

Wheat Weekly Research Report

Table of Contents

- ❖ **Review and Outlook**
- ❖ **Export/Import**
- ❖ **Weather**
- ❖ **Weekly Price Change**
- ❖ **Stocking Norms**
- ❖ **FOB Quotes**
- ❖ **NCDEX Wheat Contracts**
- ❖ **Wheat Technical Analysis**
- ❖ **Spot Price at NCDEX Delivery Centers**
- ❖ **Domestic Outlook and Spot Prices**
- ❖ **Progressive Sowing**
- ❖ **International Wheat Market**
- ❖ **IGC**
- ❖ **CBOT Future Contract**
- ❖ **CBOT Trend**
- ❖ **International FOB Trend**
- ❖ **International Weekly Outlook**



Wheat Domestic Market Fundamentals

[\(Back to Table of Contents\)](#)

All India weekly average prices decrease by 29.50 percent to Rs. 1833.73 per quintal during the week ended 09th Aug 2020. Wheat average prices were ruling at Rs 2145.27 per quintal during 09th June-15th Aug 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.

FCI has slashed the Wheat OMSS sale price for URS by INR 240 per Qtl from prior announced price of INR 2080 per Qtl to 1840 per Qtl, lower by 11.5%. However, the official notification on the same is awaited.

Indian FoB quote is hovering around \$242.20 per tonne. Against it Russia, Ukraine, France, US and Australia are offering wheat at \$206.29, \$206.30, Euro 184.88, \$225.90 and \$239.59 per tonne respectively. There is little hope for recovery at export front this year. However, India is expected to import around 1-4 thousand tonnes in MY 2019-20.

Wheat WPI has decreased from 159.8 in May-2020 to 158.6 in June-2020. Monthly wheat inflation has declined by 0.75 percent in June-2020 compared to previous month. As compared to June-2019 wheat WPI has increased by around 5.17 percent.

FCI has procured a record 38.98 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. Which is higher by 35.92% compare to May. July fig. is awaited

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).

In the domestic market, flour and refined flour have weak demand which has fallen by almost 25%. Corona virus has severely impacted the market. In the current week, the price of wheat at Delhi reduced by Rs.40 resulting in the actual price being Rs.1865/1870 per quintal though it may increase if demand picks up around Diwali. The daily arrival is 4000 to 5000 wheat sacks.

The Karnataka government has asked the Center for surplus wheat and said that because of the labour coming from different states, their stocks of wheat may not be sufficient.

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.

Outlook & Recommendation: Wheat cash market is expected to trade steady to firm in the coming week.

Trade Call: Stakeholders should trade in September contract taking care of lower and upper price tag of Rs. 1833 & 1847 respectively.

Wheat Weekly Export

(Back to Table of Contents)

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
July fig. awaited.

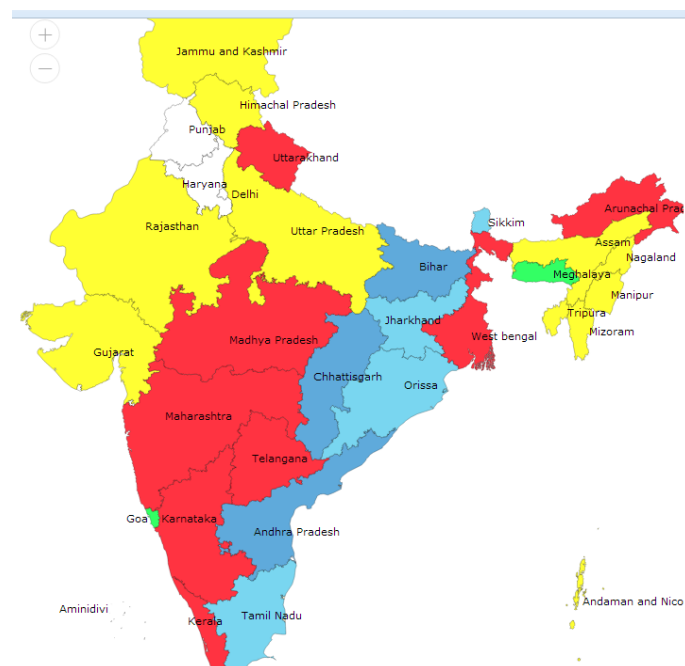
Wheat Import

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

Source: Traders
July fig. awaited.

