Wheat Weekly Research Report
28th 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 14.35 percent YoY to Rs. 1788.49 per quintal during the week ended 30th Sep 2020. Wheat average prices were ruling at Rs 2161.99 per quintal during 24th Sep-30th Sep 2019. As compared to prices in the last week, 16th-23rd Sep 2020, the prices are high by 3.54 percent. The wheat market has stabilized, and prices are unlikely to rise till Dusshera & Diwali festival. But the prices of wheat seem to have hit bottom, and unlikely to drop further.

Changes in the weather system and the prices of crops directly impact the choice of crops to be sown in Rabi. Due to this, the farmers of the Rajasthan state have reduced acreages under wheat in the last five years and increased under Gram. Officials of the agriculture department are also putting up mini kits and exhibitions of Gram instead of wheat. This trend has been also led by the lack of a favourable environment at the time of sowing.

The agriculture department in Himachal Pradesh has reduced the price of wheat seed by two rupees per kg. In 2019, the seed at agricultural centers was sold at Rs 33 per kgand now Rs. 31 kg. With much of the migrant labour back home, farmers have more farm hands available and hence, agriculture department has reported high demand for seeds, up five hundred quintals since than last year. Out of the total demand of 12 thousand quintal seeds, eight thousand quintal seeds have reached the department. Sale of wheat seeds has started in agricultural centers. Now 4 thousand quintals of seeds are yet to come. Wheat sowing is to begin from October 15.

The government has sold 11130 tonnes of wheat in OMSS through E-Auctions in the fourth week of September'20. Till now; no rakes have been sold. Sale of wheat to bulk consumer 11300 and sale of Wheat to state Govt. 100000.

Indian FoB quote is hovering around $226.26 per tonne while Russia, Ukraine, France, the US, and Australia offer wheat at $237.50, $236.50, Euro 167.10, $248.27, and $222.59 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 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.

Previous Updates

India Government has 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.

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.

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.

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

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. 1737 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

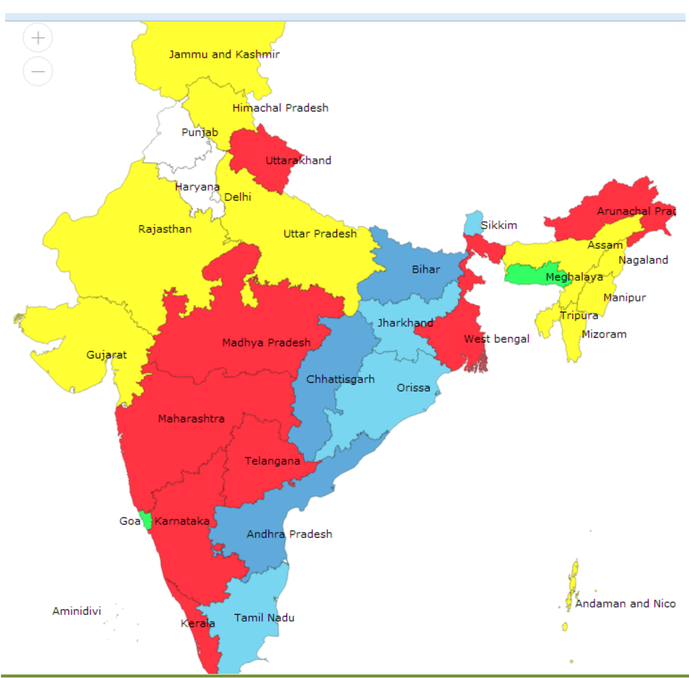
Wheat Import

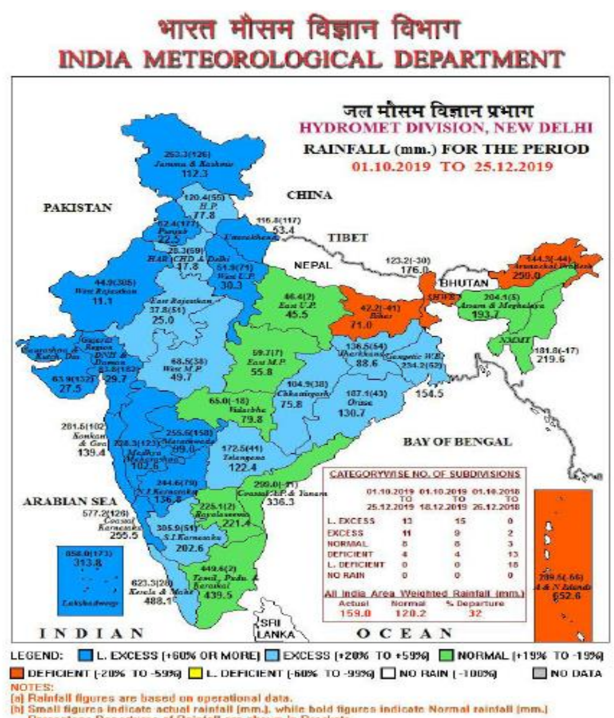
Date	Foreign Country	Port	Quantity in MT
Aug-2020	Australia, UK	Tuticorin	0
	Total		0

