Wheat Weekly Research Report
21st Sep-2020

Wheat Weekly Research Report

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Wheat Domestic Market Fundamentals

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On Monday, India Government hiked the minimum support price of wheat by Rs 50 per quintal to Rs 1,975 per quintal to encourage farmers to increase crop cultivation. The decision was taken at a meeting of the Cabinet Committee on Economic Affairs chaired by Prime Minister and Agriculture Minister announced it in Lok Sabha.

All India's weekly average prices decreased by 15.74 percent YoY to Rs. 1788.49 per quintal during the week ended 23rd Sep 2020. Wheat average prices were ruling at Rs 2122.49 per quintal during 16th Sep-23rd Sep 2019. As compared to prices in the last week, 9th-15th Sep 2020, the prices are low by 3.73 percent. The wheat market has stabilized, but prices are unlikely to rise till Dusshera & Diwali festival. But the prices of wheat seem to have hit bottom, and unlikely to drop further.

As per FCI food grains stock, wheat stock in the central pool as on 1st September'20 stood at 478.32 lakh tonnes, down by 7.3% compared to last month. This quantity is higher by around 13.25% compared to the previous year for the same month.

Wheat is being distributed in the PMGKAY scheme all over India and other schemes in Madhya Pradesh and other states, due to which the price of wheat has been reduced by Rs 400-500. Usually, wheat prices rise in September, but this time the situation is different. Wheat sales through OMSS also got weakened this season. Wheat markets can be in a prolonged slump environment.

The government has sold 60830 tonnes of wheat in OMSS through E-Auctions in the third week of September'20. Till now; no rakes have been sold. Sale of wheat to bulk consumer 10830 and sale of Wheat to state Govt. 50000.

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.

As per trade source, India has exported around 64.56 thousand tonnes in the month of August-2020. The quantity in August -2020 was exported at an average FOB of $ 142.56 per tonne, and the major destinations were Nepal, Bangladesh, Afghanistan, Cambodia, and Jordan. Exports are likely to be at the lower side as other countries can provide quality wheat at competitive prices.

Previous Updates

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.

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.

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.

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. 1756 respectively.*

Wheat Weekly Export

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Week on Week Exports	Quantity in MT	Average FoB ($/T)
01-07 Aug -2020	11217.15	151.86
08-14 Aug -2020	9695.06	253.03
15-21 Aug -2020	17204.48	438.94
22-31 Aug -2020	26416.11	754.22
Total	**64563.03**	**142.56**

Source: Trade
Note: Sep data awaited.

