Wheat Weekly Research Report
17th Aug-2020

Wheat Weekly Research Report

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Wheat Domestic Market Fundamentals

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All India weekly average prices decrease by 29.50 percent to Rs. 1833.73 per quintal during the week ended 17th Aug 2020. Wheat average prices were ruling at Rs 2145.27 per quintal during 10th June-16st 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.

Prices of wheat fell across key spot markets due to weak demand amid steady arrivals. Prices of mill-quality Wheat in Indore fell as demand weakened today. Arrivals were pegged steady at 3,000 bags (1 bag = 100 kg). Prices of wheat in the key spot market of Jaipur also fell. Arrivals were largely unchanged from Thursday at 3,000 bags.

Indian FoB quote is hovering around $240.13 per tonne. Against it Russia, Ukraine, France, US and Australia are offering wheat at $200.29, $199.50, Euro 184.88, $219.90 and $23.59 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

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.

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

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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
July fig. awaited.

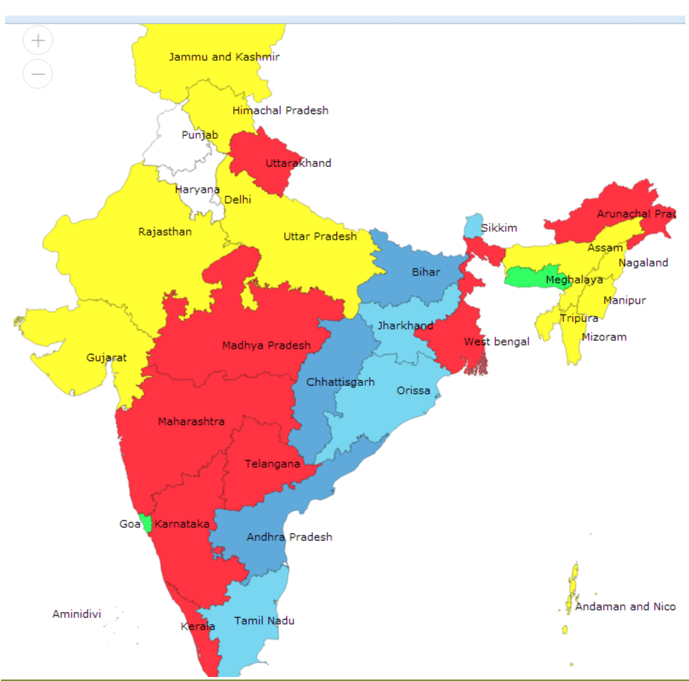
Wheat Import

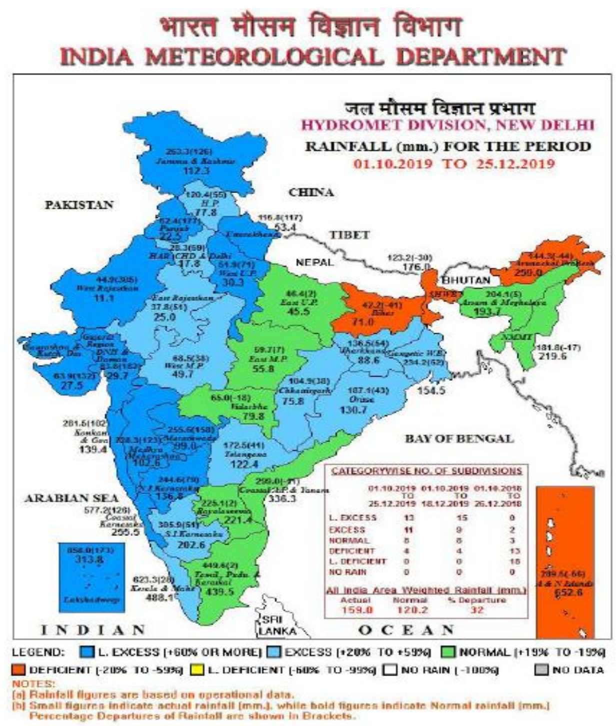
Date	Foreign Country	Port	Quantity in MT
June-2020	Australia, UK	Tuticorin	0
	Total		0

Source: Traders
Note : No Imports in the month of June.

