

Wheat Weekly Research Report

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Wheat Domestic Market Fundamentals

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According to Govt. sources FCI buys grain from farmers at a state-set guaranteed price, has bought a record 38.83 MMT of wheat, it now looks like that FCI will end up buying 40.5 to 41 MMT this year.

Prime Minister had announced the extension of Pradhan Mantri Garib Kalyan Ann Yojana till the end of November 2020. He said that the PMGKAY scheme is extended from July till the end of November 2020. the Department of Food and PD has worked out estimated cost under TPDS @ 5 Kg per person per month for three months i.e. April-June, 2020 would entail an estimated subsidy of Rs. 44,131 crore taking the estimated Economic Cost of Rs. 26,838.40/MT for wheat (as per BE 2020-2021).

India on Tuesday deployed a helicopter and a dozen drones spraying insecticide to stop desert locusts that have spread to nine heartland states of the world's second-biggest producer of wheat. The move came after swarms invaded Gurugram, India battling its worst desert locust outbreak for decades, pressed into service 12 drones to track the movement of locusts and spray insecticides on the swarms.

FCI will now procure wheat at Kota and -Bundi on support price till 7 July. The Food-Public Distribution Ministry has issued its orders on Tuesday.

As per the Food Corporation of India report dated 30.06.2020, FCI currently has 558.25 MMT wheat.

Previous Updates

The government's wheat procurement has completed at all-time record of 38.83 million tonnes so far in the 2020-21 marketing year, with Madhya Pradesh surpassing Punjab as the country's biggest wheat procuring state. UP has been unable to meet its targets in procurement.

With monsoon arriving on time, not all procurement centers in MP and UP had made sufficient provisions for protecting the stocks procured and some damage is expected.

Outlook & Recommendation: All India weekly average prices decrease by 6.92 percent to Rs. 2206.10 per quintal during the week ended 5th July 2020. Wheat average price were ruling at Rs 2107.1 per quintal during 29st June-05th July 2019. Prices are expected to trade steady to firm as official procurement is completed.

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

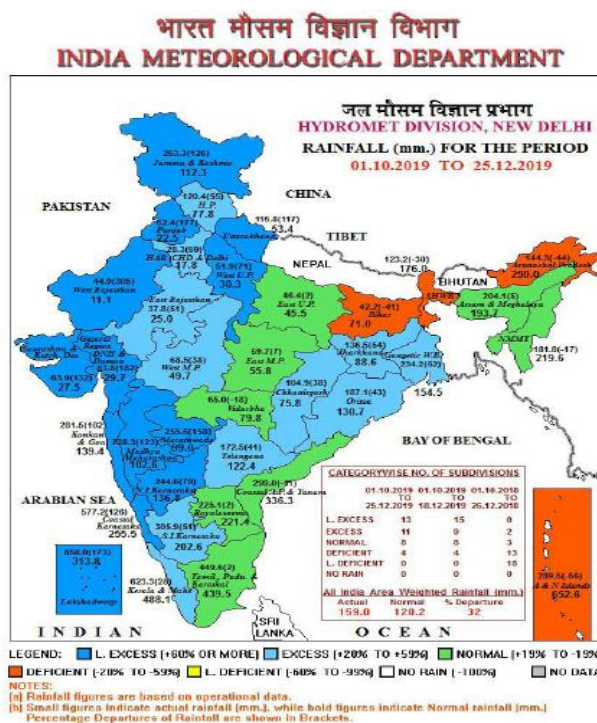
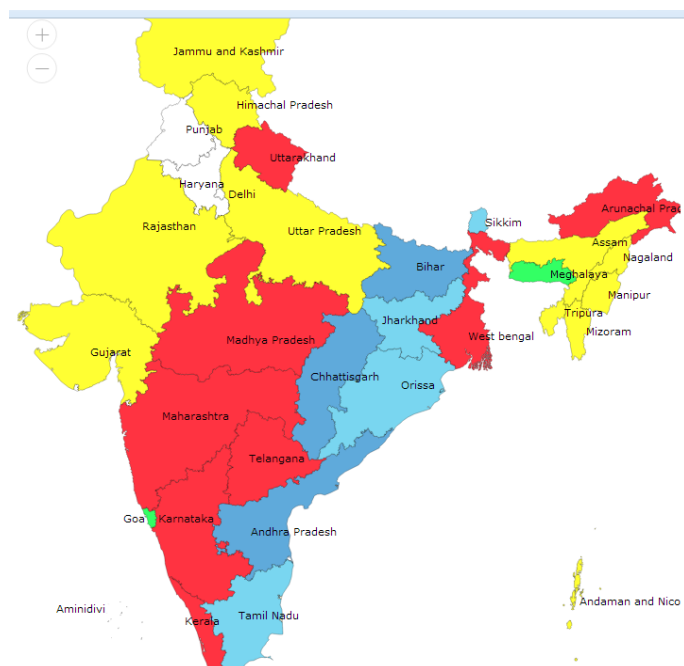
Wheat Import

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

Note: There was no import in the month of May.

