Wheat Weekly Research Report
14th Sep-2020

Wheat Weekly Research Report

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Wheat Domestic Market Fundamentals

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All India's weekly average prices decreased by 1.58 percent YoY to Rs. 1857.70 per quintal during the week ended 15th Sep 2020. Wheat average prices were ruling at Rs 2118.24 per quintal during 9th Sep-15th Sep 2019. As compared to prices in the last week, 1st-8th Sep 2020, the prices are low by 1.58 percent. The wheat market has stabilized, but prices are unlikely to rise till Diwali. But the price of wheat seems to have hit the bottom, and unlikely to drop further.

So far as the government continues to distribute free food grains, the demand for wheat will stay weak, and there is no scope for prices to rise either. The Price of Mill Quality wheat is hovering around between Rs.1650-1750, which may rise by 50-60 Rs. Consumption has also decreased in this season.

According to traders, Wheat prices rose in Jaipur due to firm demand and a fall in arrivals. In Jaipur, arrivals were pegged at 1,000 bags (1 bag = 100 kg), compared with 1,200 bags this week. In Indore, wheat prices were unchanged as demand and supply of the food grain were steady. Arrivals were pegged at 3,000 bags at the market.

Due to good and early rains in the current year, the Kharif sowing began sooner than usual and hence harvesting should also be early and hence rabi sowing can start earlier too. January 2021, could see the arrivals of the new wheat in Gondal Line and some such centers, which usually start in February.

The government has sold 3390 tonnes of wheat in OMSS through E-Auctions in the First week of September'20. Till now; no rakes have been sold, or any by any state Government..

Indian FoB quote is hovering around $228.39 per tonne while Russia, Ukraine, France, the US, and Australia offer wheat at $221.50, $215.50, Euro 87.10, $248.27, and $227.59 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.

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 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.

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.

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.

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. 1759 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
Note: Aug data awaited.

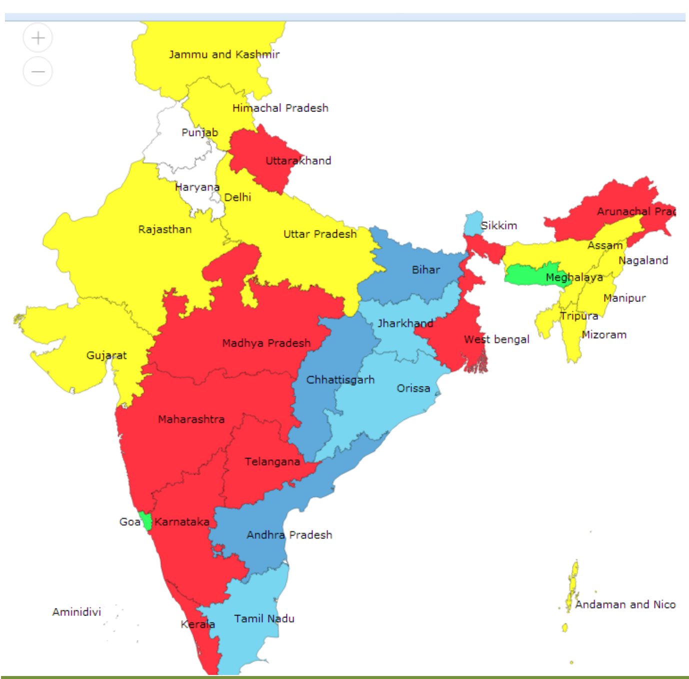
Wheat Import

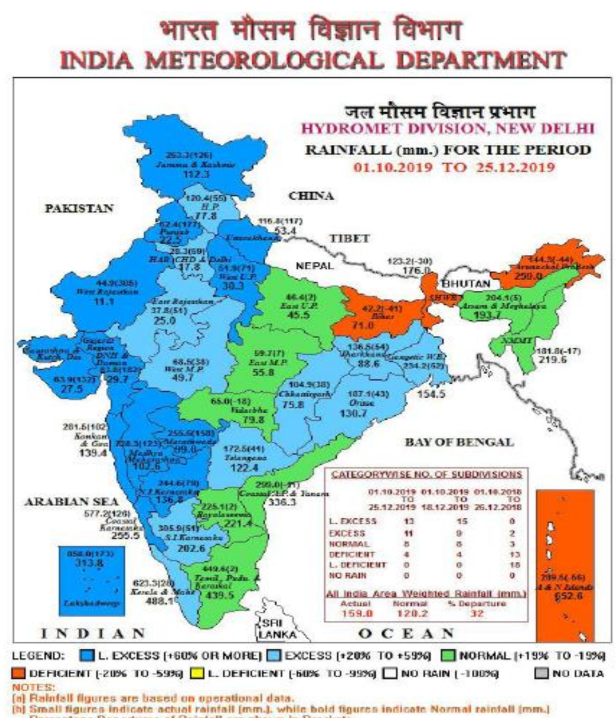
Date	*Foreign Country*	*Port*	*Quantity in MT*
July-2020	*Australia, UK*	*Tuticorin*	*0*
	Total		*0*

Source: Traders
Note: Aug data awaited.