Monsoon

Weekly Cumulative rainfall:





Source: IMD

Wheat Weekly Average Price Chart

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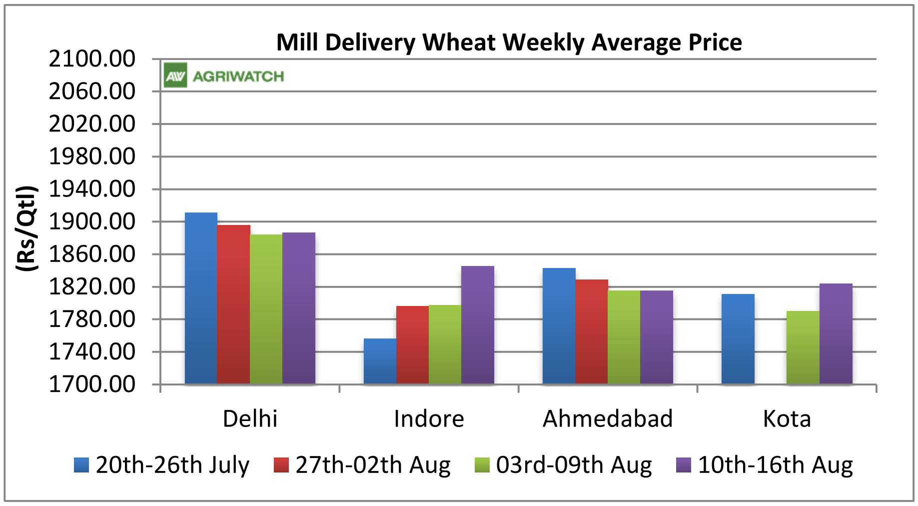
Average mill delivery prices of Wheat remained low, during 10th Aug – 16th Aug 2020. As compared to last week Delhi, Indore and Kota markets show bullish movement in prices and it is likely to trade steady to slightly firm in upcoming weeks. Free distribution of wheat till Nov would keep the market moving 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**		
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 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

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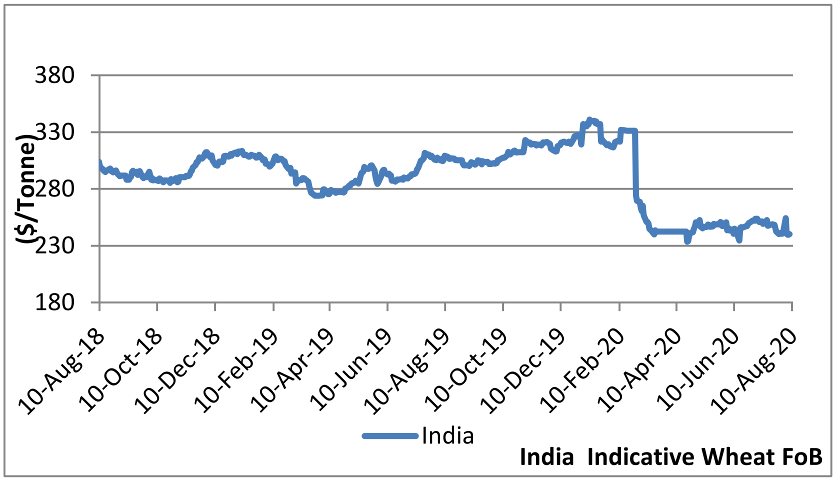
Wheat FoB quote in India noticed steady tone in the past week. The demand for Indian wheat in the international market is low. Export window remains restricted due to disparity.