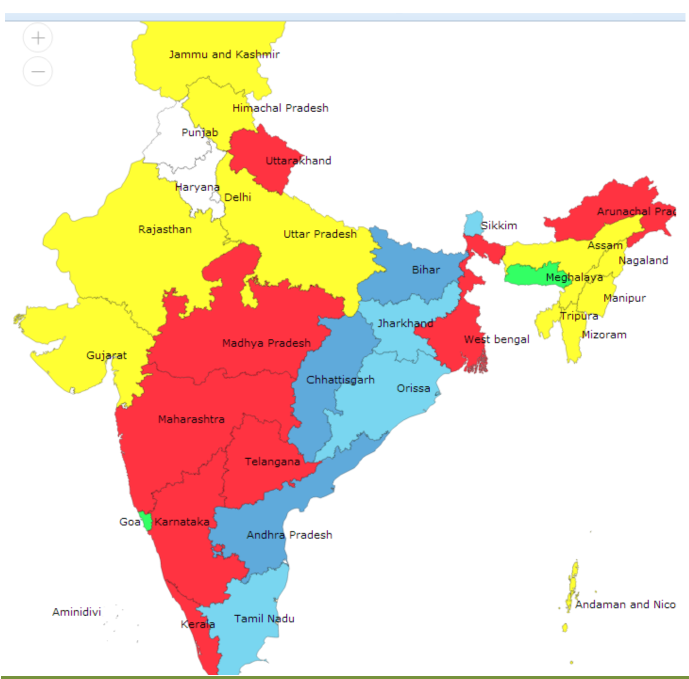
Wheat Import

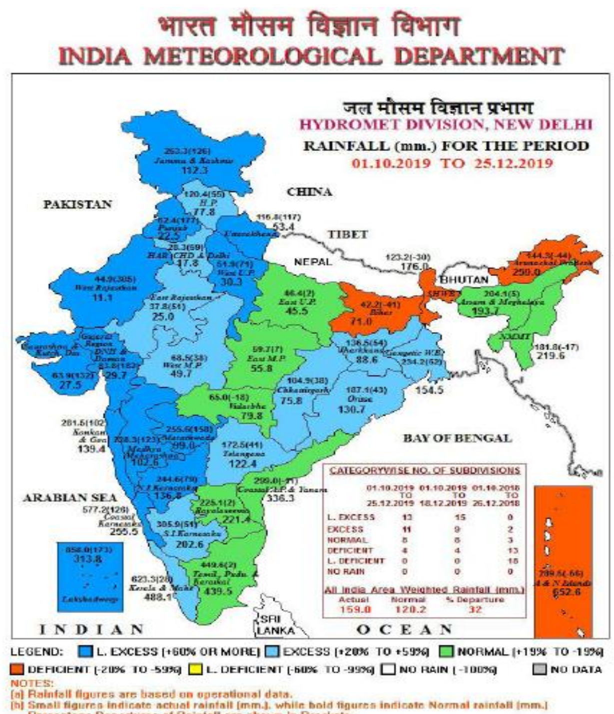
Date	Foreign Country	Port	Quantity in MT
Aug-2020	Australia, UK	Tuticorin	0
	Total		0

Source: Traders
Note: Aug data awaited.

Monsoon

Weekly Cumulative rainfall:





Source: IMD

Wheat Weekly Average Price Chart

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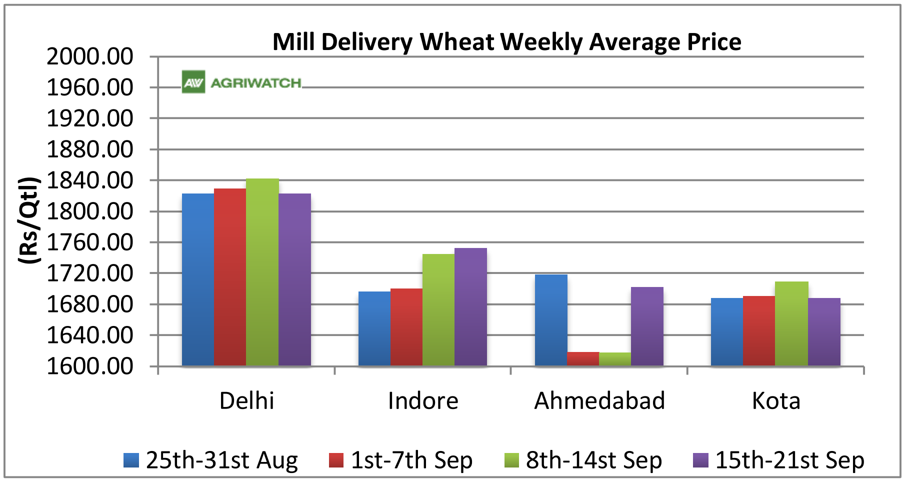

Wheat's average mill delivery prices remained high, from 15th Aug – 21st Sep 2020 compared to last week. All markets showed steady to slight movement in prices except Delhi and Kota, and prices are likely to trade steady to slightly firm in upcoming weeks. Free distribution of Wheat till Nov would keep the market moving range bound. Usually, Wheat prices rise in September, but this time the situation is different. *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						

Final 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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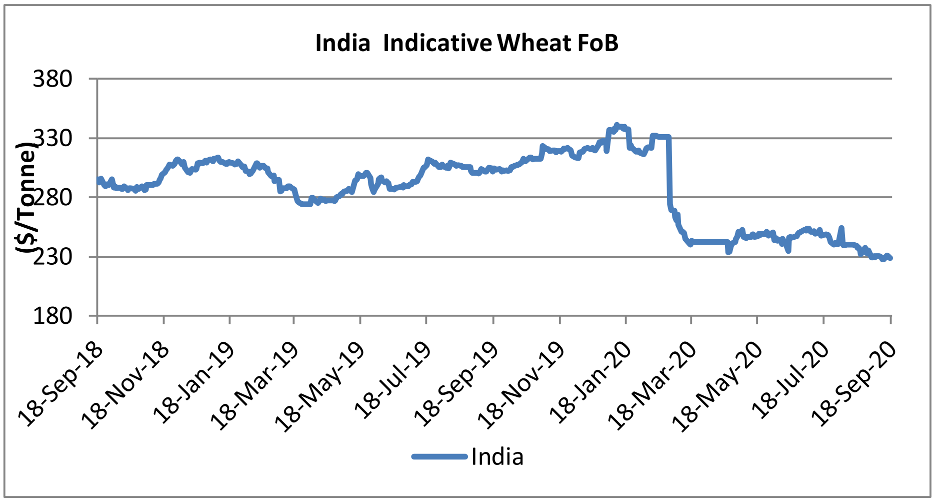
The wheat FoB quote in India noticed a weak tone in the past week. The demand for Indian wheat in the international market is low. The export window remains restricted due to disparity.

