Wheat Weekly Research Report
31st Aug-2020

Wheat Weekly Research Report

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Wheat Domestic Market Fundamentals

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All India weekly average prices decreased by 10.62 percent YoY to Rs. 1857.69 per quintal during the week ended 31st Aug 2020. Wheat average prices were ruling at Rs 2078.61 per quintal during 24thJune-31st Aug 2019. As compared to prices in the last week 16th-23rd Aug 2020, the prices are firm by 2.40 percent. 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.

Government has sold 171620 tonnes of wheat in OMSS through E-Auctions in the Fourth week of August'20. No rakes were sold. State government and bulk consumers bought 105280 tonnes and 66340 tonnes of wheat respectively.

Wheat prices in Jaipur fell today due to weak demand from bulk buyers. However, a fall in the prices was limited as supply of the food grain also declined. Arrivals were pegged at 2,000 bags (1 bag = 100 kg), down from 3,000 bags on Wednesday. In Indore, another key market, prices rose due to a decline in arrivals. Arrivals were pegged at 2,000 bags, from 2,500 bags.

Wheat purchase was reduced by wheat flour mills in Madhya Pradesh due to which business remained sluggish. During the current week, the prices of wheat in Madhya Pradesh declined by Rs 25/50. With this downward trend, Indore remained at 1600/2300 rupees, Dewas 1500/2150 rupees, Ujjain 1550/2100 rupees per quintal at the weekend. Currently demand is expected to increase.

Indian FoB quote is hovering around $236.03 per tonne while Russia, Ukraine, France, US and Australia are offering wheat at $199.29, $200.50, Euro 185.88, $229.90 and $229.28 per tonne respectively. There is little hope for recovery on the export front this year. However, India is expected to import around up to 4 thousand tonnes in MY 2019-20.

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. FCI currently had 558.25 MMT wheat in central pool stock as of June.

As per trade sources, India has exported around 40.13 thousand tonnes in the month of July-2020 at an average FOB of $ 16.13 per tonne and the major destinations were Nepal, Bangladesh, Sri Lanka and Afghanistan. Exports are likely to be at lower side as other countries are able to provide quality wheat at competitive prices.

Previous Updates

Prices of wheat fell across key spot markets due to weak demand and a rise in arrivals. Prices of mill-quality WHEAT in Indore fell as demand softened. Arrivals were pegged at 3,000 bags (1 bag = 100 kg), up from 2,000 bags on Wednesday. Prices of wheat in the key spot market of Jaipur, too, fell due to a fall in demand and increased arrivals. Arrivals were pegged at 4,000 bags as against 3,000 bags on Wednesday.

According to a M.P Govt. statement, Wheat will now be available at Rs. 1 per kg for poor people across the state who were not covered under the national food security scheme as of now. At present there are more than 1.15 crore below poverty line (BPL) and Antyodaya cards holders in the state covered under National Food Security Act (NFSA), as per the state government's data.

Under PMGKA Plan-2, Rajasthan has been allocated a total of 11.15 LMT wheat for 5 months free of charge, out of which 6.39 LMT wheat had been released by FCI to the state government till August 23 and uninterrupted supply is going on continuously. In Bihar 6.00 lakh tonnes of wheat have been released under various welfare schemes (including NFSA

In Gujarat 6.00 lakh tonnes of wheat have been transferred to the Gujarat State Government, Daman & Diu Administration and Dadra & Nagar Haveli Administration for free distribution among the beneficiaries under PMGKAY.

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. 1774 respectively.*

Wheat Weekly Export

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Week on Week Exports	Quantity in MT	Average FoB ($/T)
01-07 July -2020	10768.28	19921.43
08-14 July -2020	9566.67	14493.93
15-21 July -2020	7213.42	8615.59
22-31 July -2020	12587.55	12767.14
Total	**40135.93**	**13613.67**