Monsoon

Weekly Cumulative rainfall:





Source: IMD

Wheat Weekly Average Price Chart

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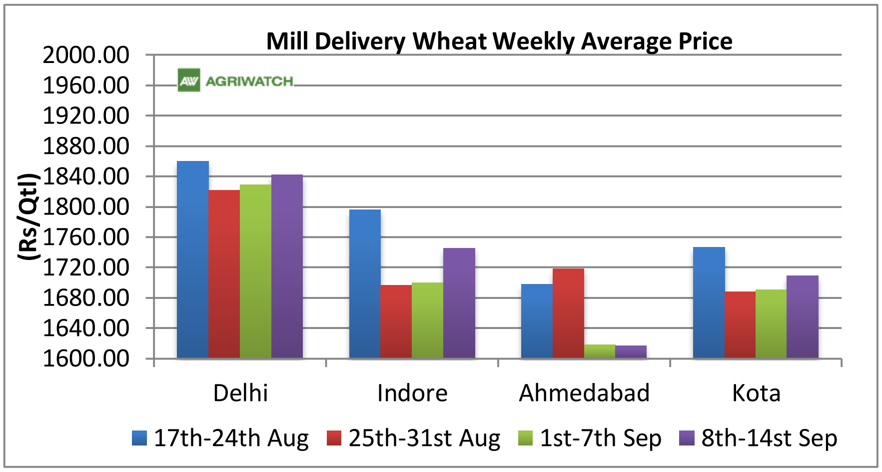
Average mill delivery prices of Wheat remained high, during 08th Aug – 14th Sep 2020 as compared to last week. All markets showed steady to slightly movement in prices expect Delhi, Indore and Kota and prices are likely to trade steady to slightly firm in upcoming weeks. Free distribution of wheat till 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 Sep-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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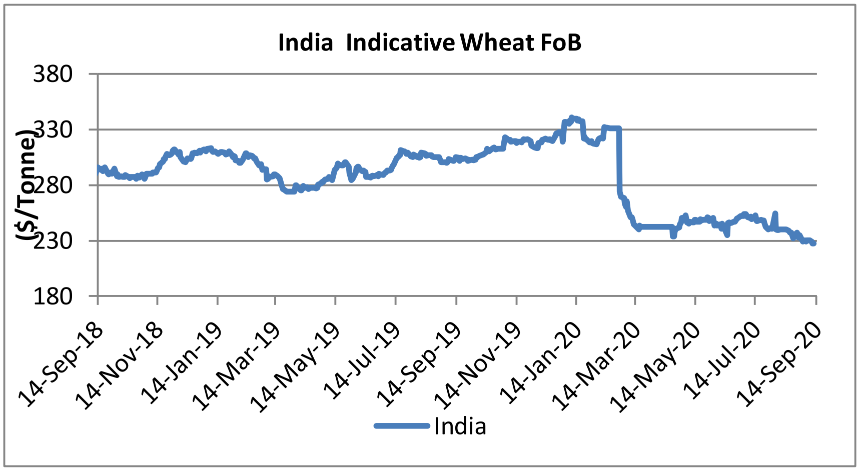
Wheat FoB quote in India noticed steady tone in the past week. The demand for Indian wheat in the international market is low. Export window remains restricted due to disparity.

