Wheat Weekly Research Report
13th July-2020

Wheat Weekly Research Report

Table of Contents

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

The Delhi government decided to provide monthly free ration from July to all PDS card holders till November 2020. This particular scheme helps nearly 71,40,938 people who get subsidized food grains. These include 68,465 Antodya Anna Yojna (AAY) households with 2,78,954 beneficiaries. The price is Rs 2 per kg for, which shall not be charged from the NFS beneficiaries while obtaining the ration from July till November. Regular entitlement under AAY category is 25 kg wheat per household.

According to Govt. sources FCI which buys grain from farmers at a state-set guaranteed price, has bought a record 38.94 MMT of wheat and 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.
Uttar Pradesh, has fallen short of its wheat purchase target this year as the agencies could purchase only 35.76 lakh tons of wheat against the set target to purchase 55 lakh tons. Last year the government had purchased 37.04 lakh tons of wheat.

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 7.81 percent to Rs. 2033.85 per quintal during the week ended 13th July 2020. Wheat average price were ruling at Rs 2145.44 per quintal during 01st June-08th July 2019. Prices are expected to trade steady to slightly firm as official procurement is completed.

Wheat Weekly Export

(Back to Table of Contents)

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
Note: June fig. is awaited.

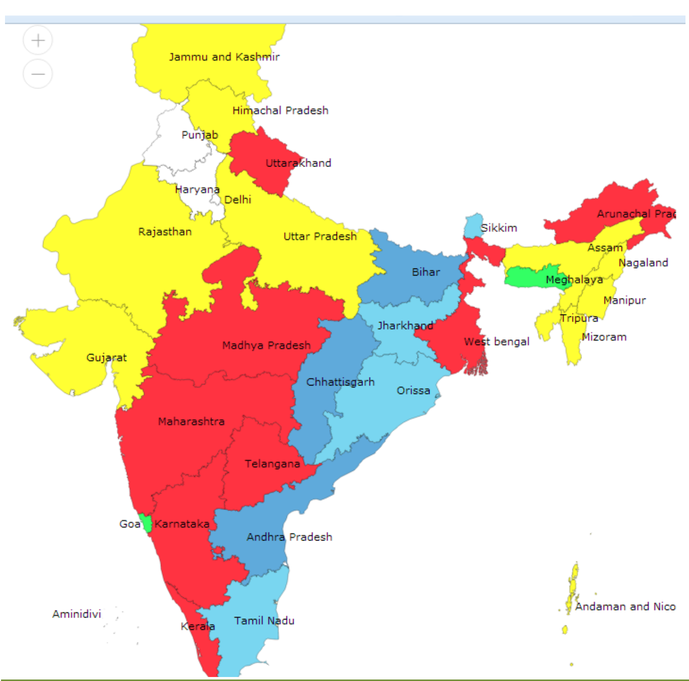
Wheat Import

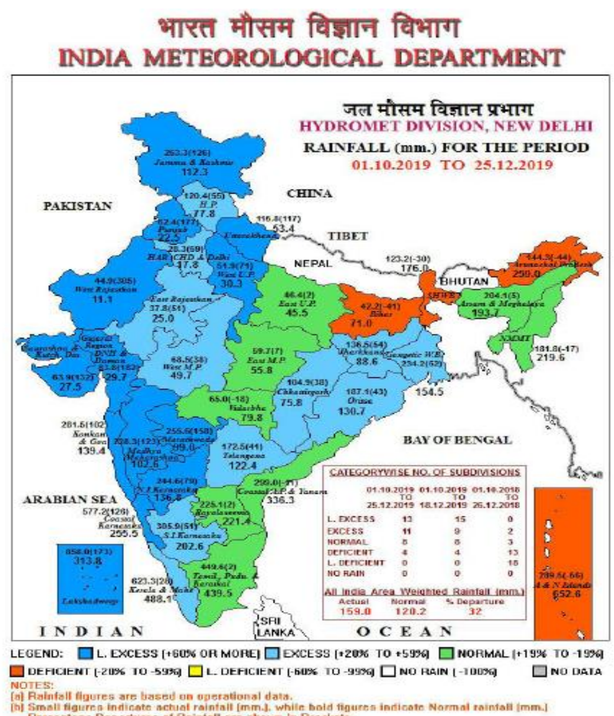
Date	Foreign Country	Port	Quantity in MT
May-2020	Australia, UK	Tuticorin	0
	Total		0