Source: Trade

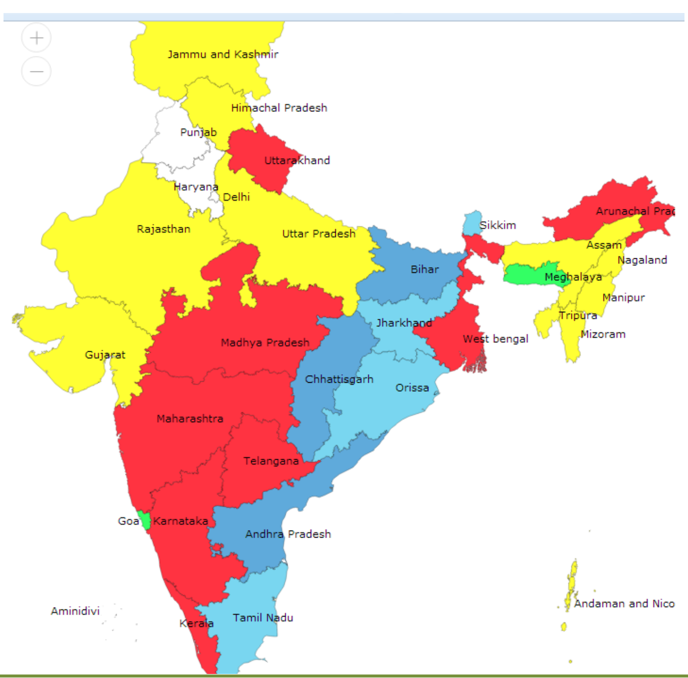
Wheat Import

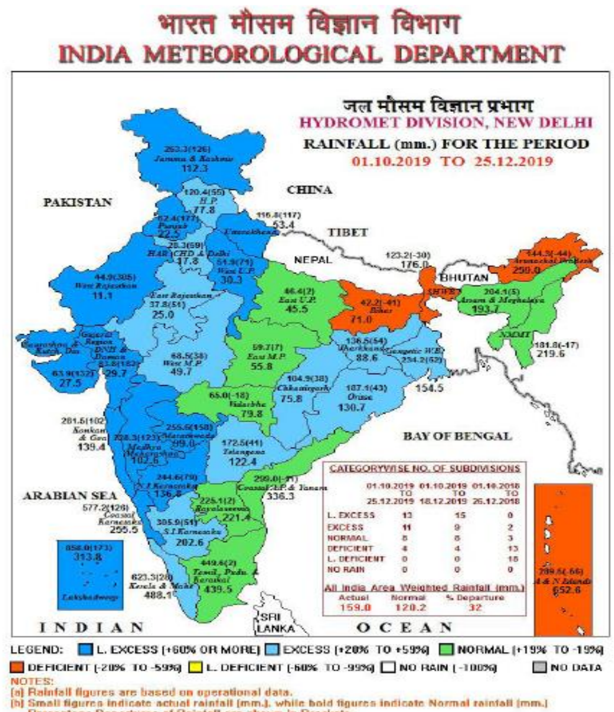
Date	Foreign Country	Port	Quantity in MT
July-2020	Australia, UK	Tuticorin	0
	Total		0

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

Monsoon

Weekly Cumulative rainfall:





Source: IMD

Wheat Weekly Average Price Chart

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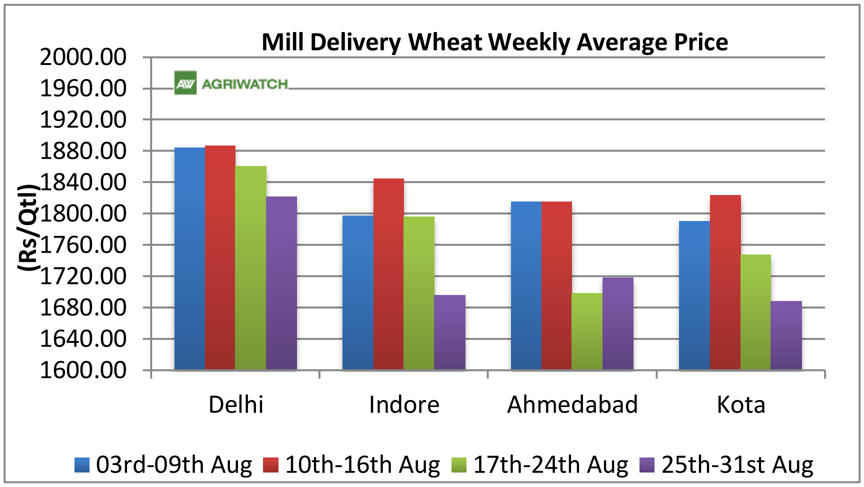
Average mill delivery prices of Wheat remained low, during 25th Aug – 31st Aug 2020 as compared to last week. All markets showed bearish movement in prices and are likely to trade steady to slightly firm in upcoming weeks. Free distribution of wheat till Nov would keep the market moving range bound. Official procurement of the wheat has already been 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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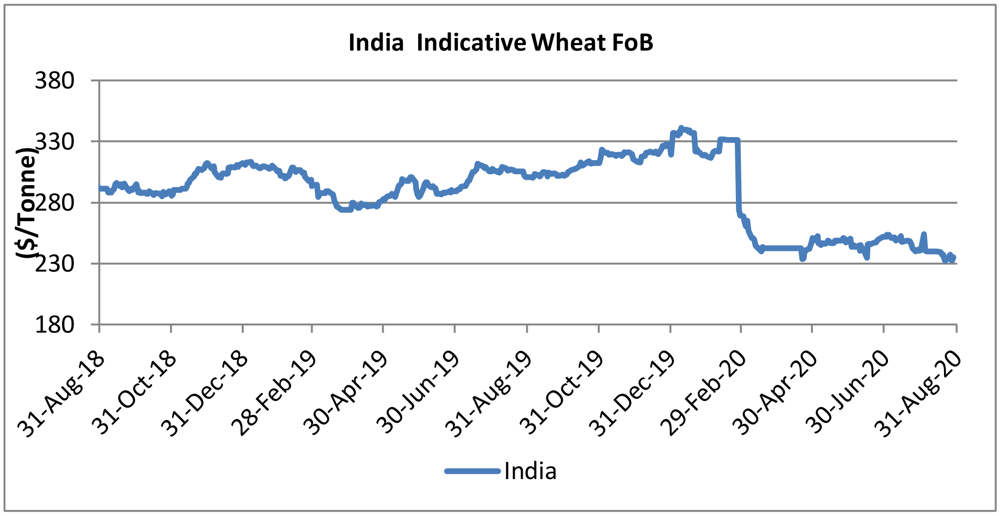

Wheat FoB quote in India noticed steady tone in the past week. The demand for Indian wheat in the international market is low. Export window remains restricted due to disparity.

Wheat FoB quotes for Kandla are likely to witness steady to firm tone in the coming weeks and 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 India which 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**
		28-Aug-20	**21-Aug-20**	**31-Jul-20**	**30-Aug-19**	
USA (Chicago)	2srw	238.95	235.22	227.95	192.71	**23.99**
France	FCW3	224.68	220.61	223.65	183.51	**22.44**
Australia	ASW	234.33	231.12	244.80	198.99	**17.76**
Russia	SRW	210.00	201.00	207.00	182.50	**15.07**
India	Fob	234.98	232.19	240.74	Closed	**NA**

	28/08/2020	21/08/2020	14/08/2020	07/08/2020
Black Sea Mill Wheat 12.5% FOB Pmax. ($/T)	*207.50*	*199*	*196.50*	*204*
Black Sea Mill Wheat 11.5% FOB Pmax. ($/T)	*207*	*198*	*195.50*	*202.50*

NCDEX Wheat Contracts

Wheat Futures Contact: NCDEX Price									***Date: 31.08.2020***
Contract Month	***+/-***	***Open***	***High***	***Low***	***Close***	***Volume***	***Change From previous day***	***Open Interest***	***Change From previous day***
20-Sep		*-*	*-*	*-*	*1774*				
20-Oct		*-*	*-*	*-*	*1780*				
20-Nov		*-*	*-*	*-*	*1786*				

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Wheat Technical Analysis:

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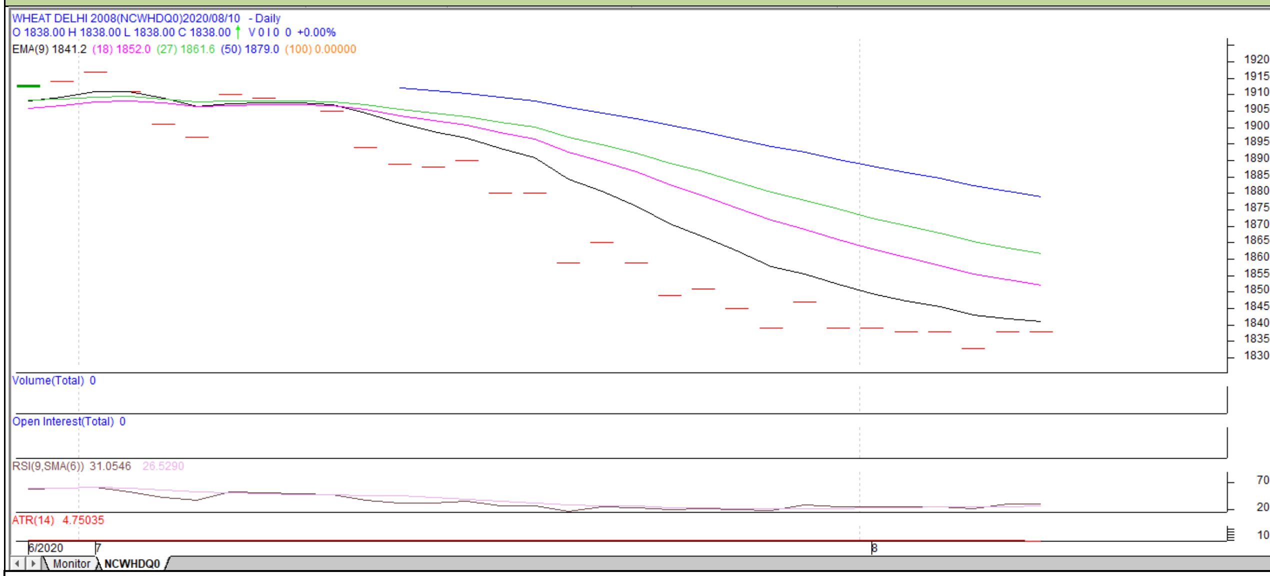
Wheat- Technical outlook | **Contract Expiry: 20th September, 2019**



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	Aug	1774	1774	1774	1774	1774
Pre-Market Intraday Trade Call*			**Call**	**Entry**	**T1**	**T2**	**SL**
Wheat	NCDEX	Aug	**SELL**	1774	1764	1759	1780

*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**
	29-Aug-20	**22-Aug-20**	**30-Jul-20**	**31-Aug-19**	
Indore	1695	1727	1800	2121	**-20.08**
Bareilly	NA	NA	NA	0	-
Delhi	1815	1849	1889	2150	**-15.58**
Khanna	NA	NA	NA	0	-
Kanpur	1657	1727	1800	2045	**-18.97**
Karnal	NA	NA	NA	0	-
Rajkot	1704	1737	1755	2100	**-18.86**
Kota	1769	1797	1835	2056	**-13.96**

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Domestic Market Weekly Outlook:

Wheat market is expected to notice steady –bound to firm tone as the procurement of the new crop is officially completed. Availability in domestic market is sufficient to meet emerging domestic demand.

Spot Market Price:

Centre	Market	Variety	Prices (Rs/Qtl)				
			Today	Yesterday	Week Ago	Month Ago	Year Ago
			29-Aug-20	28-Aug-20	22-Aug-20	31-Jul-20	30-Aug-19
Delhi	Lawrence Road	Mill Delivery	1820	1825	1820	1875	2150
	Narella	Mill Quality Loose	1670	1650	1740	1740	2040
	Nazafgarh	Mill Quality Loose	1660	1670	1700	1720	2025
Gujarat	Rajkot	Mill Delivery	1615	1660	1680	1735	Closed
	Ahmedabad	Mill Delivery	1700	1710	1750	1835	Closed
	Surat	Mill Delivery	1730	1750	1790	1880	Closed
	Dhrol	Mill Delivery	NR	NR	1585	1655	0
M.P.	Indore	Mill Delivery	1680	1700	1800	1780	Closed
	Bhopal	Mill Quality Loose	1600	1600	1650	Closed	Closed
Rajasthan	Kota	Mill Quality Loose	1560	1650	Closed	1725	1940
		Mill Delivery	1650	1730	Closed	1850	2050
U.P.	Kanpur	Mill Delivery	Closed	1750	Closed	1790	2040
	Mathura	Mill Quality Loose	Closed	1620	Closed	1775	1930
	Kosi	Mill Quality Loose	Closed	1650	Closed	1840	1980
	Hathras	Mill Quality Loose	Closed	1570	Closed	1725	1920
	Aligarh	Mill Quality Loose	Closed	1620	Closed	1700	1960
Punjab	Khanna	Mill Quality Loose	1750	1740	1760	1750	1950
	Ludhiana (Jagraon)	Mill Delivery	NA	NA	NA	NA	0
Haryana	Sirsa	Mill Delivery loose	1725	1725	1750	1810	2020
	Hodal	Mill Delivery	NA	NA	NA	NA	0
	Bhiwani	Mill Quality Loose	1620	1625	Closed	1700	2020
	Karnal	Mill Delivery	NA	NA	NA	NA	0
	Panipat	Mill Quality Loose	NA	NA	NA	NA	0
Tamil Nadu	Chennai	Mill Quality	2000	2050	Closed	2050	2300
	Madurai	Mill Quality	2057	2200	Closed	2150	2550

