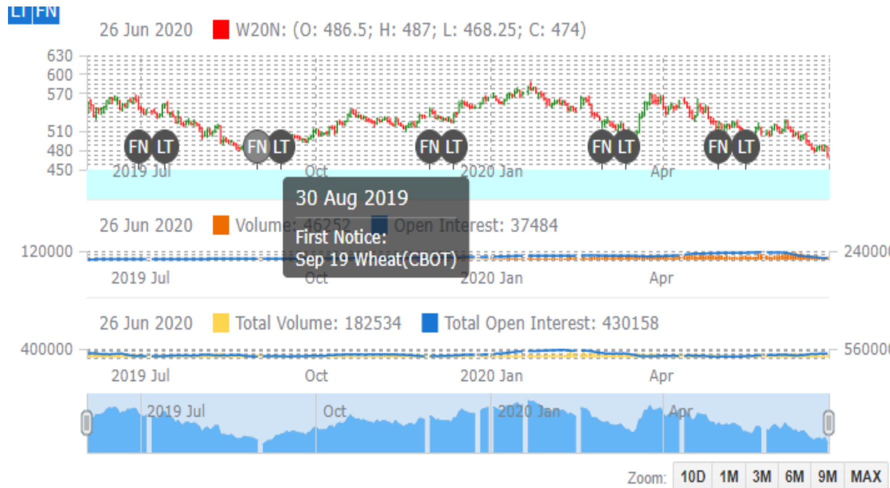
1st Support: 189.00
2nd Support: 188.00
1st Resistant: 193.00
2nd Resistant: 194.00
($ per tonne)

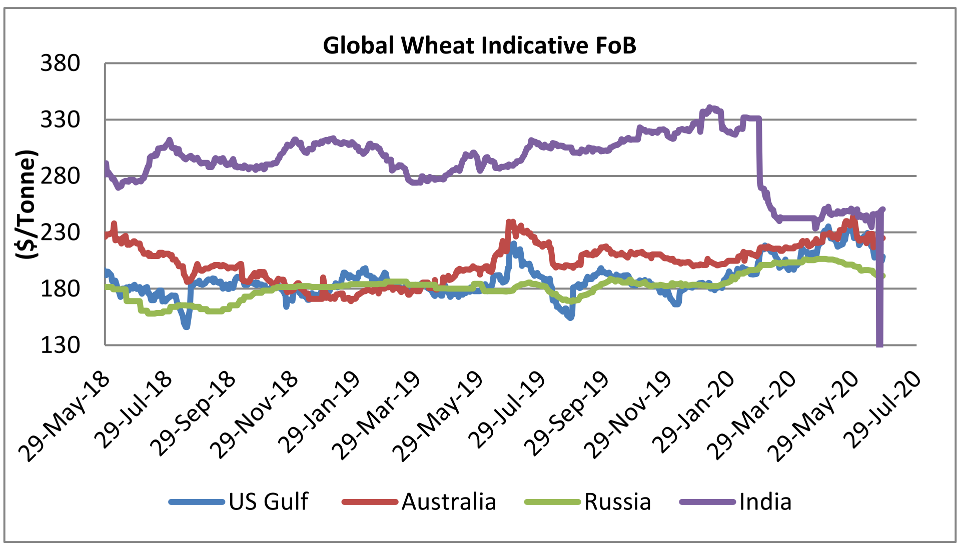


Wheat CBOT closed at $4.76 per bushel. U.S. wheat net export sales during the week ended 28th May was 2,10,000 tonnes were 87% higher compared to 2,70,000 tonnes last week. This week commercial sale was 5,19,000 MT 3% up from last week. USDA expects total exports for 2019-20 to be around 25.9 MMT, lower 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.