

# Wheat Weekly Research Report

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

All India weekly average prices decreased by 11.22 percent YoY to Rs. 1887.44 per quintal during the week ended 07<sup>th</sup> Sep 2020. Wheat average prices were ruling at Rs 2125.92 per quintal during 1<sup>st</sup> Sep-7<sup>th</sup> Sep 2019. As compared to prices in the last week 24<sup>th</sup>-31<sup>st</sup> Aug 2020, the prices are firm by 1.60 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.

Wheat prices in Indore and Jaipur were steady last week due to a low supply and weak demand. In Indore, arrivals were pegged at 1,000 bags (1 bag = 100 kg), down from 2,000 bags on Tuesday. In Jaipur, another key market, arrivals were pegged at 1,000 bags, down from 1,500 bags.

After the steep decline in wheat in the month of August, the prices seem to have hit the bottom and can only go up now. There is absolutely no risk in business from here, even if the sales policy of the government has not seen a long boom.

Despite the lowering of wheat prices in UP, MP, Rajasthan, the demand for low-moisture wheat in the mills of Delhi, NCR has increased. Due to this, prices of 13-13.50 per cent low moisture content rose by Rs 10 per quintal to Rs 1820/1825 and 9.50-10 per cent to Rs 1835 per quintal and even up to 1840 rupees were paid by some mills.

Indian FoB quote is hovering around \$229.78 per tonne while Russia, Ukraine, France, US and Australia are offering wheat at \$215.20, \$215.50, Euro 87.10, \$248.27 and \$232.28 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**

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.

**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. 1767 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
<b>Total</b>	<b>40135.93</b>	<b>13613.67</b>

Source: Trade

Note: Aug data awaited.

## Wheat Import

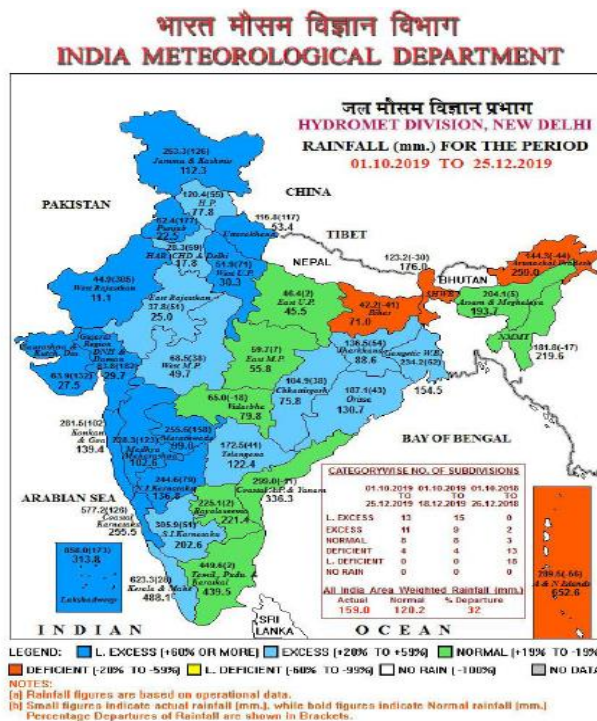
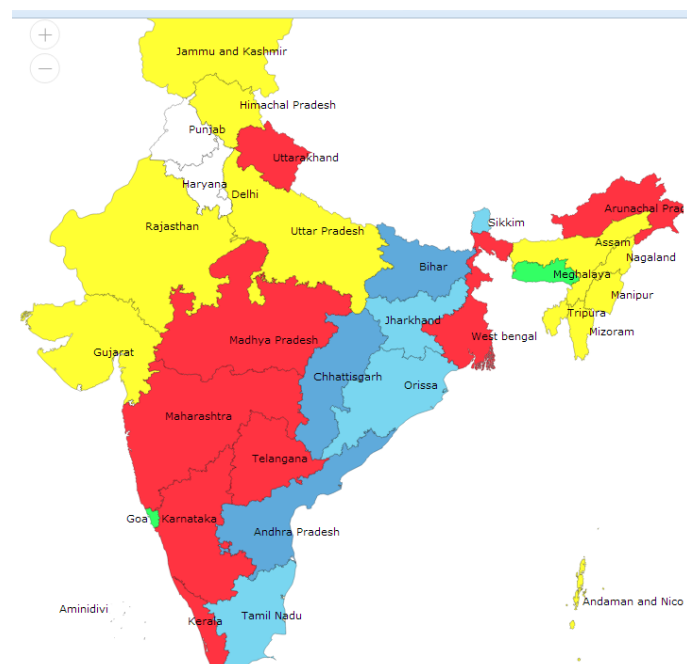
Date	Foreign Country	Port	Quantity in MT
July-2020	Australia, UK	Tuticorin	0
	<b>Total</b>		<b>0</b>

Source: Traders

Note: Aug data awaited.