	Coimbatore	Mill Quality	2057	2250	Closed	2200	2600
Bihar	Khagariya	Mill Delivery	1900	1900	2050	2000	2100
	Muzaffarpur	Mill Delivery	1650	1650	1800	1775	2000

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 *According USDA's August Crop Production report, total 2020 Montana HRW production may go down 21% to 2.05 MMT on significantly reduced planted area. However, HRW conditions remained strong and the state could see a record average yield per acre, weather permitting.*

This week's commercial sales of 764,000 metric tons (MT) for delivery in 2020/21, as of Aug. 20, were up 46% from last week's 523,000 MT and above trade expectations of 400,000 MT to 700,000 MT. Year-to-date commercial sales now total 11.9 million metric tons (MMT), 7% ahead of last year's pace. USDA expects the United States will export 26.5 MMT of wheat in 2020/21, up 1% from last year, if realized.

Total U.S. spring wheat crop ratings remained steady week-over-week at 71% good to excellent as of Aug. 24. Generally dry, favorable weather across the Northern Plains is helping advance the 2020 U.S. spring wheat harvest; approximately 60% of the spring wheat crop is now in the bin, up from last week's 40%.

Ukraine *Ukrainian wheat exports are trailing 20% behind last year's pace at 5.10 MMT so far in 2020/21, said the country's Ministry of Economy. USDA expects total Ukrainian production will fall 8% on the year to 27.0 MMT on severe dryness through the growing season.*

Argentina *More than half of the 3.95 million acres (1.6 million ha) of wheat planted in Argentina's main wheat-producing regions is in poor condition after recent frosts and dry conditions, said a report by the Rosario Grain Exchange (BCR). BCR forecasts wheat yields in that region could decline by up to 50% if beneficial precipitation doesn't fall over the next couple of days. BCR forecasts final Argentinian wheat production in 2020/21 could fall to 18.0 or 19.0 MMT, in line with last year but significantly lower than the exchange's initial forecast of between 21.0 and 22.0 MMT.*

Russia *Russian farmers have harvested 67.4 MMT of wheat as of Aug. 25, 18% ahead of this time last year. According to the country's Ministry of Agriculture, the total average yield is up slightly this year at 53.3 bu/acre (3.58 MT/ha).*

Canada *According to Agriculture and Agri-Food Canada (AAFC), durum planted area for harvest in 2020 increased 16% on the year and production is expected to increase 30% from 2019/20 to 6.50 MMT. Durum exports are expected to remain stable year-over-year at 5.30 MMT. Canadian non- durum wheat planted area fell 3% from last year as 5% decrease in spring wheat planted area more than offset a 17% increase in winter wheat planted area. Despite lower planted area, non-durum wheat production is expected to increase 4% from 2019/20 to 28.4 MMT. AAFC forecasts Canadian non-durum wheat exports could increase 2% on the year to 19.1 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

The U.S. Dollar Index fell from last week's 93.24 to close at 93.32.

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IGC Wheat Balance Sheet:

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IGC Forecast (Fig-In MMT)	2016-17	2017-18	2018-19 (Estimate)	2019-20 (Forecast)	
				23.07.2020	23.08.2020
Production	757	762	733	762	763
Trade	177	176	169	180	181
Consumptions	736	739	739	750	749
Carryover stocks	248	271	265	288	294
Y-O-Y change	21	22	-5	12	14
Major Export	79	83	70	62	66