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 offer wheat at lower prices than India, which has also reduced demand for Indian wheat in the international market.



Indicative FOB Quotes:						
Wheat FOB	Variety	Today	Week Ago	Month Ago	Year Ago	% Change over Prev. Year
		18-Sep-20	11-Sep-20	20-Aug-20	20-Sep-19	
USA (Chicago)	2srw	NA	243.26	231.86	212.49	NA
France	FCW3	230.20	225.60	217.83	183.38	25.53
Australia	ASW	228.49	226.80	227.91	206.36	10.72
Russia	SRW	236.00	225.00	200.00	184.00	28.26
India	Fob	228.85	NA	235.40	303.52	-24.60

	18/09/2020	14/09/2020	07/09/2020	28/08/2020
Black Sea Mill Wheat 12.5% FOB Pmax. ($/T)	233	220.50	217.50	207.50
Black Sea Mill Wheat 11.5% FOB Pmax. ($/T)	232.5	220.50	217	207

NCDEX Wheat Contracts

Wheat Futures Contact: NCDEX Price									Date: 21.09.2020
Contract Month	+/-	Open	High	Low	Close	Volume	Change From previous day	Open Interest	Change From previous day
20-Oct		-	-	-	1756				
20-Nov		-	-	-	1762				
20-Dec		-	-	-	1767				

AGRIWATCH

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Wheat Technical Analysis:

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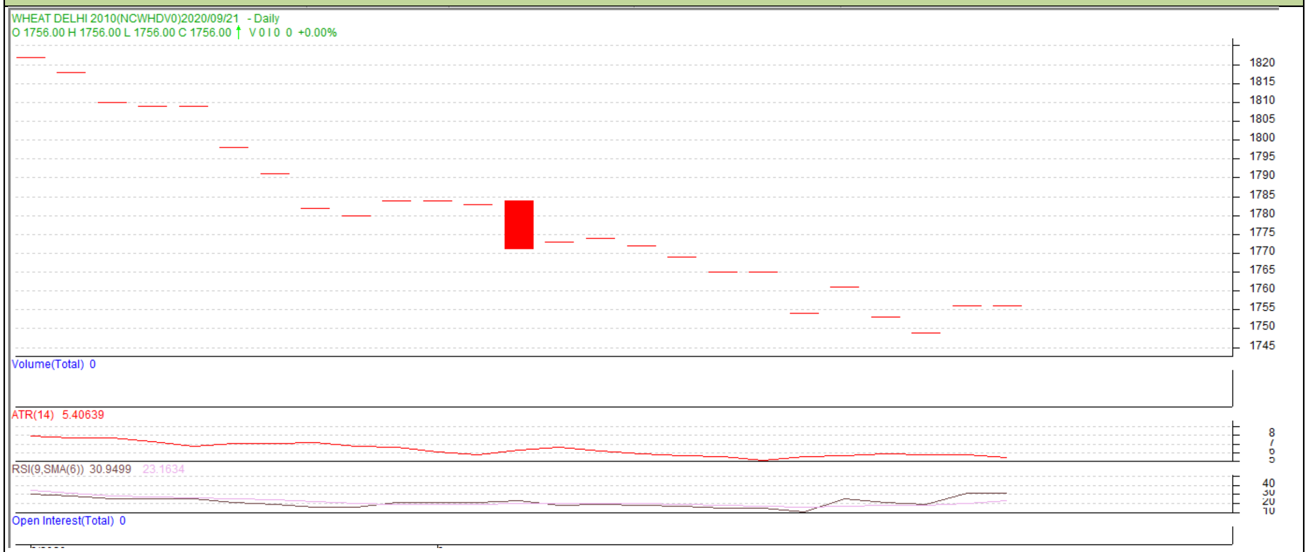
Wheat- Technical outlook	**Contract Expiry: 20th October, 2019**



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	Oct	1756	1756	1756	1756	1756
Pre-Market Intraday Trade Call*			**Call**	**Entry**	**T1**	**T2**	**SL**
Wheat	NCDEX	Oct	**SELL**	1756	1746	1741	1762