Note: June fig. is awaited.
Source: Traders

Monsoon

Weekly Cumulative rainfall



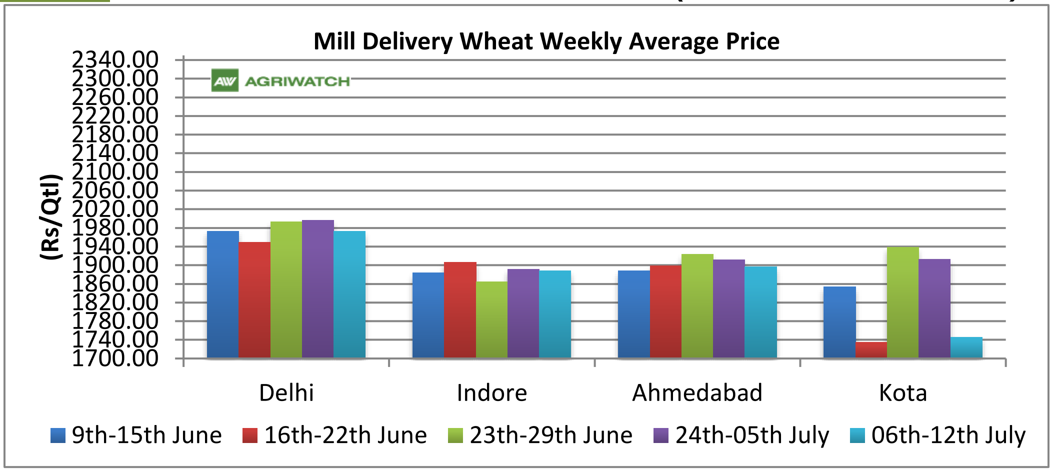


Source: IMD

Wheat Weekly Average Price Chart

(Back to Table of Contents)

Average mill delivery prices of Wheat remained high except in Indore and Kolkata, during 06th -12th July 2020. Markets are open in the country after the lockdown. Market is likely to trade steady to slightly firm in upcoming week. Free distribution of wheat till Nov would keep market moving range bound. Official procurement of the wheat has already completed. Government has procured 38.94 MMT of wheat 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 10th July-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	1.34	34.19	35.53
Madhya Pradesh	0.00	129.35	129.35
Bihar	0.00	0.05	0.05
Rajasthan	16.27	5.93	22.20
Others	0.14	1.07	0.83
All-India	**38.15**	**350.80**	**389.44**

AGRIWATCH

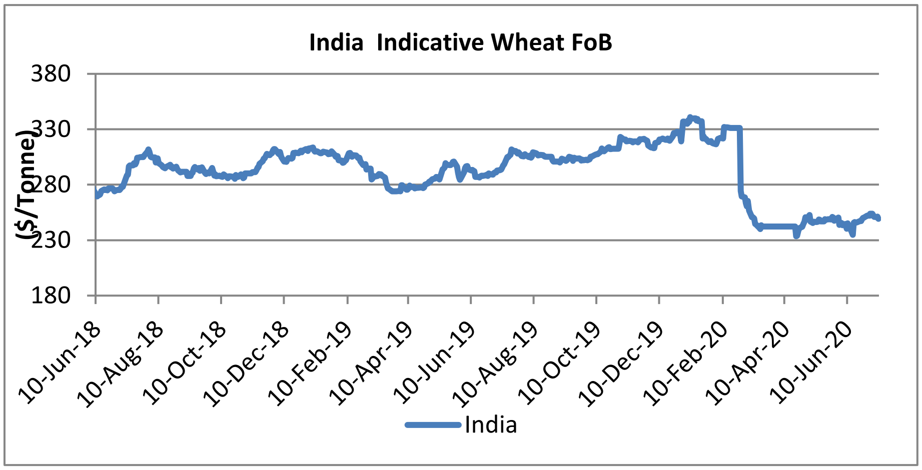
Wheat Weekly Research Report
13th July-2020