Source: Traders

Monsoon

Weekly Cumulative rainfall:





Source: IMD

Wheat Weekly Average Price Chart

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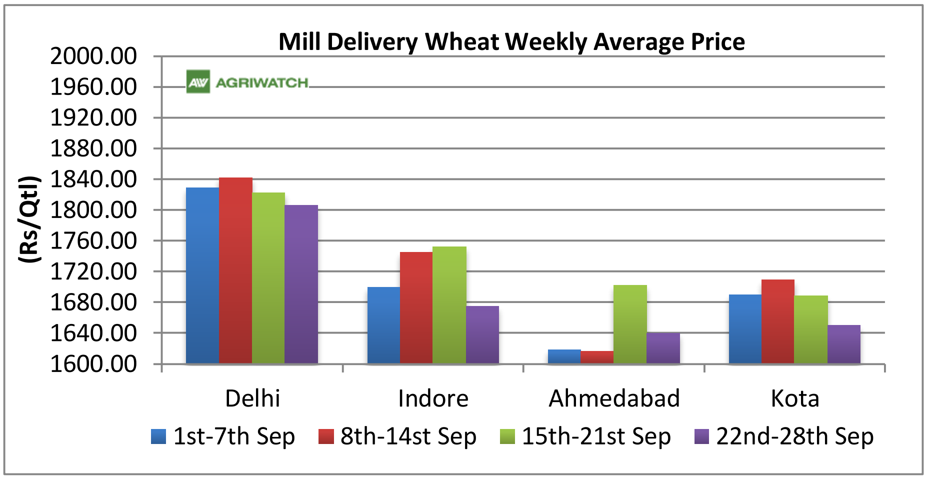
Wheat's average mill delivery prices remained low, from 22nd Sep– 28th Sep 2020 compared to last week. All markets had shown weak movement in prices last week and are likely to trade steady to slightly firm in upcoming weeks. Free distribution of Wheat till Nov would keep the market moving range bound. 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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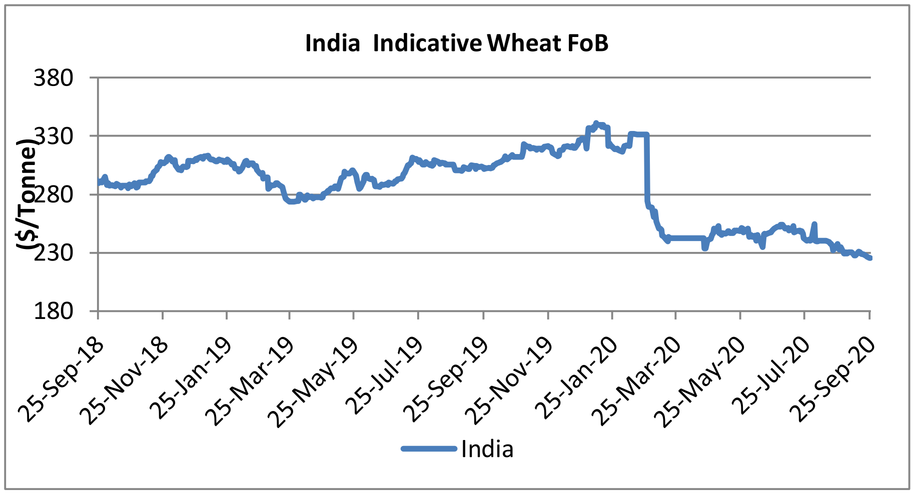
The wheat FoB quote in India noticed a weak tone in the past week. The demand for Indian wheat in the international market is low. The export window remains restricted due to disparity.