Monsoon

Weekly Cumulative rainfall:



भारत मौसम विज्ञान विभाग INDIA METEOROLOGICAL DEPARTMENT



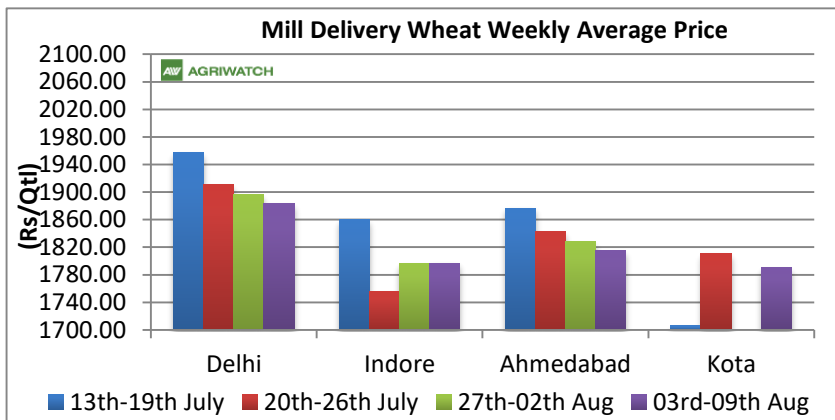
LEGEND: L. EXCESS (+60% OR MORE) EXCESS (+20% TO +59%) NORMAL (+1% TO +19%) DEFICIENT (-20% TO -59%) L. DEFICIENT (-60% TO -99%) NO RAIN (-100%) NO DATA

NOTES:
(a) Rainfall figures are based on operational data.
(b) Small figures indicate actual rainfall (mm.), while bold figures indicate Normal rainfall (mm.)
Percentage Departures of Rainfall are shown in Brackets.

Source: IMD

Wheat Weekly Average Price Chart
[\(Back to Table of Contents\)](#)

Average mill delivery prices of Wheat remained low, during 03rd July – 09th Aug 2020. As compared to last week Delhi, Ahmedabad and Kota markets show 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 the market moving range bound. Official procurement of the wheat has already completed. The government has procured 38.98 MMT of wheat this season.


Wheat and Rice Stocking Norms

Wheat Stock Norms						
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

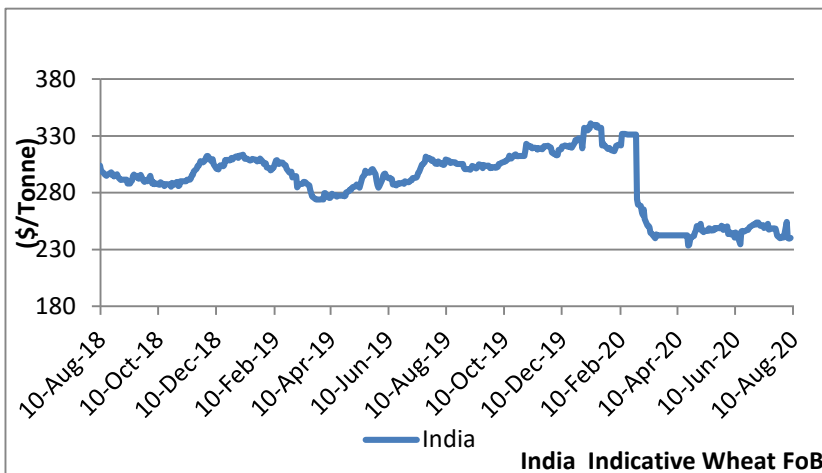
State/UTs	Procurement as on 10 th Aug-2020 (Figures in LMT)		
	FCI (A)	State Agency (B)	Total (A+B)
Punjab	14.19	112.93	127.12
Haryana	6.70	67.28	73.98
Uttar Pradesh	1.34	34.19	35.77
Madhya Pradesh	0.00	129.35	129.35
Bihar	0.00	0.05	0.05
Rajasthan	16.27	5.93	22.20
Others	0.15	1.15	1.29
All-India	38.66	351.15	389.81

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 \$230-\$250 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
		7-Aug-20	31-Jul-20	10-Jul-20	9-Aug-19	
USA (Chicago)	2srw	221.19	227.95	229.24	216.81	2.02
France	FCW3	215.96	223.65	216.87	190.29	13.49
Australia	ASW	237.60	244.80	232.53	212.10	12.02
Russia	SRW	205.00	207.00	202.00	190.00	7.89
India	Fob	240.13	240.74	249.10	309.18	-22.33

