Wheat Weekly Research Report
27th July-2020

Wheat Weekly Research Report

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

FCI has procured a record 38.97 MMT of wheat so far this season and it may end up buying 40.5 to 41 MMT this year. FCI currently has 558.25 MMT wheat in central pool stock in June.

According to FCI, Tenders are invited for Sale Of FAQ Wheat Under OMSS(d) Through E Auction In Respect Of Karnataka and West Bengal State. Tenders were also invited for MTF cum financial bid notice for sale of wheat under OMSS(d) through e-auction (e-17) to empanelled bulk consumer traders of any region with FCI and to state govt. S/ uts for stocks lying at various depots of Madhya Pradesh region.

FCI aims to promote increased purchases by private buyers under OMSS, which came down to nil in June. The FCI has run out of storage facilities, and needs to offload the excess stock. The wholesale market price of wheat is less than the central agency's rate. Under OMSS, the FCI currently sells 'Grade A' wheat at Rs 2,135/quintal and the 'Grade B' at Rs 2,080/quintal. However, these rates are significantly higher than the current market prices of Rs 1,850-1,920/quintal. Under the scheme can be reduced to Rs 1,640/quintal for 'Grade A'. Flour millers have advised it to lower the rate at which wheat is sold for open market operations, by Rs 500 a quintal, saying the move will help it to earn around Rs 16,000 crore in revenues.

Previous Updates

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).

According to the consumer affairs ministry official wheat price under the scheme can be reduced to Rs 1,640/quintal for 'Grade A'.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.

Outlook & Recommendation:

All India weekly average prices decreased by 2.26 percent to Rs. 2000.95 per quintal during the week ended 23rd July 2020. Wheat average prices were ruling at Rs 2123.64 per quintal during 24th June-31st July 2019. Prices may go down despite festive season as supply is expected to increase from the central pool at discounted prices. However, free distribution of wheat till Nov would prevent the market from rising significantly.

Wheat Weekly Export

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Week on Week Exports	Quantity in MT	Average FoB ($/T)
01-07 June -2020	12830.95	25668.60
08-14 June -2020	8053.53	10881.55
15-21 June -2020	9555.81	16815.70
21-31 June -2020	8197.01	18493.60
Total	**38637.32**	**17426.75**