FOB Quote for Wheat at Kandla

(**Back to Table of Contents**)

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 $240-$253 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**
		10-Jul-20	**2-Jul-20**	**10-Jun-20**	**11-Jul-19**	
USA (Chicago)	2srw	229.24	213.81	212.80	224.65	**2.04**
France	FCW3	216.87	NA	203.82	194.82	**11.32**
Australia	ASW	232.53	229.08	245.00	213.50	**8.91**
Russia	SRW	202.00	194.00	203.00	184.00	**9.78**
India	Fob	249.10	253.71	245.10	297.43	**-16.25**

	15/06/2020	*08/06/2020*	*01/06/2020*	*25/05/2020*
Black Sea Mill Wheat 12.5% FOB Pmax. ($/T)	*203*	*201*	*206*	*205*
Black Sea Mill Wheat 11.5% FOB Pmax. ($/T)	*199.50*	*202*	*197*	*199*

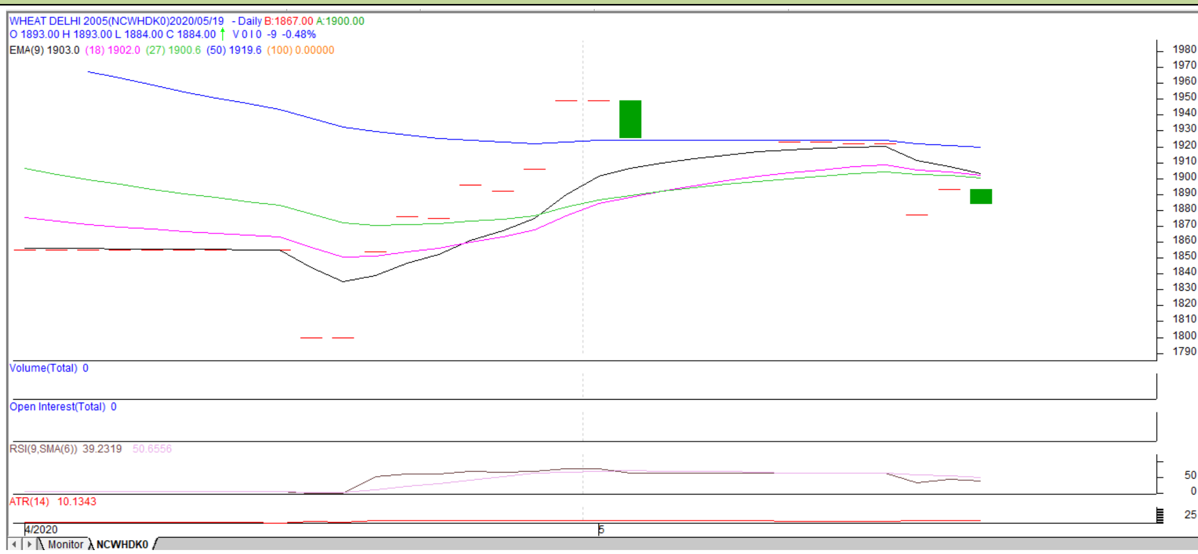
NCDEX Wheat Contracts

Wheat Futures Contact: NCDEX Price									**Date: 13.07.2020**
Contract Month	**+/-**	**Open**	**High**	**Low**	**Close**	**Volume**	**Change From previous day**	**Open Interest**	**Change From previous day**
20-July					*1897*				
20-Aug					*1905*				
20-Sep					*1905*				