## Monsoon

Weekly Cumulative rainfall:

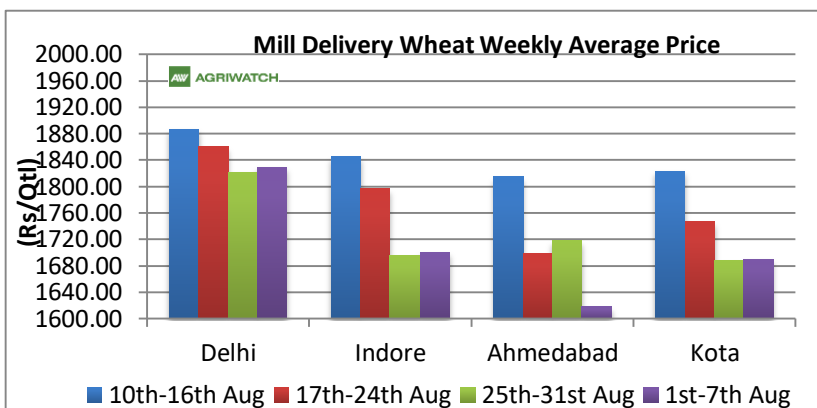


Source: IMD

### Wheat Weekly Average Price Chart

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Average mill delivery prices of Wheat remained high, during 01<sup>st</sup> Aug – 7<sup>th</sup> Aug 2020 as compared to last week. All markets showed steady to slightly 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

<b><u>Wheat Stock Norms</u></b>						
Fig. In Lakh Tonne	Operational Stock			Strategic Reserve		
	Rice	Wheat	Total	Rice	Wheat	Grand Total
<b>As on</b>						
<b>1st April</b>	115.80	44.60	160.40	20.00	30.00	210.40
<b>1st July</b>	115.40	245.80	361.20	20.00	30.00	411.20
<b>1st October</b>	82.50	175.20	257.70	20.00	30.00	307.70
<b>1st January</b>	56.10	108.00	164.10	20.00	30.00	214.10
<b>Buffer Norms w.e.f. 01.07.2017</b>						

### Procurement RMS 2019-20

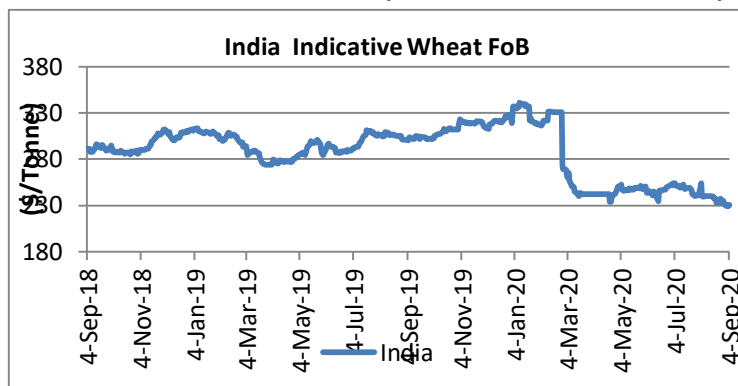
State/UTs	Procurement as on Sep-2020 (Figures in LMT)		
	FCI (A)	State Agency (B)	Total (A+B)
<b>Punjab</b>	14.19	112.93	127.12
<b>Haryana</b>	6.70	67.28	73.98
<b>Uttar Pradesh</b>	1.34	34.19	35.77
<b>Madhya Pradesh</b>	0.00	129.35	129.35
<b>Bihar</b>	0.00	0.05	0.05
<b>Rajasthan</b>	16.27	5.93	22.20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

## 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 \$200-\$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
		4-Sep-20	27-Aug-20	5-Aug-20	5-Sep-19	
USA (Chicago)	2srw	246.31	240.58	227.30	204.40	20.50
France	FCW3	223.35	223.23	216.66	180.87	23.49
Australia	ASW	226.80	231.12	235.72	198.99	13.98
Russia	SRW	219.00	210.00	206.00	182.50	20.00
India	Fob	230.53	232.71	239.68	301.28	-23.48

	07/09/2020	28/08/2020	21/08/2020	14/08/2020
Black Sea Mill Wheat 12.5% FOB Pmax. (\$/T)	217.50	207.50	199	196.50
Black Sea Mill Wheat 11.5% FOB Pmax. (\$/T)	217	207	198	195.50