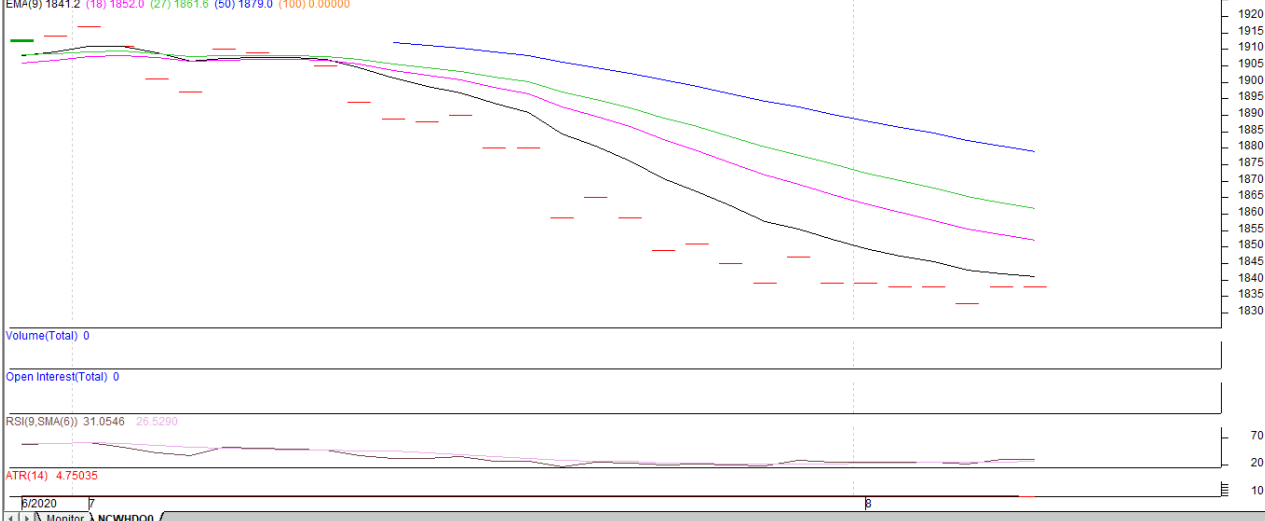
	07/08/2020	03/08/2020	24/07/2020	15/07/2020
Black Sea Mill Wheat 12.5% FOB Pmax. (\$/T)	204	207	205	209
Black Sea Mill Wheat 11.5% FOB Pmax. (\$/T)	202.50	204.50	203	203

NCDEX Wheat Contracts

Wheat Futures Contact: NCDEX Price								Date: 10.08.2020	
Contract Month	+/-	Open	High	Low	Close	Volume	Change From previous day	Open Interest	Change From previous day
20-Aug		-	-	-	1838				
20-Sep		-	-	-	1844				
20-Oct		-	-	-	1851				

Wheat Technical Analysis:
[\(Back to Table of Contents\)](#)
Wheat- Technical outlook
Contract Expiry: 20th September, 2019

WHEAT DELHI 2008(NCWHDQ0)2020/08/10 - Daily
 O 1838.00 H 1838.00 L 1838.00 C 1838.00 ↑ V 010 0 +0.00%
 EMA(9) 1841.2 (18) 1852.0 (27) 1861.6 (50) 1879.0 (100) 0.00000


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: Sell on rise.

Intraday Supports & Resistances			S1	S2	PCP	R1	R2
Wheat	NCDEX	Sep	1868	1833	1893	1942	1847
Pre-Market Intraday Trade Call*			Call	Entry	T1	T2	SL
Wheat	NCDEX	Sep	SELL	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
	7-Aug-20	31-Jul-20	10-Jul-20	8-Aug-19	
Indore	1795	1800	1837	2137	-16.00
Bareilly	NA	NA	NA	0	-
Delhi	1885	1885	1968	2148	-12.24
Khanna	NA	NA	NA	0	-
Kanpur	1730	1780	1910	2055	-15.82
Karnal	NA	NA	NA	0	-
Rajkot	1750	1746	1824	2100	-16.67
Kota	1849	1842	1895	2062	-10.33