Wheat Technical Analysis:

(*Back to Table of Contents*)

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
	11-Jul-20	4-Jul-20	11-Jun-20	12-Jul-19	

Indore	1837	1837	1825	1965	-6.51
Bareilly	NA	NA	NA	NA	NA
Delhi	1968	1996	1974	2040	-3.53
Khanna	NA	NA	NA	NA	NA
Kanpur	1910	1925	1900	1940	-1.55
Karnal	NA	NA	NA	NA	NA
Rajkot	1824	1845	1810	1975	-7.65
Kota	1895	1890	1877	1973	-3.95

Domestic Market Weekly Outlook: **(*Back to Table of Contents*)**

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

Spot Market Price:

Centre	Market	Variety	Prices (Rs/Qtl)				
			Today	Yesterday	Week Ago	Month Ago	Year Ago
			11-Jul-20	10-Jul-20	04-Jul-20	12-Jun-20	13-Jul-19
Delhi	Lawrence Road	Mill Delivery	1965	1975	1995	1970	2040
	Narella	Mill Quality Loose	1860	1870	1870	1800	1930
	Nazafgarh	Mill Quality Loose	1810	1850	1810	1780	1925
Gujarat	Rajkot	Mill Delivery	1820	1810	1810	1770	2000
	Ahmedabad	Mill Delivery	1890	1880	1875	1880	2070
	Surat	Mill Delivery	1930	1940	1925	1940	2110
	Dhrol	Mill Delivery	NA	NA	NA	0	1815
M.P.	Indore	Mill Delivery	1900	1900	1925	1850	2040
	Bhopal	Mill Quality Loose	1800	1750	1750	1750	1950
Rajasthan	Kota	Mill Quality Loose	1750	1725	1770	1700	1860
		Mill Delivery	1865	1860	1880	1840	1970
U.P.	Kanpur	Mill Delivery	Closed	2000	2000	2000	1960
	Mathura	Mill Quality Loose	Closed	Closed	1820	1775	1830
	Kosi	Mill Quality Loose	Closed	1860	1850	1800	1900
	Hathras	Mill Quality Loose	Closed	1780	1800	1790	1860
	Aligarh	Mill Quality Loose	Closed	Closed	1820	1795	1870
Punjab	Khanna	Mill Quality Loose	1800	1800	1800	1880	NA
	Ludhiana (Jagraon)	Mill Delivery	NA	NA	NA	0	0

Haryana	Sirsa	Mill Delivery loose	1860	1860	1870	1890	1940
	Hodal	Mill Delivery	NA	NA	NA	0	0
	Bhiwani	Mill Quality Loose	1700	1700	1600	1900	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	2300	2250	2450
	Coimbatore	Mill Quality	2257	2350	2350	2300	2500
Bihar	Khagariya	Mill Delivery	2000	2000	2000	2050	1900
	Muzaffarpur	Mill Delivery	1800	1800	1870	1900	1850

Sowing Status:

(Back to Table of Contents)

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)***

USDA now expects total world wheat production will reach 769 MMT, 4 MT less than its June estimate, but still slightly higher than last year's record of 765 MMT. Total global wheat ending stocks fell slightly from the June estimate to 315 MMT, still a world record and 6% more than last year.

Heavy rain in many of the key growing areas of Canada caused little damage to crops reported the Canadian agriculture ministry. Crops in Saskatchewan were seen as developing normally for the last week of June. In Alberta, overall crop conditions were rated at 80 percent good to excellent compared to 70 percent last year. In Manitoba, however, the effects of excessive moisture were still being assessed. Canadian wheat production is expected to be up 5 percent this year compared to last year.