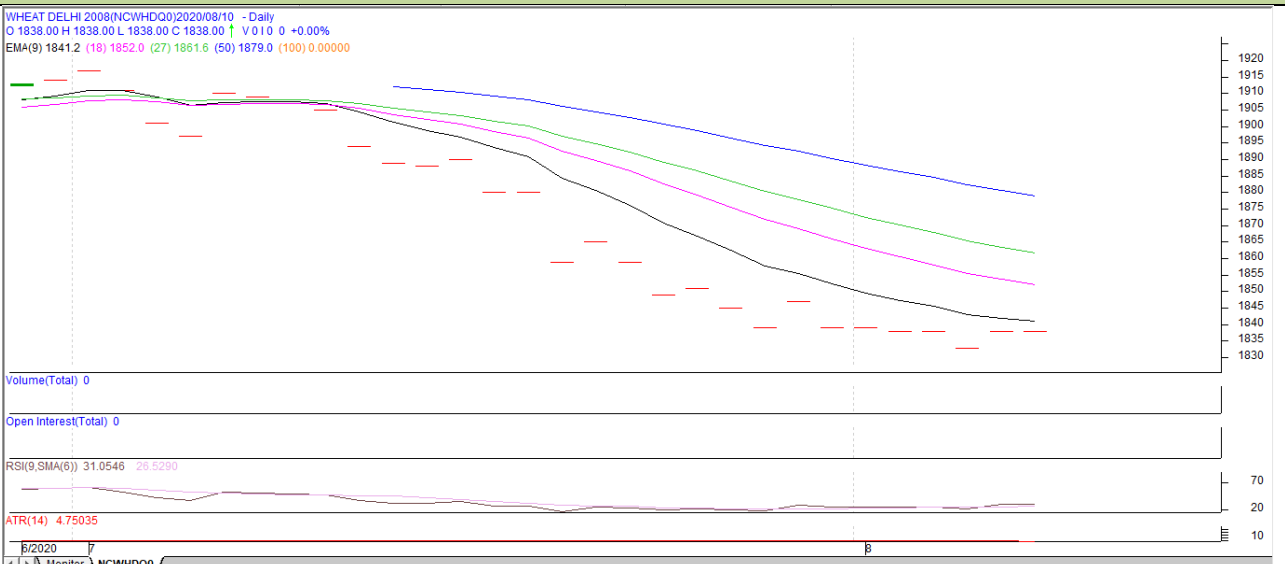
## NCDEX Wheat Contracts

Wheat Futures Contract: NCDEX Price								Date: 07.09.2020	
Contract Month	+/-	Open	High	Low	Close	Volume	Change From previous day	Open Interest	Change From previous day
20-Sep		-	-	-	1767				
20-Oct		-	-	-	1773				
20-Nov		-	-	-	1779				

## 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	1767	1774	1774
Pre-Market Intraday Trade Call*			Call	Entry	T1	T2	SL
Wheat	NCDEX	Aug	<b>SELL</b>	1767	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
	5-Sep-20	29-Aug-20	6-Aug-20	6-Sep-19	
Indore	NA	1695	1800	2100	NA
Bareilly	NA	NA	NA	0	-
Delhi	1816	1815	1885	2148	<b>-15.46</b>
Khanna	NA	NA	NA	0	-
Kanpur	1691	1657	1730	2030	<b>-16.70</b>
Karnal	NA	NA	NA	0	-
Rajkot	1700	1704	1750	2094	<b>-18.82</b>

Kota	1763	1769	1835	2043	<b>-13.71</b>
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**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. 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
			5-Sep-20	3-Sep-20	29-Aug-20	7-Aug-20	7-Sep-19
Delhi	Lawrence Road	Mill Delivery	1860	1825	1820	1890	2150
	Narella	Mill Quality Loose	1650	1665	1670	1740	2020
	Nazafgarh	Mill Quality Loose	1630	1665	1660	1730	2025
Gujarat	Rajkot	Mill Delivery	1620	1620	1615	1735	2110
	Ahmedabad	Mill Delivery	1700	1710	1700	1810	2200
	Surat	Mill Delivery	1750	1750	1730	1850	2270
	Dhrol	Mill Delivery	NR	NR	NR	NR	2075
M.P.	Indore	Mill Delivery	Closed	Closed	1680	1780	2120
	Bhopal	Mill Quality Loose	Closed	Closed	1600	1700	2030
Rajasthan	Kota	Mill Quality Loose	1560	1560	1560	1680	1940
		Mill Delivery	1685	1680	1650	1760	2050
U.P.	Kanpur	Mill Delivery	Closed	1690	Closed	1770	2030
	Mathura	Mill Quality Loose	Closed	1610	Closed	1675	1910
	Kosi	Mill Quality Loose	Closed	1715	Closed	1760	1960
	Hathras	Mill Quality Loose	Closed	1620	Closed	1700	1915
	Aligarh	Mill Quality Loose	Closed	1630	Closed	1700	1950
Punjab	Khanna	Mill Quality Loose	Closed	1725	1750	1750	1960
	Ludhiana (Jagraon)	Mill Delivery	NA	NA	NA	NA	o
Haryana	Sirsa	Mill Delivery loose	1730	1730	1725	1750	2010
	Hodal	Mill Delivery	NA	NA	NA	NA	o
	Bhiwani	Mill Quality Loose	1600	1610	1620	1700	2020
	Karnal	Mill Delivery	NA	NA	NA	NA	o
	Panipat	Mill Quality Loose	NA	NA	NA	NA	o
	Chennai	Mill Quality	2000	2000	2000	2050	2300