Source: Trade

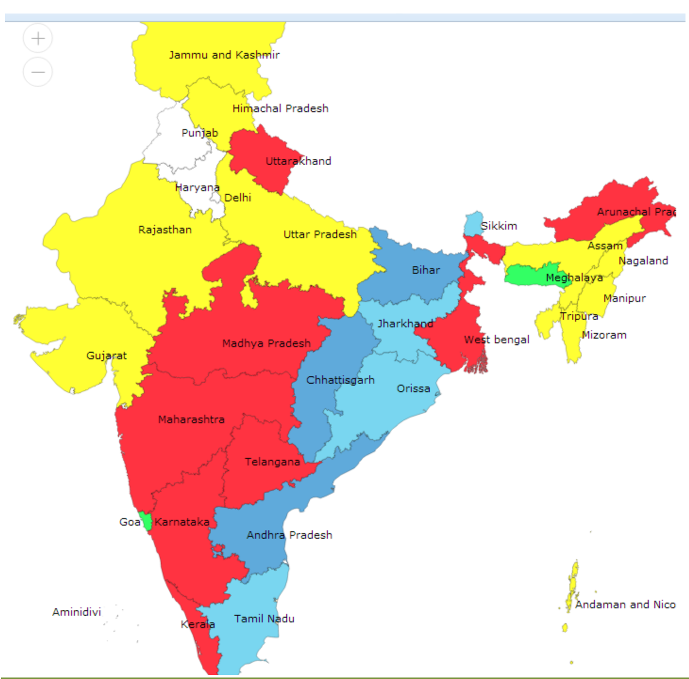
Wheat Import

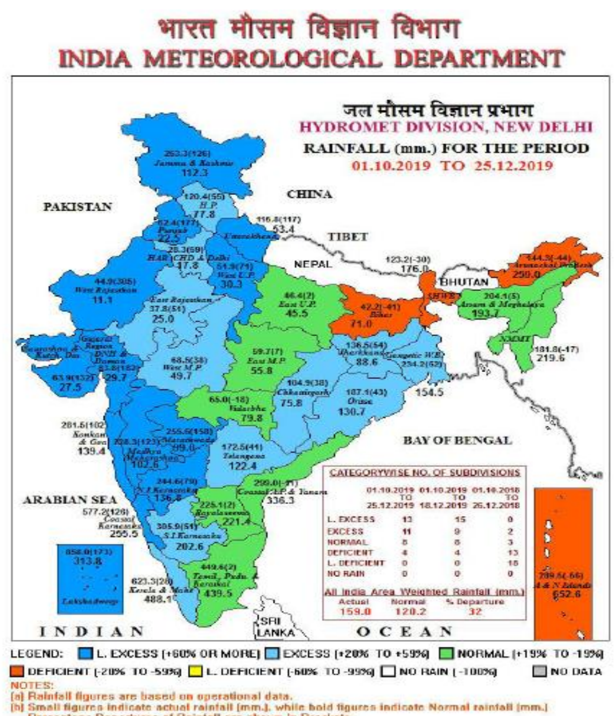
Date	Foreign Country	Port	Quantity in MT
June-2020	Australia, UK	Tuticorin	0
	Total		0

Source: Traders

Monsoon

Weekly Cumulative rainfall





Source: IMD

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Wheat Weekly Average Price Chart

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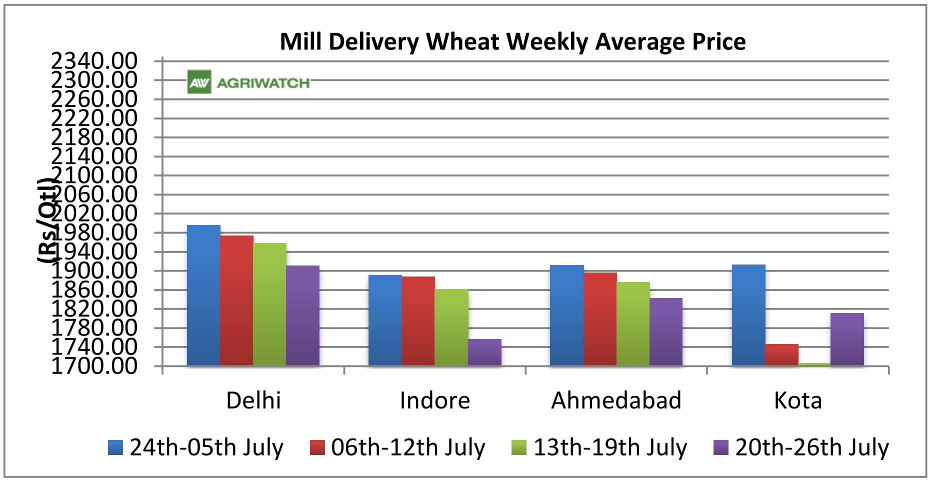
Average mill delivery prices of Wheat remains low, during 20th - 26th July 2020. As compare to last week market shows weak movement in prices and it is likely to trade steady to slightly firm in upcoming weeks. Free distribution of wheat till Nov would keep market moving range bound. Official procurement of the wheat has already completed. Government has procured 38.97 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 22nd 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	35.77
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	1.11	1.25
All-India	**38.64**	**351.08**	**389.72**