- *IGC has forecast global wheat production to be 763 MMT for 2019-20, increased by 1 MMT compared to last month's forecast. According to estimate by IGC for 2018-19, global wheat production was around 733 MMT and 762 MMT for 2017-18.*
- *Trade forecast for 2019-20 has been increased to 181 MMT. It is 12 MMT higher compared to estimate for last year and higher by 5 MMT compared to 2017-18.*
- *Consumption has been increased to 749 MMT for 2019-20. The forecast is higher by 10 MMT compared to 2018-19.*
- *Carryout for 2019-20 is forecast at 294 MMT compared to estimate of 265 MMT last year. It is higher by around 29 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
	28-Aug-20	21-Aug-20	29-Jul-20	22-May-20	28-Feb-20	29-Aug-19	
Sep-20	201.61	196.56	197.84	0.00	192.89	176.72	14.09
Dec-20	204.46	198.95	199.96	186.91	193.34	177.64	15.10
Mar-21	206.11	200.60	201.15	188.38	195.82	180.58	14.14
May-21	206.20	200.88	200.78	191.60	199.68	193.16	6.75
Jul-21	208.22	202.80	202.80	194.45	202.90	196.65	5.89
Sep-21	211.71	202.80	202.80	194.45	212.45	198.86	6.47

AGRIWATCH

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CBOT Sep-20

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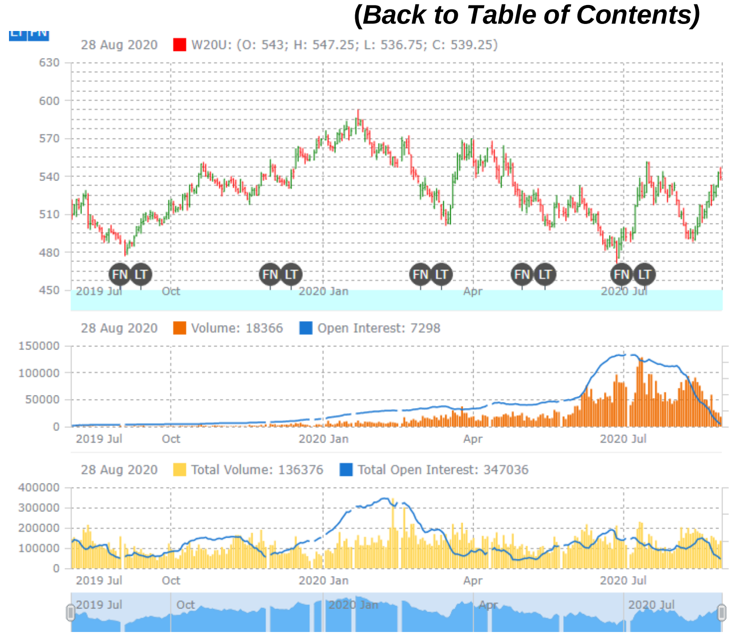
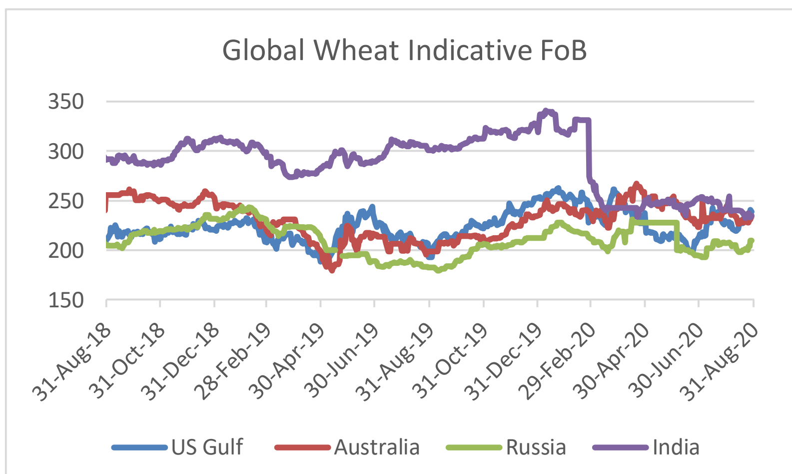


1st Support: 534.67
2nd Support: 529.83
1st Resistant: 545.67
2nd Resistant: 551.83
($ per tonne)

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 764,000 MT which is higher by 46% from last week. USDA expects total exports for 2019-20 to be around 26.5 MMT, higher by 1% than 2019-20. U.S. Year-to-date commercial sales now total 11.9 million metric tons (MMT), 7% ahead of last year's pace. Total U.S. spring wheat crop ratings remained steady week-over-week at 71% good to excellent as of Aug.

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 $236.13 per tonne. US and Russian quotes are hovering in the range of $233.61 - $240.86 and $200.56-$210.80 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.