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
			08-Aug-20	07-Aug-20	01-Aug-20	10-Jul-20	10-Aug-19
Delhi	Lawrence Road	Mill Delivery	1880	1890	1870	1975	2150
	Narella	Mill Quality Loose	1735	1740	1720	1870	2050
	Nazafgarh	Mill Quality Loose	1730	1730	1710	1850	2020
Gujarat	Rajkot	Mill Delivery	1735	1735	1735	1810	Closed
	Ahmedabad	Mill Delivery	1815	1810	1840	1880	Closed
	Surat	Mill Delivery	1840	1850	1890	1940	Closed
	Dhrol	Mill Delivery	NR	NR	NR	1730	o
M.P.	Indore	Mill Delivery	1800	1780	Closed	1900	2150
	Bhopal	Mill Quality Loose	1700	1700	Closed	1750	2100
Rajasthan	Kota	Mill Quality Loose	1710	1680	Closed	1725	Closed
		Mill Delivery	1850	1760	Closed	1860	Closed
U.P.	Kanpur	Mill Delivery	Closed	1770	Closed	2000	2070
	Mathura	Mill Quality Loose	Closed	1675	Closed	Closed	1925
	Kosi	Mill Quality Loose	Closed	1760	1830	1860	1970
	Hathras	Mill Quality Loose	Closed	1700	Closed	1780	NA
	Aligarh	Mill Quality Loose	Closed	1700	Closed	Closed	1950
Punjab	Khanna	Mill Quality Loose	1750	1750	NR	1800	1975
	Ludhiana (Jagraon)	Mill Delivery	NA	NA	NA	NA	o
Haryana	Sirsa	Mill Delivery loose	1750	1750	1790	1860	2030
	Hodal	Mill Delivery	NA	NA	NA	NA	o
	Bhiwani	Mill Quality Loose	1700	1700	1700	1700	Closed
	Karnal	Mill Delivery	NA	NA	NA	o	o
	Panipat	Mill Quality Loose	NA	NA	NA	o	o
Tamil Nadu	Chennai	Mill Quality	2050	2050	Closed	2150	Closed
	Madurai	Mill Quality	2107	2200	Closed	2300	Closed



	Coimbatore	Mill Quality	2107	2250	Closed	2350	Closed
Bihar	Khagariya	Mill Delivery	2050	2050	2100	2000	1900
	Muzaffarpur	Mill Delivery	1750	1750	1775	1800	1950

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:

[\(Back to Table of Contents\)](#)

The Russian wheat harvest is well underway. Data from Russia's Ministry of Agriculture shows that 41.8 MMT of wheat have been harvested so far in 2020/21, slightly ahead of this time last year. So far, the average wheat yield is 53.1 bu/acre (3.57 MT/hectare), down 3% from 2019.

Between June and July, USDA reduced its Argentinian wheat production forecast by 1.0 MMT to 20.0 MMT as dry weather pressures total wheat planted area at the end of the country's planting season. According to the Buenos Aires Grain Exchange (BAGE), 26% of the Argentina's wheat is in good to excellent condition.

Extreme drought through the 2020 growing season could significantly pressure Romanian wheat production, said the country's Agriculture Minister. If realized, Romanian wheat production would drop 42% on the year to 5.50 MMT. So far, Romanian wheat farmers have harvested 89% of their crop.

A Russian agriculture consultancy, increased its Russian wheat production forecast by 1.5 MMT to 79.5 MMT due to higher yields in the country's central and Volga regions. If realized, Russia's total 2020 wheat output would jump 8% from last year's 73.6 MMT. So far, Russian farmers have harvested 47.6 MMT, or 60% of the total forecasted output.

Ukrainian agriculture consultancy, ProAgro, increased its forecast for Ukraine's total wheat exports to 18.4 MMT from last month's estimate of 17.8 MMT. If realized, total Ukrainian wheat exports would still drop 10% from last year's record of 20.5 MMT.

According to World Grain, French soft (non-durum) wheat production is expected to drop to its lowest level in 25 years at 29.2 MMT

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.

According to Agritel, "Abundant autumn rainfall over a large part of the territory made sowing conditions extremely difficult or even impossible", an unusually hot, dry growing season added pressure to the crop. If realized, French soft wheat production would fall 26% from 2019.

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.