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 $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
		11-Sep-20	4-Sep-20	11-Aug-20	13-Sep-19	
USA (Chicago)	2srw	243.26	246.31	219.38	214.50	13.41
France	FCW3	225.60	223.35	213.59	185.44	21.65
Australia	ASW	226.80	226.80	233.59	207.70	9.20
Russia	SRW	225.00	219.00	201.00	181.00	24.31
India	Fob	NA	230.53	Closed	305.14	NA

	14/09/2020	07/09/2020	28/08/2020	21/08/2020
Black Sea Mill Wheat 12.5% FOB Pmax. ($/T)	220.50	217.50	207.50	199
Black Sea Mill Wheat 11.5% FOB Pmax. ($/T)	220.50	217	207	198

NCDEX Wheat Contracts

Wheat Futures Contact: NCDEX Price — **Date: 14.09.2020**

Contract Month	+/-	Open	High	Low	Close	Volume	Change From previous day	Open Interest	Change From previous day
20-Sep		-	-	-	1759				
20-Oct		-	-	-	1765				
20-Nov		-	-	-	1771				

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	1759	1759	1759	1759	1759
Pre-Market Intraday Trade Call*			**Call**	**Entry**	**T1**	**T2**	**SL**
Wheat	NCDEX	Aug	SELL	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
	12-Sep-20	5-Sep-20	14-Aug-20	13-Sep-19	
Indore	1713	0	1795	2093	-18.16
Bareilly	NA	0	0	0	-
Delhi	1823	1816	1876	2140	-14.81
Khanna	NA	0	0	0	-
Kanpur	1690	1691	1766	2037	-17.03
Karnal	NA	0	0	0	-
Rajkot	1650	1700	0	2105	-21.62
Kota	1763	1769	1835	2043	-13.71

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
			12-Sep-20	9-Sep-20	5-Sep-20	14-Aug-20	14-Sep-19
Delhi	Lawrence Road	Mill Delivery	1840	1850	1830	1880	2150
	Narella	Mill Quality Loose	1660	Closed	1650	1740	2040
	Nazafgarh	Mill Quality Loose	1660	Closed	1630	1700	2025
Gujarat	Rajkot	Mill Delivery	1620	1620	1620	Closed	2110
	Ahmedabad	Mill Delivery	1715	1720	1700	Closed	2175
	Surat	Mill Delivery	1750	1760	1750	Closed	2250
	Dhrol	Mill Delivery	NA	1565	1565	0	2220
M.P.	Indore	Mill Delivery	1780	1725	Closed	1850	2100
	Bhopal	Mill Quality Loose	1630	1620	Closed	1700	2070
Rajasthan	Kota	Mill Quality Loose	1580	1580	1560	1700	1940
		Mill Delivery	1750	1725	1685	1830	2050
U.P.	Kanpur	Mill Delivery	1750	1740	Closed	1750	2020
	Mathura	Mill Quality Loose	1685	1670	Closed	1675	1890
	Kosi	Mill Quality Loose	1700	1670	Closed	1820	1960
	Hathras	Mill Quality Loose	1625	1610	Closed	1700	1890
	Aligarh	Mill Quality Loose	1660	Closed	Closed	1700	1930
Punjab	Khanna	Mill Quality Loose	1725	1725	Closed	1750	1970
	Ludhiana (Jagraon)	Mill Delivery	NA	0	0	0	0
Haryana	Sirsa	Mill Delivery loose	1730	1730	1730	1765	2000
	Hodal	Mill Delivery	NA	0	0	0	0
	Bhiwani	Mill Quality Loose	1650	1600	1600	1700	2020
	Karnal	Mill Delivery	NA	0	0	0	0
	Panipat	Mill Quality Loose	NA	0	0	0	0
Tamil Nadu	Chennai	Mill Quality	2000	2000	2000	2050	2400
	Madurai	Mill Quality	2057	2125	2150	2150	2550

	Coimbatore	Mill Quality	2057	2175	2200	2200	2600
Bihar	Khagariya	Mill Delivery	1700	1850	1850	2100	2050
	Muzaffarpur	Mill Delivery	1750	1600	1600	1775	2025

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 484,000 metric tons (MT) for delivery in 2020/21, as of Sept. 3, were down 17% from last week's 585,000 MT but within trade expectations of 250,000 MT to 600,000 MT. Year-to-date commercial sales now total 12.9 million metric tons (MMT), 8% ahead of last year's pace. USDA expects the United States will export 26.5 MMT 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 to29.5 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 *Reuters reported that recent precipitation in Argentina has helped revive the country's drought-stricken wheat crop. "The rains arrived just in time to put a floor under the damage that was being done to wheat yields," said the Buenos Aires Grain Exchange's (BAGE) chief analyst Esteban Copati. Howe ver, USDA reduced its Argentinian wheat production forecast from 20.5 MMT in August to 19.5 MMT in September, slightly lower than last year, if realized.*