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 $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
		13-Aug-20	6-Aug-20	16-Jul-20	14-Aug-19	
USA (Chicago)	2srw	221.02	223.70	238.91	207.20	6.67
France	FCW3	216.15	217.03	216.92	185.40	16.59
Australia	ASW	226.49	239.04	235.90	207.20	9.31
Russia	SRW	199.00	204.00	207.00	186.00	6.99
India	Fob	Closed	239.72	247.81	306.29	NA

	14/08/2020	07/08/2020	03/08/2020	24/07/2020
Black Sea Mill Wheat 12.5% FOB Pmax. ($/T)	196.50	204	207	205
Black Sea Mill Wheat 11.5% FOB Pmax. ($/T)	195.50	202.50	204.50	203

NCDEX Wheat Contracts

Wheat Futures Contact: NCDEX Price									Date: 17.08.2020
Contract Month	+/-	Open	High	Low	Close	Volume	Change From previous day	Open Interest	Change From previous day
20-Aug		-	-	-	1835				
20-Sep		-	-	-	1841				
20-Oct		-	-	-	1847				

Wheat Technical Analysis:

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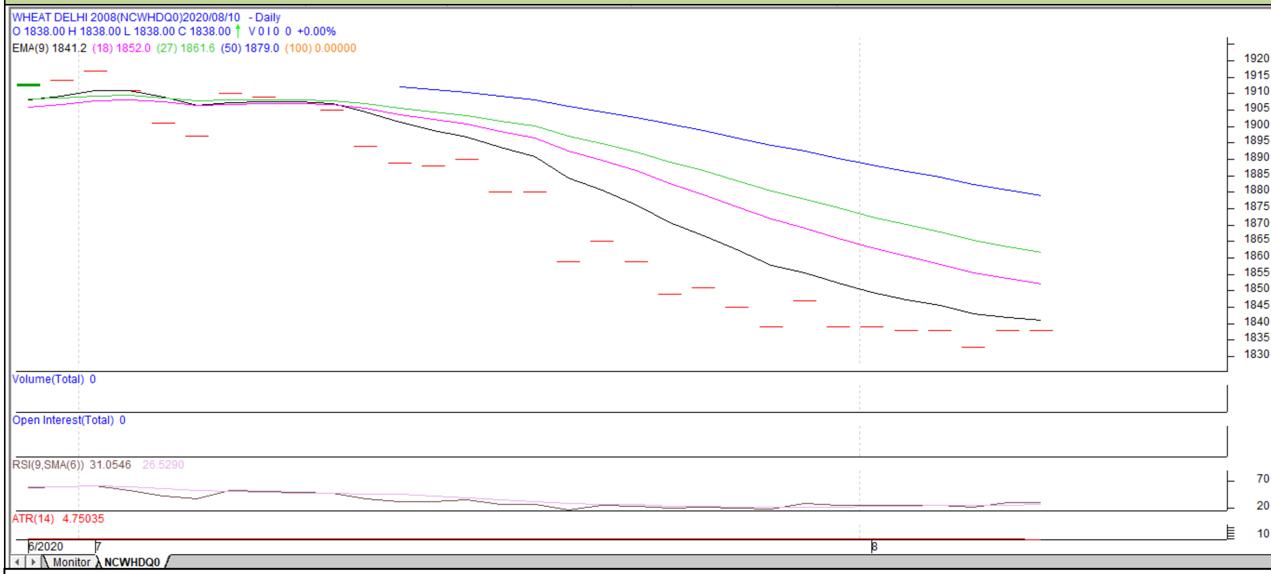
Wheat- Technical outlook	Contract Expiry: 20th September, 2019



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
	14-Aug-20	7-Aug-20	17-Jul-20	14-Aug-19	
Indore	1795	1795	1825	2102	-14.61
Bareilly	NA	NA	NA	NA	-
Delhi	1876	1885	1948	2157	-13.03
Khanna	NA	NA	NA	NA	-
Kanpur	1766	1730	1845	2065	-14.48
Karnal	NA	NA	NA	NA	-
Rajkot	NA	1750	1797	2110	NA
Kota	1837	1849	1881	2047	-10.26