FOB Quote for Wheat at Kandla

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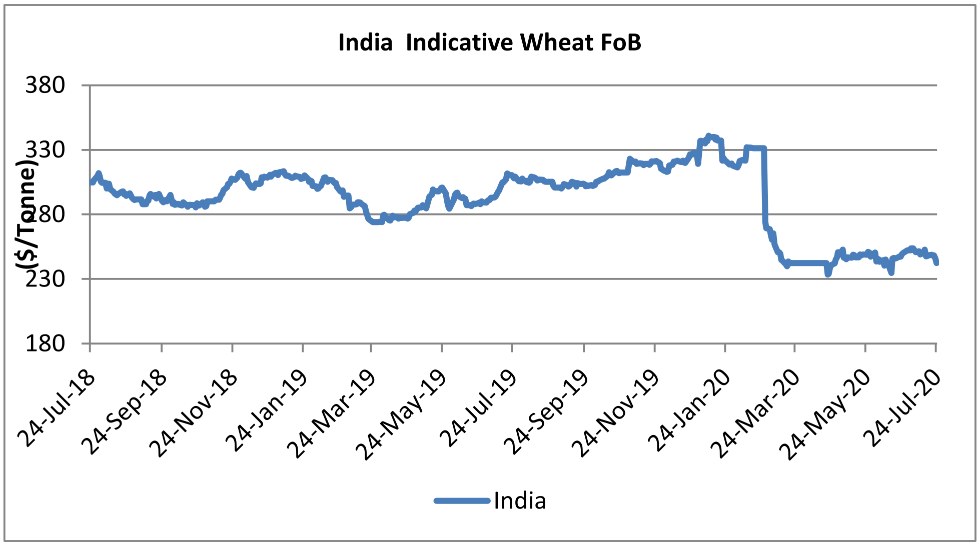
Wheat FoB quote in India noticed steady tone in the past week. The demand for Indian wheat in the international market is low. Export window remains restricted due to disparity.



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 $242.32-$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
		24-Jul-20	17-Jul-20	26-Jun-20	26-Jul-19	
USA (Chicago)	2srw	232.25	238.72	206.59	215.28	7.88
France	FCW3	220.37	215.43	NA	192.91	14.23
Australia	ASW	231.70	232.53	229.77	206.50	12.20
Russia	SRW	206.00	209.00	195.00	187.00	10.16
India	Fob	242.32	248.37	250.40	309.33	-21.66

	24/07/2020	15/07/2020	08/06/2020	01/06/2020
Black Sea Mill Wheat 12.5% FOB Pmax. ($/T)	205	209	201	206
Black Sea Mill Wheat 11.5% FOB Pmax. ($/T)	203	203	202	197

NCDEX Wheat Contracts

Wheat Futures Contact: NCDEX Price									Date: 27.07.2020
Contract Month	+/-	Open	High	Low	Close	Volume	Change From previous day	Open Interest	Change From previous day
20-Aug		-	-	-	1849				
20-Sep		-	-	-	1855				
20-Oct		-	-	-	1862				

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Wheat Technical Analysis:

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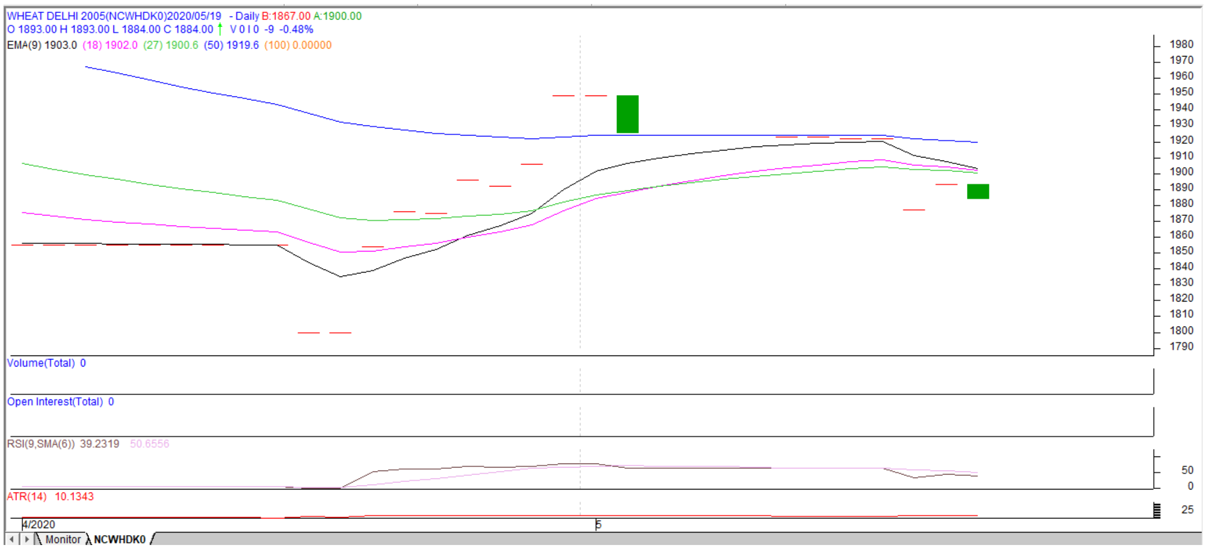
Wheat- Technical outlook