Tamil Nadu	Madurai	Mill Quality	2057	2150	2150	2200	2550
	Coimbatore	Mill Quality	2057	2200	2200	2250	2600
Bihar	Khagariya	Mill Delivery	1850	1850	1900	2050	2000
	Muzaffarpur	Mill Delivery	1600	1600	1650	1750	2000

Final Sowing Status 2019-20:

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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** The 2020 U.S. HRW and SRW harvests are officially complete and preparations for the 2021 crop have now begun. The PNW SW harvest made strong progress this week on favorable field conditions. Farmers in Washington have harvested 88% of the expected SW crop. Idaho's SW crop is 94% harvested and Oregon's SW harvest is now complete.

This week's commercial sales of 585,000 metric tons (MT) for delivery in 2020/21, as of Aug. 27, were down 23% from last week's 764,000 MT but on the high end of trade expectations of 350,000 MT to 600,000 MT. Year-to-date commercial sales now total 12.5 million metric tons (MMT), 9% 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, favourable 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%.

**Europe** According to Agritel, a European agriculture consultancy, French soft (non-durum) wheat production is expected to fall 25% on the year to 29.5 MMT following an overly wet fall in 2019 and an extremely dry growing season throughout 2020. The consultancy believes the drop in production could result in a 40% decrease in French soft wheat exports in marketing year 2020/21.

**Ukraine** Ukraine's Ministry of Agriculture reduced the country's 2020 wheat production estimate to 26.6 MMT, down 200,000 MT from the previous forecast and down 9% from last year's record, if realized, due to dry conditions throughout the growing season.

**Argentina** Beneficial precipitation across Argentina's central and southern regions over the past week brought much-needed relief to the maturing wheat crop, according to the Buenos Aires Grains Exchange (BAGE) on Sept. 3. The exchange estimated that 46% of the crop has received an optimal amount of moisture, an increase from last week's 38%, but below last year's 56%.

**Russia** Russian farmers have harvested 73.6 MMT of wheat as of Sept. 2, 21% ahead of this time last year. According to the country's Ministry of Agriculture, the total average yield is up slightly this year at 50.6 bu/acre (3.40 MT/ha).

**Canada** Canada is set to reach its second-highest level of wheat production in over a century on increased harvested area and higher yield estimates for winter wheat and durum. "The projected increase in wheat area is largely attributable to the durum wheat and winter wheat area remaining after winterkill, which offset the decrease in spring wheat area," said Statistics Canada (Statscan).

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 increased from last week's 92.37 to close at 92.73.

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
	4-Sep-20	28-Aug-20	4-Aug-20	29-May-20	6-Mar-20	5-Sep-19	
Sep-20	202.16	201.61	196.47	0.00	189.49	175.25	15.36
Dec-20	205.28	204.46	199.04	191.32	189.85	176.35	16.41
Mar-21	207.03	206.11	200.60	192.33	192.52	179.20	15.53
May-21	206.30	206.20	200.14	195.55	196.65	193.16	6.80
Jul-21	208.22	208.22	202.16	198.49	200.23	196.65	5.89
Sep-21	211.53	208.22	202.16	198.49	212.45	198.86	6.37

## CBOT Sep-20

**1<sup>st</sup> Support: 534.67**  
**2<sup>nd</sup> Support: 529.83**  
**1<sup>st</sup> Resistant: 545.67**  
**2<sup>nd</sup> Resistant: 551.83**  
**(\$ per tonne)**

Wheat CBOT closed at \$5.40 per bushel. U.S. wheat net export sales during the week ended 02<sup>th</sup> July was 2,10,000 tonnes were 87% higher compared to 2,70,000 tonnes last week. This week commercial sale was 585,000 MT which is lower by 23% from last week. USDA expects total exports for 2019-20 to be around 26.5 MMT, higher by 1% than 2018-19. 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 \$229.78 per tonne. US and Russian quotes are hovering in the range of \$246.61 - \$251.86 and \$214.56-\$219.80 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.

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