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
			14-Aug-20	13-Aug-20	07-Aug-20	16-Jul-20	16-Aug-19
Delhi	Lawrence Road	Mill Delivery	1880	1880	1890	1960	2150
	Narella	Mill Quality Loose	1740	1740	1740	1850	2060
	Nazafgarh	Mill Quality Loose	1700	1700	1730	1820	2015
Gujarat	Rajkot	Mill Delivery	Closed	Closed	1735	1800	2120
	Ahmedabad	Mill Delivery	Closed	Closed	1810	1870	2200
	Surat	Mill Delivery	Closed	Closed	1850	1925	2250
	Dhrol	Mill Delivery	NR	NR	NR	1700	2200
M.P.	Indore	Mill Delivery	1850	1850	1780	1820	2160
	Bhopal	Mill Quality Loose	1700	1680	1700	1725	2075
Rajasthan	Kota	Mill Quality Loose	1700	1715	1680	1700	1950
		Mill Delivery	1830	1840	1760	1850	2100
U.P.	Kanpur	Mill Delivery	1750	1750	1770	2000	2015
	Mathura	Mill Quality Loose	1675	1675	1675	1760	Closed
	Kosi	Mill Quality Loose	1820	1800	1760	1800	1970
	Hathras	Mill Quality Loose	1700	1700	1700	1760	1835
	Aligarh	Mill Quality Loose	1700	1700	1700	1780	1950
Punjab	Khanna	Mill Quality Loose	1750	1750	1750	1830	1975
	Ludhiana (Jagraon)	Mill Delivery	NA	NA	NA	NA	0
Haryana	Sirsa	Mill Delivery loose	1765	1765	1750	1860	2025
	Hodal	Mill Delivery	NA	NA	NA	NA	0
	Bhiwani	Mill Quality Loose	1700	1700	1700	1700	2020
	Karnal	Mill Delivery	NA	NA	NA	0	0
	Panipat	Mill Quality Loose	NA	NA	NA	0	0
Tamil Nadu	Chennai	Mill Quality	2050	2050	2050	2150	2400
	Madurai	Mill Quality	2107	2150	2200	2250	2550

	Coimbatore	Mill Quality	2107	2200	2250	2300	2600
Bihar	Khagariya	Mill Delivery	2100	2100	2050	2000	2050
	Muzaffarpur	Mill Delivery	1775	1775	1750	1830	2025

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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***USDA** reduced its European Union (EU) total wheat production estimate by 1.50 MMT from its July WASDE report to 139 MMT in August, 12% below last year, if realized, on persistent dryness in France, Germany and Spain.*

This week's commercial sales of 368,000 metric tons (MT) for delivery in 2020/21, as of August 6, were 39% less than last week's 605,000 MT but in line with trade expectations of 250,000 MT to 800,000 MT. Year-to-date commercial sales now total 10.6 MMT, 8% ahead of last year's pace.

The United Nations (UN) Office for the Coordination of Humanitarian Affairs announced the World Food Programme would send 50,000 MT of wheat flour to Lebanon to stabilize the country's food supplies following last week's devastating explosion in the Port of Beirut.

***Ukraine's** 2020 wheat harvest is 87% complete at 23.1 MMT. USDA expects total Ukrainian wheat production will fall 9% on the year to 26.5 MMT on persistent dryness through the growing season. The country's economy ministry expects Ukraine will export 17.2 MMT of wheat in 2020/21, in line with USDA's forecast but 16% less than last year, if realized.*

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.

***Russian** farmers have harvested 49.8 MMT of wheat, 14% ahead of this time last year. According to the country's Ministry of Agriculture, the total average yield is up slightly this year at 54.6 bu/acre (3.67 MT/ha).*

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.

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.

***Argentinian** wheat farmers are facing the worst drought in a decade, said the Rosario Board of Trade (BCR) Aug. 13. Farmers had intended to plant a record 17.3 million acres (7.0 million hectares) of wheat, but drought, heat and severe frosts brought total planted area down to 16.0 million acres (6.50 million hectares), 5% lower than last year. While USDA still expects the country will produce 21.0 MMT of wheat in 2020/21, BCR expects final production will fall in the range of 18.0 to 19.0 MMT.*

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.

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

The U.S. Dollar Index fell from last week's 93.43 to close at 93.13.