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	Sep	1868	1858	1893	1942	1952
Pre-Market Intraday Trade Call*			**Call**	**Entry**	**T1**	**T2**	**SL**
Wheat	NCDEX	Sep	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 25-Jul-20	Week Ago 18-Jul-20	Month Ago 27-Jun-20	Year Ago 26-Jul-19	% Change over prev. Year
Indore	1800	1812	1875	2062	-12.71
Bareilly	NA	NA	NA	0	-
Delhi	1915	1943	1986	2139	-10.47
Khanna	NA	NA	NA	0	-
Kanpur	NA	1862	1910	2025	NA
Karnal	NA	NA	NA	0	-
Rajkot	1790	1800	1840	2064	-13.28
Kota	1852	1872	1900	2031	1852

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 officially completed.

Spot Market Price:							
Centre	Market	Variety	Prices (Rs/Qtl)				
			Today	Yesterday	Week Ago	Month Ago	Year Ago
			25-Jul-20	24-Jul-20	18-Jul-20	26-Jun-20	27-Jul-19
Delhi	Lawrence Road	Mill Delivery	1910	1925	1940	2000	2170
	Narella	Mill Quality Loose	1780	1770	1800	1850	2050
	Nazafgarh	Mill Quality Loose	1760	1725	1760	1800	2050
Gujarat	Rajkot	Mill Delivery	1735	1750	1800	1825	2070
	Ahmedabad	Mill Delivery	1840	1825	1870	1920	2150
	Surat	Mill Delivery	1890	1890	1930	1950	2200
	Dhrol	Mill Delivery	1690	1695	1750	1785	2070
M.P.	Indore	Mill Delivery	1780	1775	1850	1900	2110
	Bhopal	Mill Quality Loose	1700	1700	1750	1760	1980
Rajasthan	Kota	Mill Quality Loose	1700	1710	1700	1800	1930
		Mill Delivery	1830	1835	1825	1950	2030
U.P.	Kanpur	Mill Delivery	Closed	Closed	Closed	2000	2065
	Mathura	Mill Quality Loose	Closed	1750	Closed	1830	1900
	Kosi	Mill Quality Loose	Closed	1830	Closed	1825	2000
	Hathras	Mill Quality Loose	Closed	1700	Closed	1760	1910
	Aligarh	Mill Quality Loose	Closed	1680	Closed	1790	1950
Punjab	Khanna	Mill Quality Loose	1760	1760	1810	1800	1960
	Ludhiana (Jagraon)	Mill Delivery	NA	NA	NA	NA	0
Haryana	Sirsa	Mill Delivery loose	1780	1780	1850	1875	2030
	Hodal	Mill Delivery	NA	NA	NA	NA	0
	Bhiwani	Mill Quality Loose	1700	1700	1700	1900	2050
	Karnal	Mill Delivery	NA	NA	NA	0	0
	Panipat	Mill Quality Loose	NA	NA	NA	0	0
Tamil Nadu	Chennai	Mill Quality	2100	2100	2150	2150	2300
	Madurai	Mill Quality	2157	2200	2250	2250	2450

	Coimbatore	Mill Quality	2157	2250	2300	2300	2500
Bihar	Khagariya	Mill Delivery	2050	2050	1950	2000	2100
	Muzaffarpur	Mill Delivery	1800	1800	1800	1900	1950

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)**

USDA reported that the new crop U.S. HRW harvest was 74% complete, moving well ahead of last year's pace. Over the next week, weather is expected to be favorable for crop development and harvest. South Dakota reported exceptionally good yields and high protein.