Source: Trade

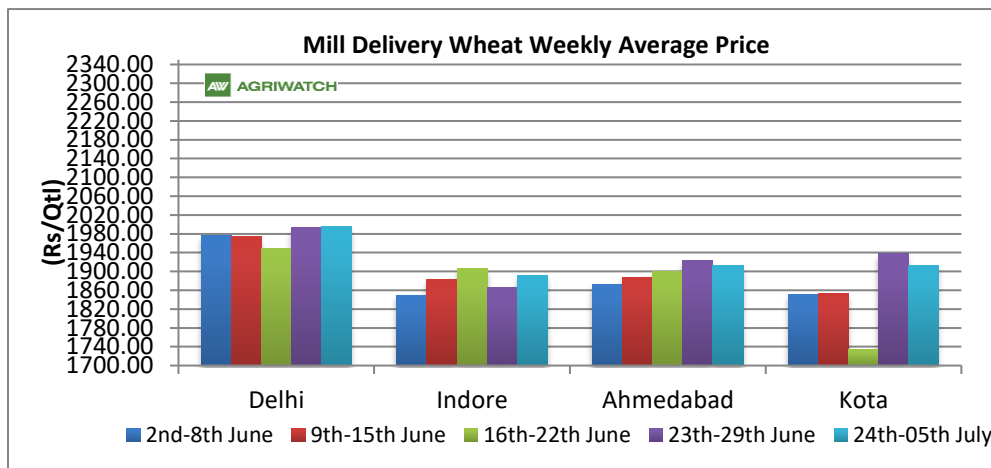
Monsoon Weekly Cumulative rainfall



Source: IMD

Wheat Weekly Average Price Chart
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Average mill delivery prices of Wheat remained high except in Indore and Kolkata, during 29th -05th July 2020. Markets are open in the country after following lockdown. Market is likely to trade steady to firm in upcoming week. official procurement of the wheat has already completed. Government has procured 38.83 MMT of wheat 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

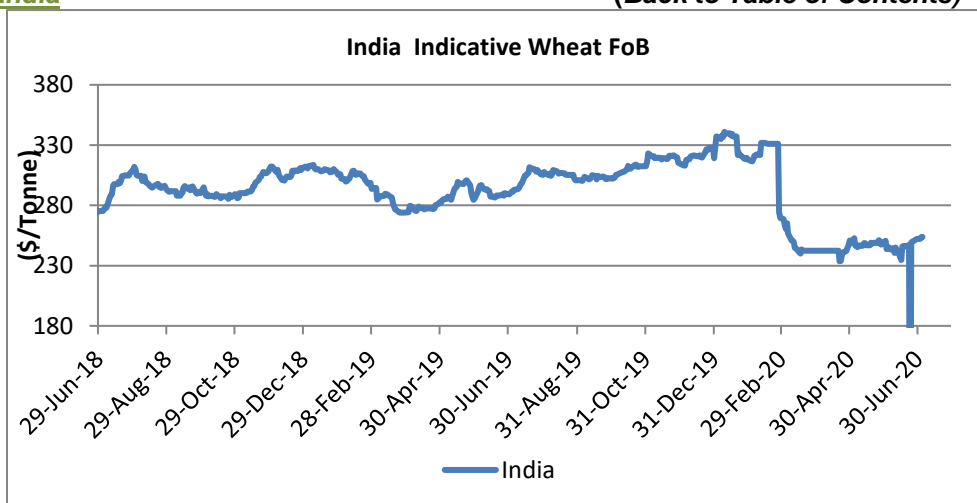
State/UTs	Procurement as on 29 th June-2020 (Figures in LMT)		
	FCI (A)	State Agency (B)	Total (A+B)
Punjab	14.19	112.93	127.12
Haryana	6.70	67.28	73.98
Uttar Pradesh	1.33	33.80	35.13
Madhya Pradesh	0.00	129.35	129.35
Bihar	0.00	0.05	0.05
Rajasthan	15.79	5.83	21.62
Others	0.14	0.78	0.89
All-India	38.15	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
		2-Jul-20	25-Jun-20	4-Jun-20	4-Jul-19	
USA (Chicago)	2srw	213.81	208.78	218.10	227.40	-5.98
France	FCW3	NA	NA	207.03	200.06	NA
Australia	ASW	229.08	226.44	249.09	213.50	7.30
Russia	SRW	194.00	195.00	NA	184.00	5.43
India	Fob	253.71	250.07	245.35	NA	NA

	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: 05.06.2020

Contract Month	+/-	Open	High	Low	Close	Volume	Change From previous day	Open Interest	Change From previous day
20-July					1894				
20-Aug					1901				
20-Sep					1901				

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
	4-Jul-20	27-Jun-20	6-Jun-20	5-Jul-19	
Indore	1837	1875	1827	1955	-6.04
Bareilly	NA	NA	0	0	-
Delhi	1996	1986	1978	2036	-1.96
Khanna	NA	NA	0	0	-
Kanpur	1925	1910	1900	1915	0.52
Karnal	NA	NA	0	0	-
Rajkot	1845	1840	1800	1955	-5.63
Kota	1890	1900	1882	1965	-3.82