IGC Wheat Balance Sheet:

[\(Back to Table of Contents\)](#)

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, 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:

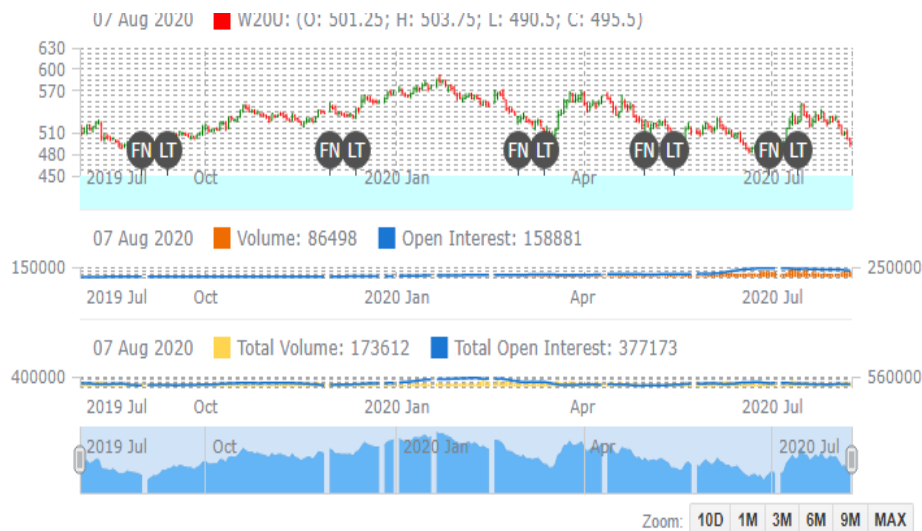
CBOT Futures Prices:(USD/T)							
CONTRACT MONTH	Today	Week Ago	Month Ago	3 Month Ago	6 Month Ago	Year Ago	% Change over prev. year
	07-Aug-20	31-Jul-20	10-Jul-20	04-May-20	10-Feb-20	09-Aug-19	
Sep-20	495.50	531.25	534.00	519.50	551.50	499.50	-0.80
Dec-20	503.50	538.75	539.00	522.00	552.50	501.50	0.40
Mar-21	511.75	545.75	543.00	530.25	558.75	509.00	0.54
May-21	517.25	549.75	544.50	537.75	568.25	514.00	0.63
Jul-21	521.50	549.00	538.75	539.75	577.00	518.00	0.68
Sep-21	528.50	554.00	545.25	531.75	574.50	524.75	0.71

CBOT Sep-20

[\(Back to Table of Contents\)](#)

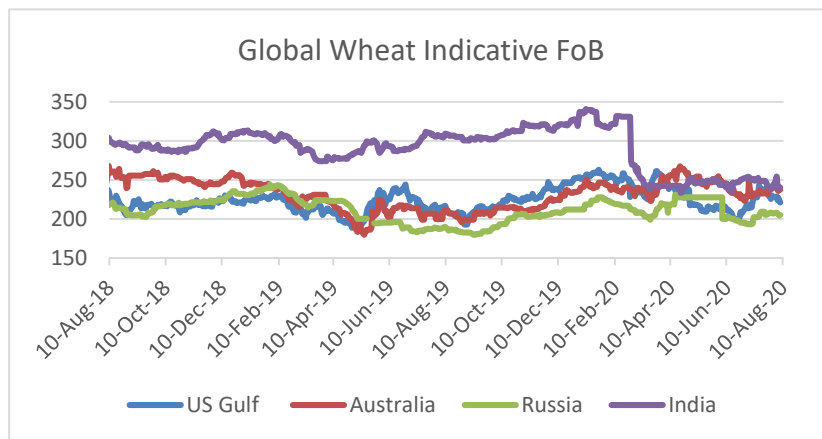
1st Support: 531.67
2nd Support: 523.83
1st Resistant: 545.67
2nd Resistant: 551.83
(\$ per tonne)

Wheat CBOT closed at \$4.95 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 6,05,000 MT were lower 11% 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 9% 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 prices. There is no export in bulk currently. Indian FoB quote is being quoted at \$240.68 per tonne. US and Russian quotes are hovering in the range of \$225.61 - \$229.86 and \$238.56-\$244.80 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 \$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.

Disclaimer: The information and opinions contained in the document have been compiled from sources believed to be reliable. The company does not warrant its accuracy, completeness and correctness. Use of data and information contained in this report is at your own risk. This document is not, and should not be construed as, an offer to sell or solicitation to buy any commodities. This document may not be reproduced, distributed or published, in whole or in part, by any recipient hereof for any purpose without prior permission from the Company. IASL and its affiliates and/or their officers, directors and employees may have positions in any commodities mentioned in this document (or in any related investment) and may from time to time add to or dispose of any such commodities (or investment). Please see the detailed disclaimer at <http://www.agriwatch.com/disclaimer.php> © 2020 Indian Agribusiness Systems Ltd.