The spring wheat crop was 90% headed as of July 20. Crop conditions held steady as farmers hope for hot dry weather over the next few weeks to aid in protein development. Harvest for early planted fields is expected to begin in the next 10 to 14 days.

The USDA cut its wheat production forecast for Kazakhstan by 700,000 MT and export estimates by 900,000 MT. Poor weather and a lack of moisture dragged down estimates. Early plantings fell by as much as 50%. Despite the reduced export estimates, Kazakhstan is expected to export 6.2 MMT, a 7% increase compared to last year.

Ukrainian wheat stocks are at a 10-year low of 1.8 MMT after the country exported a record amount in 2019/20. Ukraine exported 20.5 MMT of wheat, up 31% compared to the previous season.

The International Grains Council (IGC) cut its global grain production forecast for wheat and coarse grains in 2020/21 by 13. 0 MMT led by lower production estimates in the US, EU and Russia. IGC lowered its wheat estimates by 6.0 MMT to 762.0 MMT and carryover stocks were 288.0 MMT with the trade forecast of 180.0 MMT left unchanged.

Following a volatile week in the futures market, which included speculation that China may purchase U.S. soft red winter (SRW) followed by technical selling, all wheat futures prices ended the same or below last week's close. CBOT SRW futures remained the same at $5.35/bu. KCBT hard red winter (HRW) futures lost 3 cents to close at $4.49/bu.

Stratégie Grains reduced its European Union (EU) soft (non-durum) wheat production estimates to 130 MMT, 11% less than last year, if realized, on lower than expected yields in southeaster Europe and reduced planted area estimates in France.

Beneficial rain is boosting German wheat production estimates. German farm cooperative Deutscher Raiffeisenverband (DRV) increased its forecast for total wheat production 1% on the month to 22.4 MMT, still 3% less than last year, if realized.

SovEcon, a Russian agriculture consultancy, reduced its estimate for total Russian wheat production from last month's 80.8 MMT to 79.7 MMT on lower yields following spring dryness in the country's southern regions. If realized, Russia would still produce 8% more wheat in 2020/21 than last year's 73.6 MMT.

According to AgriCensus, Polish wheat production is expected to jump 6% on the year to 11.7 MMT as significantly increased average yields augment stable planted area. If realized, this would be the highest Polish wheat production since 2000/01 and would exceed the European Commission's (EC) forecast of 11.0 MMT. "Higher yields and better grain quality, as well as the weakening Polish zloty against the euro and U.S. dollar, will motivate Polish exporters in 2020/21".

Argentinian wheat planting for the 2020/21 season is now 91% complete, in line with last year and 3 points ahead of the 5-year average. According to the Buenos Aires Grain Exchange (BAGE), as of July 16, 22% of the country's wheat is in excellent condition, in line with last week but 15 points behind last year on persistent dryness through the planting season.

IGC Wheat Balance Sheet:

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IGC Forecast (Fig-In MMT)	2016-17	2017-18	2018-19 (Estimate)	2019-20 (Forecast)	
				25.06.2020	23.07.2020
Production	757	762	733	768	762
Trade	177	176	169	180	180
Consumptions	736	739	739	751	750
Carryover stocks	248	271	265	290	288
Y-O-Y change	21	22	-5	16	12
Major Export	79	83	70	65	62

- *IGC has forecast global wheat production to be 762 MMT for 2019-20. Which is less by 5 MMT compared to last month's forecast. 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 750 MMT for 2019-20. The forecast is higher by 11 MMT compared to 2018-19.*
- *Carryout for 2019-20 is forecast at 288 MMT compared to estimate of 265 MMT last year. It is higher by around 23 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
	24-Jul-20	17-Jul-20	26-Jun-20	20-Apr-20	27-Jan-20	26-Jul-19	
Sep-20	539.50	534.75	475.75	551.50	570.75	515.25	4.71
Dec-20	545.25	540.50	484.00	559.00	576.50	520.50	4.76
Mar-21	551.00	546.25	492.75	566.00	584.75	521.25	5.71
May-21	554.00	548.50	498.75	565.25	592.00	527.75	4.97
Jul-21	550.75	543.25	500.75	552.50	588.25	539.50	2.09
Sep-21	555.25	549.50	508.00	553.75	571.25	547.75	1.37