Domestic Market Weekly Outlook:

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

Spot Market Price:							
Centre	Market	Variety	Prices (Rs/Qtl)				
			Today	Yesterday	Week Ago	Month Ago	Year Ago
			04-Jul-20	03-Jul-20	26-Jun-20	05-Jun-20	05-Jul-19
Delhi	Lawrence Road	Mill Delivery	1995	1995	2000	1975	2030
	Narella	Mill Quality Loose	1870	1850	1850	1800	1950
	Nazafgarh	Mill Quality Loose	1810	1825	1800	NA	1930
Gujarat	Rajkot	Mill Delivery	1810	1835	1825	1770	1940
	Ahmedabad	Mill Delivery	1875	1890	1920	1880	2050
	Surat	Mill Delivery	1925	1935	1950	1940	2080
	Dhrol	Mill Delivery	NA	NA	1785	0	1960
M.P.	Indore	Mill Delivery	1925	1870	1900	1925	2025
	Bhopal	Mill Quality Loose	1750	1750	1760	1740	1850
Rajasthan	Kota	Mill Quality Loose	1770	1750	1800	1700	1855
		Mill Delivery	1880	1870	1950	1850	1980
U.P.	Kanpur	Mill Delivery	2000	2000	2000	2000	1930
	Mathura	Mill Quality Loose	1820	1820	1830	1790	1820
	Kosi	Mill Quality Loose	1850	1800	1825	1850	1940
	Hathras	Mill Quality Loose	1800	1820	1760	1850	1850
	Aligarh	Mill Quality Loose	1820	1810	1790	1795	1860
Punjab	Khanna	Mill Quality Loose	1800	1800	1800	1900	1940
	Ludhiana (Jagraon)	Mill Delivery	NA	NA	NA	0	0
Haryana	Sirsa	Mill Delivery loose	1870	1870	1875	1920	1940
	Hodal	Mill Delivery	NA	NA	NA	0	0
	Bhiwani	Mill Quality Loose	1600	1600	1900	1925	1940
	Karnal	Mill Delivery	NA	NA	NA	0	0
	Panipat	Mill Quality Loose	NA	NA	NA	0	0
Tamil Nadu	Chennai	Mill Quality	2200	2150	2150	2150	2300
	Madurai	Mill Quality	2257	2300	2250	2250	2350



	Coimbatore	Mill Quality	2257	2350	2300	2300	2400
Bihar	Khagariya	Mill Delivery	2000	2000	2000	2000	2000
	Muzaffarpur	Mill Delivery	1870	1870	1900	1925	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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Stats Canada trimmed its estimate for the Canadian wheat crop. An increase in durum wheat sowing was offset by lower spring wheat sowing. Total wheat area is down 1.8 percent to slightly under 25 million acres, up 1.5 percent for the year but still below trade expectations. Spring wheat was cut by 4.5 percent to 17.9 million acres. Winter wheat was lowered 5 percent to 1.3 million acres while durum wheat was raised 5.7 million acres.

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. Summer grain acreage is 400 million mu (about 26.67 million hectares) this year. 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.

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

Ukraine wheat output in 2020-21 is forecast to decline by 15% from the previous year due to dryness in key production regions, according to US Department of Agriculture (USDA). The USDA expects wheat production to drop to 24.7 million tonnes in 2020-21 from 29.1 million tonnes in 2019-20. 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.

Russian wheat exports will fall in July after a slow start to the harvest but will rise in later months when there will not be export quotas, The world's largest wheat exporter, which competes with the European Union, Ukraine and others to supply Africa and the Middle East, began harvesting wheat late this year. Yields have been lower so far but are expected to climb.

Farm office FranceAgriMer on 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.

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.

USDA reports that due to adverse weather, Morocco's wheat harvest will be historically low. The wheat harvest is expected to be 60 percent below the 10-year average. The USDA added that the Moroccan government will suspend customs duties on common wheat for all of 2020.

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 forecast 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, higher by 35 MMT.
- 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
	03-Jul-20	26-Jun-20	05-Jun-20	30-Mar-20	06-Jan-20	05-Jul-19	
Jul-20	180.03	174.15	189.30	205.10	204.64	198.86	-9.47
Sep-20	180.76	174.79	191.14	205.38	207.12	205.38	-11.99
Dec-20	183.61	177.82	194.91	208.22	210.70	209.42	-12.32
Mar-21	186.46	181.04	198.40	210.15	212.45	212.27	-12.16
May-21	512.50	498.75	544.75	524.25	571.00	565.50	-6.28
Jul-21	513.75	500.75	500.75	524.00	561.25	576.25	-8.03

CBOT July-20

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

Wheat CBOT closed at \$4.92 per bushel. U.S. wheat net export sales during the week ended 02th July was 2,10,000 tonnes were 87% higher compared to 2,70,000 tonnes last week. This week commercial sale was 4,14,000 MT 20% down 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 \$251.74 per tonne.

US and Russian quotes are hovering in the range of \$204.19 - \$216.31 and \$193.00-\$196.50 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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