Russia *According the Russia's Ministry of Agriculture, Russian farmers have harvested 78.8 MMT of wheat as of Sept. 9, 24% more than this time last year. The average yield is up slightly this year at 48.0 bu/acre (3.23 MT/ha). SovEcon, a Russian agriculture consultancy, increased the country's wheat production forecast from 82.6 MMT last month to 83.3 MMT on Sept. 10. USDA expects Russian wheat output will reach 78.0 MMT, unchanged from the August forecast, but 6% more than last year, if realized.*

Canada *In its September World Agricultural Supply and Demand Estimates report, USDA increased its production forecasts for Australia and Canada. Beneficial rainfall over the past several months pulled Australia out of a historic, three-year drought. USDA now forecasts Australian wheat production will reach 28.5 MMT, up 10% from its August prediction and 87% more than the country's 2019/20 output, if realized. Total Canadian wheat production is expected to reach 36.0 MMT, up 6% from USDA's August forecast and up 11% from last year, if realized.*

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 92.71 to close at 92.26.

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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
	11-Sep-20	4-Sep-20	12-Aug-20	5-Jun-20	13-Mar-20	12-Sep-19	
Sep-20	199.13	202.16	180.39	191.14	185.90	181.22	9.88
Dec-20	202.35	205.28	183.61	189.30	186.27	182.32	10.98
Mar-21	204.64	207.03	186.36	191.14	188.48	184.89	10.68
May-21	204.64	206.30	188.38	194.91	192.43	193.16	5.94
Jul-21	206.75	208.22	189.95	198.40	196.10	196.65	5.14
Sep-21	210.34	208.22	192.52	198.40	212.45	198.86	5.77

CBOT Sep-20

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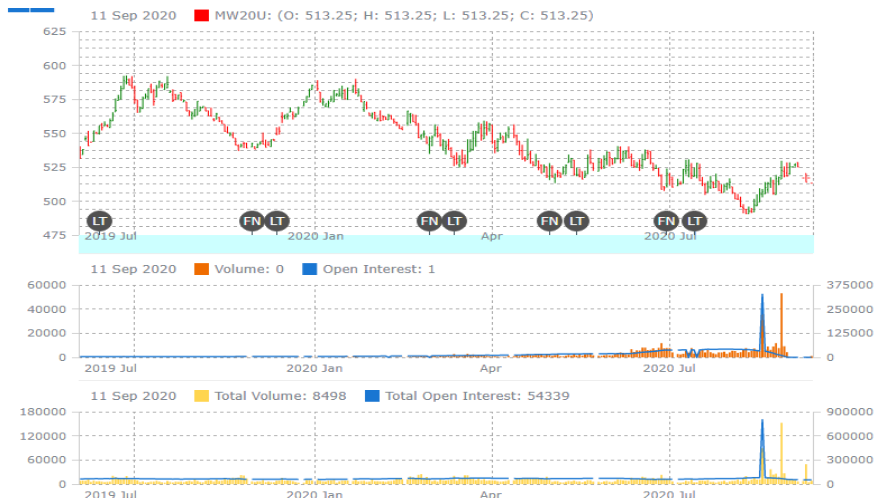
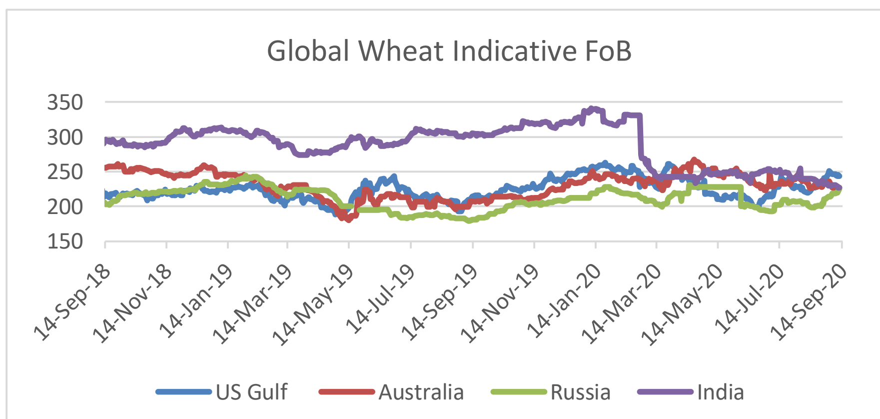
1st Support: 534.67
2nd Support: 529.83
1st Resistance: 545.67
2nd Resistance: 551.83
(\$ per tonne)



Wheat CBOT closed at \$5.42 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 484,000 MT which is lower by 17% 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 \$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.