*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**
	19-Sep-20	**12-Sep-20**	**19-Aug-20**	**20-Sep-19**	
Indore	1662	1713	1760	2090	**-20.48**
Bareilly	NA	NA	0	0	-
Delhi	1793	1823	1870	2150	**-16.60**
Khanna	NA	NA	0	0	-
Kanpur	1667	1690	1755	2040	**-18.28**
Karnal	NA	NA	0	0	-
Rajkot	1617	1650	1725	2100	**-23.00**
Kota	1750	1756	1810	2023	**-13.49**

Domestic Market Weekly Outlook:

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The wheat market is expected to show a steady–bound to firm tone as the new crop procurement is officially completed. Availability in the 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
			19-Sep-20	16-Sep-20	12-Sep-20	20-Aug-20	21-Sep-19
Delhi	Lawrence Road	Mill Delivery	1790	1840	1840	1860	2155
	Narella	Mill Quality Loose	1680	Closed	1660	1750	2050
	Nazafgarh	Mill Quality Loose	1670	Closed	1660	1730	2060
Gujarat	Rajkot	Mill Delivery	1610	1625	1620	1700	2100
	Ahmedabad	Mill Delivery	1700	1700	1715	1775	2175
	Surat	Mill Delivery	1750	1750	1750	1835	2250
	Dhrol	Mill Delivery	1545	1535	NA	1620	2110
M.P.	Indore	Mill Delivery	1715	1800	1780	1750	2160
	Bhopal	Mill Quality Loose	1600	1625	1630	1650	2050
Rajasthan	Kota	Mill Quality Loose	1500	1600	1580	1660	1935
		Mill Delivery	1625	1725	1750	1760	2050
U.P.	Kanpur	Mill Delivery	1640	1750	1750	1760	2030
	Mathura	Mill Quality Loose	1630	1680	1685	1650	1900
	Kosi	Mill Quality Loose	1680	1700	1700	1770	1960
	Hathras	Mill Quality Loose	1625	1650	1625	1680	NA
	Aligarh	Mill Quality Loose	1625	Closed	1660	1700	1920
Punjab	Khanna	Mill Quality Loose	1705	1700	1725	1780	1930
	Ludhiana (Jagraon)	Mill Delivery	NA	NA	0	0	0
Haryana	Sirsa	Mill Delivery loose	1690	1725	1730	1750	2000
	Hodal	Mill Delivery	NA	NA	0	0	0
	Bhiwani	Mill Quality Loose	1665	1660	1650	1710	2030
	Karnal	Mill Delivery	NA	NA	0	0	0
	Panipat	Mill Quality Loose	NA	NA	0	0	0
Tamil Nadu	Chennai	Mill Quality	2000	2000	2000	2050	2400
	Madurai	Mill Quality	2057	2125	2125	2150	2550

	Coimbatore	Mill Quality	2057	2175	2175	2200	2600
Bihar	Khagariya	Mill Delivery	1750	1700	1700	2050	2050
	Muzaffarpur	Mill Delivery	1775	1750	1750	1800	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: **(*Back to Table of Contents*)**

USDA *According to USDA, U.S. farmers have now planted 10% of the total intended winter wheat area for harvest in 2021, 4 points ahead of this time last year and 2 points ahead of the 5-year average.*

This week's commercial sales of 336,000 metric tons (MT) for delivery in 2020, as of Sept. 10, were down 31% from last week's 484,000 MT and on the low end of trade expectations of 300,000 MT to 700,000 MT. Year-to-date commercial sales now total 13.1 million metric tons (MMT), 7% 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.

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 is facing the worst weather conditions for winter wheat sowing there in the last 10 years because of severe drought and night frosts across most of the country, said Reuters on Sept. 17. "All this negatively affects the course of the sowing campaign. The optimal time has just come for sowing... however, in the absence of moisture in the soil, sowing today is pointless," said analysts at APK-Inform, a Ukrainian agriculture consultancy.*

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 to Russia's Ministry of Agriculture, farmers have now harvested 82.8 MMT of wheat or 91% of the total expected area. As of Sept. 15, Russian producers have planted 8.60 million hectares (21.2 million acres) of winter wheat or 45% of the total intended area for harvest in 2021. Minimal precipitation in the country's southern region could challenge early wheat development.*

France *France's Farm Ministry lowered its estimates of this year's soft wheat production due to significantly lower harvested area. The country's soft wheat production is expected to fall 25% from last year to 29.5 MMT after a tough growing season marked by torrential rain at planting and severe drought during the growing season.*

Jordan's *state grains buyer purchased 120,000 tonnes of hard milling wheat sourced from optional origins in a tender that closed on Wednesday. 60,000 tonnes were bought from trading house Ameropa at $254.50 a tonne c&f for shipment in the first half of November. Another 60,000 tonnes was bought from trading house Aston at $254.90 a tonne c&f also for shipment in the first half of November.*

Egypt According to GASC, Egypt's state grain buyer bought 235,000 tonnes of wheat at its latest international purchasing tender on Wednesday. The wheat is of Polish and Russian origin.