Scant rain across many of Argentina's main planting areas is slowing wheat planting. Farmers were able to get nearly 8% of expected area planted this week, bringing the current total to 86.8% of a projected 6.5 million hectares (16.0 million acres). Rosario grains exchange cut the 2020/21 wheat crop forecast to 18-19 MMT from 21-22 MMT previously predicted following prolonged dryness.

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.

As harvest season gets underway in the Black Sea region, the cost of freight for Panamax-size vessels jumped. Sources said the demand in the North Atlantic was slow the first half of the year, leaving many cargoes in the Far East, far from where they are needed. Prices for July shipment from Ukraine to China climbed $28.85/mt, Ukraine to North Africa surged 9 percent.

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.

Wheat acres in Britain are down 25 % for the year after wet autumn weather pushed many farmers to have to switch to spring planting. Wheat planting was predicted to be 1.36 million hectares (3.9 million acres). Despite a wet autumn, the spring was mostly dry, further complicating wheat planting. The wheat harvest is expected to be around 10.0 MMT down from the 16.3 MMT harvested in 2019.

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.

IGC Wheat Balance Sheet:

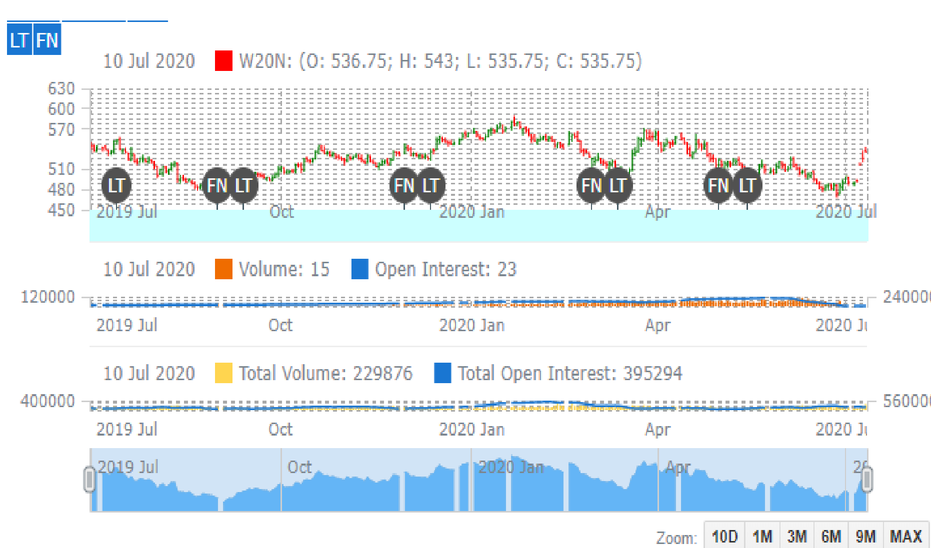
(Back to Table of Contents)

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 y 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
	10-Jul-20	03-Jul-20	12-Jun-20	06-Apr-20	13-Jan-20	12-Jul-19	
Jul-20	196.83	180.03	184.43	202.44	208.22	203.17	-3.12



Sep-20	196.19	180.76	186.55	203.08	210.43	205.38	**-4.47**
Dec-20	198.03	183.61	189.85	205.74	213.73	209.42	**-5.44**
Mar-21	199.50	186.46	193.34	208.04	212.45	212.27	**-6.01**
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

(Back to Table of Content00s0)

1st Support: 187.00
2nd Support: 186.00
1st Resistant: 194.00
2nd Resistant: 195.00
($ per tonne)

Wheat CBOT closed at $4.52 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 3,26,000 MT 21% 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 $251.52 per tonne.

US and Russian quotes are hovering in the range of $213.81 - $229.24 and $193.00-$202.50 per tonne respectively. Wheat prices in international markets noticed range -bound to weak tone in last week.
Wheat is expected to trade steady to firm and hover in the range of $200 to $260 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.