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CBOT Sep-20

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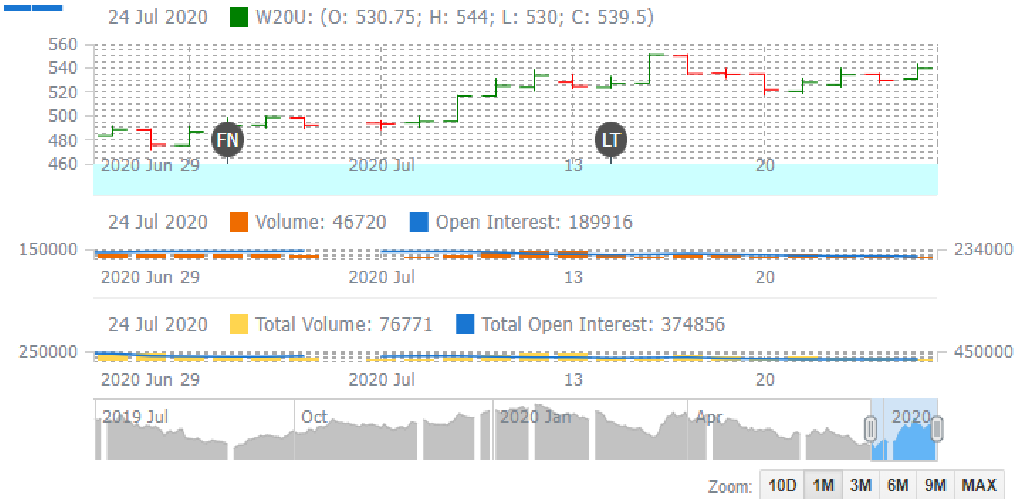
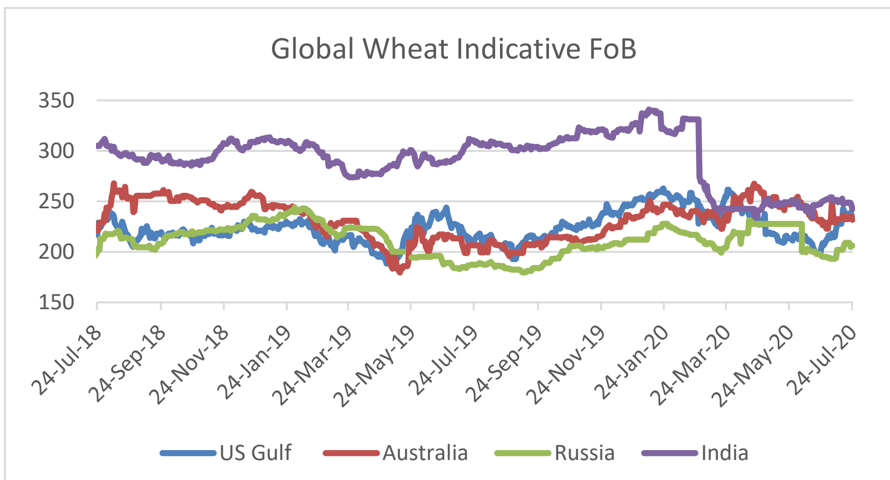


1st Support: 531.67
2nd Support: 523.83
1st Resistant: 545.67
2nd Resistant: 551.83
($ per tonne)

Wheat CBOT closed at $5.39 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 6,17,000 MT were down 19% 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 6% 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 $246.72 per tonne. US and Russian quotes are hovering in the range of $232.25 - $238.61 and $205.00-$209.00 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 $225 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.