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 93.33 to end at 92.9.

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	27.08.2020
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 at 763 MMT for 2019-20, 1 MMT higher compared to last month's forecast. According to estimatse by IGC the 2018-19 global wheat production was around 733 MMT and 762 MMT for 2017-18.*
- *The trade forecast for 2019-20 has increased to 181 MMT. It is 12 MMT higher compared to the 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 an 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
	18-Sep-20	11-Sep-20	19-Aug-20	12-Jun-20	20-Mar-20	19-Sep-19	
Sep-20	211.26	199.13	180.39	186.55	198.12	183.24	**15.29**
Dec-20	214.10	202.35	183.61	184.43	196.83	184.53	**16.03**
Mar-21	215.57	204.64	186.36	186.55	197.75	187.28	**15.11**
May-21	214.10	204.64	188.38	189.85	200.88	193.16	**10.84**
Jul-21	215.57	206.75	189.95	193.34	203.63	196.65	**9.62**
Sep-21	218.51	206.75	192.52	193.34	212.45	198.86	**9.88**

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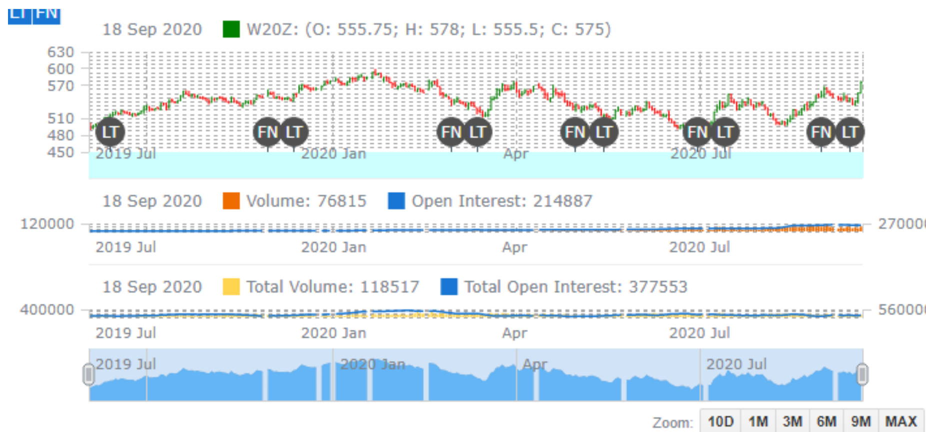
1st Support: 537.67
2nd Support: 523.83
1st Resistance: 545.67
2nd Resistance: 551.83
($ per tonne)



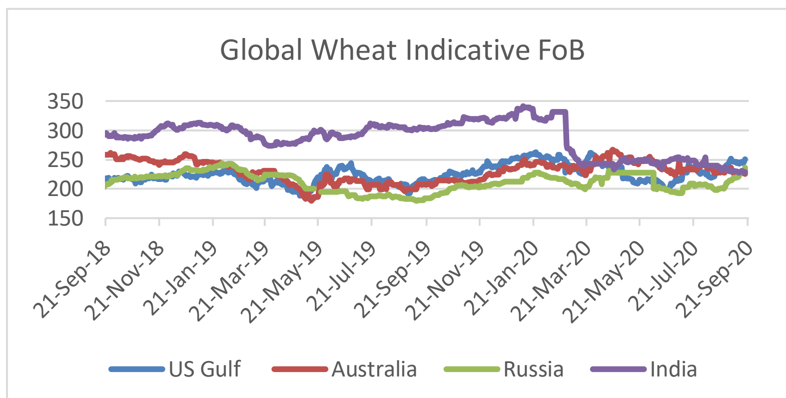
Wheat CBOT closed at $5.75 per bushel. This week's commercial sales of 336,000 metric tons (MT) for delivery in 2020, as of Sept. 10, were down 31% from last week's 484,000 MT and on the low end of trade expectations of 300,000 MT to 700,000 MT. Year-to-date commercial sales now total 13.1 million metric tons (MMT), 7% 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.

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 $243.61 - $259.86 and $230.56-$236.80 per tonne. Wheat prices in international markets noticed range -bound to weak tone in last week.

Wheat is expected to trade steady to firm and hover $200 to $250 per tonne in the 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.