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, 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
	13-Aug-20	06-Aug-20	16-Jul-20	07-May-20	15-Feb-20	15-Aug-19	
Sep-20	496.75	501.25	535.25	525.50	574.75	477.50	4.03
Dec-20	506.50	508.25	540.75	533.50	579.50	484.00	4.65
Mar-21	513.50	516.50	546.50	541.00	587.00	489.75	4.85
May-21	519.00	522.25	548.75	542.75	593.25	495.00	4.85
Jul-21	523.25	525.25	544.50	536.00	589.00	503.25	3.97
Sep-21	530.50	531.75	551.00	539.50	573.50	515.50	2.91

![AGRIWATCH]

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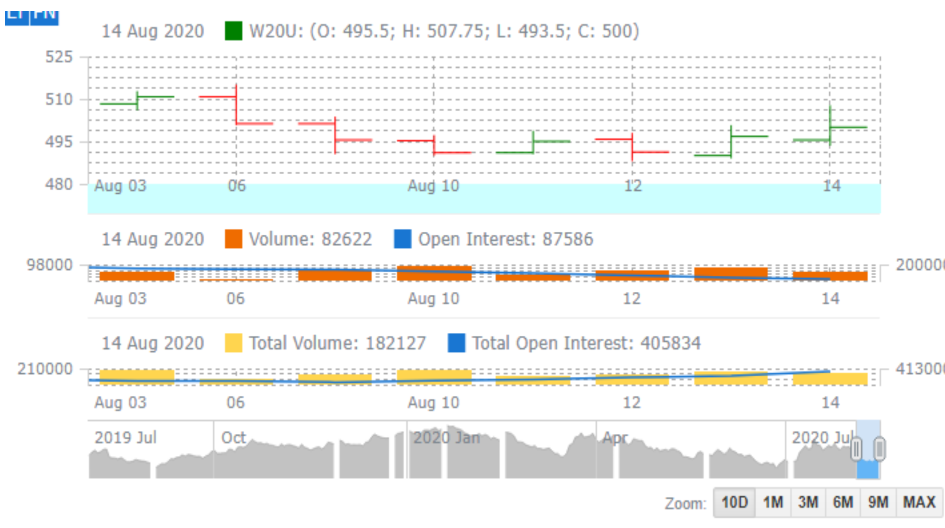
CBOT Sep-20

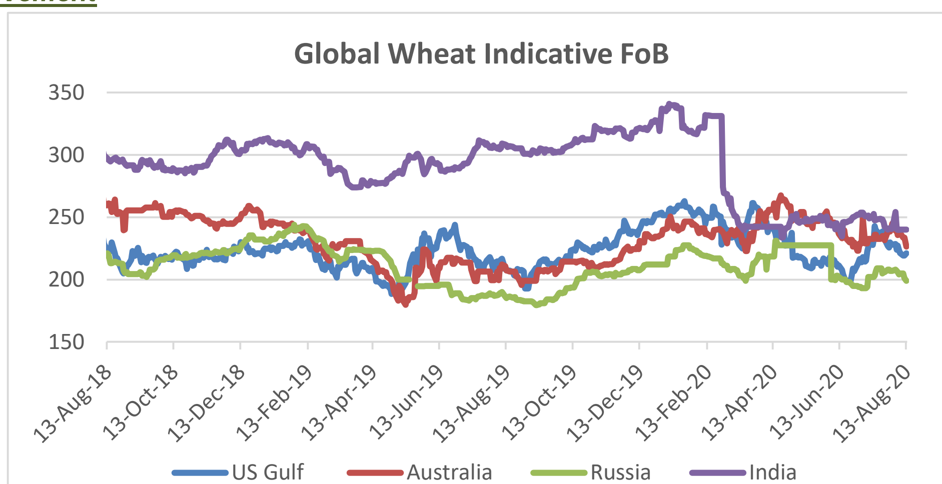
1st Support: 531.67
2nd Support: 523.83
1st Resistant: 545.67
2nd Resistant: 551.83
($ per tonne)



Wheat CBOT closed at $4.25 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 3,68,000 MT were lower 39% 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 8% 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 $240.13 per tonne. US and Russian quotes are hovering in the range of $219.61 - $221.86 and $199.56-$205.80 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.