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**
		24-Sep-20	**17-Sep-20**	**26-Aug-20**	**26-Sep-19**	
USA (Chicago)	2srw	NA	NA	236.91	212.49	**NA**
France	FCW3	225.87	224.19	220.34	184.10	**22.69**
Australia	ASW	219.10	225.53	231.12	209.04	**4.81**
Russia	SRW	237.00	230.00	204.00	184.50	**28.46**
India	Fob	225.49	228.72	233.26	302.58	**-25.48**

	25/09/2020	*18/09/2020*	*14/09/2020*	*07/09/2020*
Black Sea Mill Wheat 12.5% FOB Pmax. ($/T)	*234*	*233*	*220.50*	*217.50*
Black Sea Mill Wheat 11.5% FOB Pmax. ($/T)	*233*	*232.5*	*220.50*	*217*

NCDEX Wheat Contracts

Wheat Futures Contact: NCDEX Price									***Date: 28.09.2020***
Contract Month	***+/-***	***Open***	***High***	***Low***	***Close***	***Volume***	***Change From previous day***	***Open Interest***	***Change From previous day***
20-Oct		-	-	-	*1737*				
20-Nov		-	-	-	*1743*				
20-Dec		-	-	-	*1748*				

Wheat Technical Analysis:

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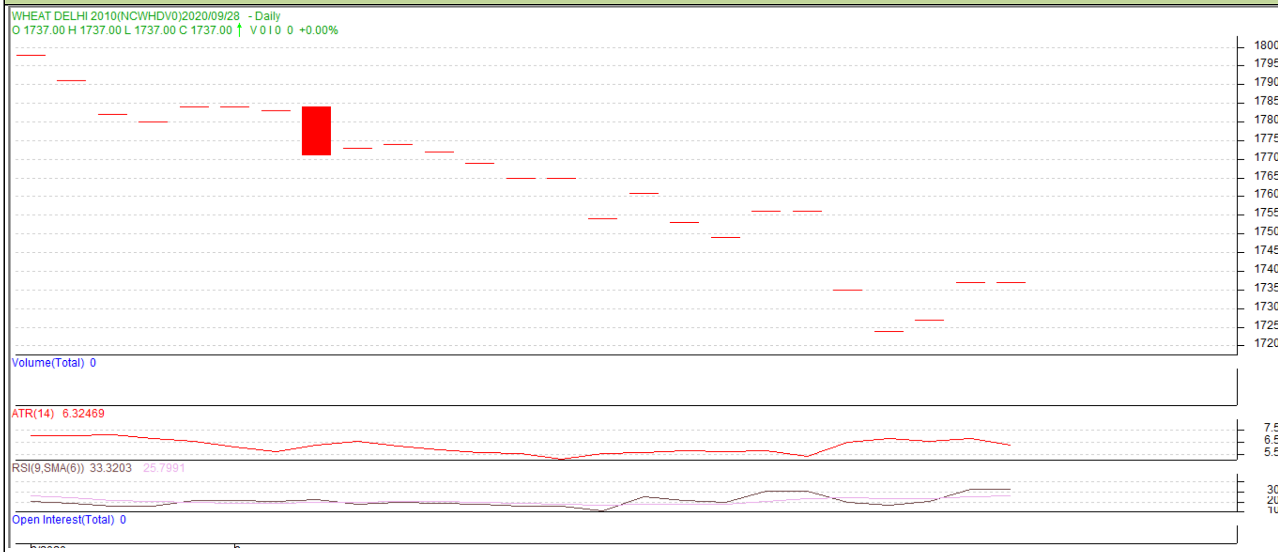
Wheat- Technical outlook	**Contract Expiry: 20th October, 2019**



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	1737	1737	1737	1737	1737
Pre-Market Intraday Trade Call*			**Call**	**Entry**	**T1**	**T2**	**SL**
Wheat	NCDEX	Oct	**SELL**	1737	1737	1737	1737

*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**
	28-Sep-20	**21-Sep-20**	**28-Aug-20**	**28-Sep-19**	
Indore	1675	1662	1695	2125	**-21.18**
Bareilly	NA	NA	0	0	-
Delhi	1779	1799	1817	2192	**-18.84**
Khanna	NA	NA	0	0	-
Kanpur	1642	1667	1640	2070	**-20.68**
Karnal	NA	NA	0	0	-
Rajkot	1623	1650	1704	2100	**-22.71**
Kota	1737	1750	1795	2037	**-14.73**

Domestic Market Weekly Outlook: **(Back to Table of Contents)**

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
			28-Sep-20	25-Sep-20	21-Sep-20	29-Aug-20	30-Sep-19
Delhi	Lawrence Road	Mill Delivery	1800	1780	1825	1820	2200
	Narella	Mill Quality Loose	1665	1670	1675	1670	2100
	Nazafgarh	Mill Quality Loose	1650	1660	1670	1660	2100
Gujarat	Rajkot	Mill Delivery	1600	1600	1600	1615	2075
	Ahmedabad	Mill Delivery	1630	1640	1675	1700	2160
	Surat	Mill Delivery	1690	1700	1735	1730	2240
	Dhrol	Mill Delivery	1545	NA	NA	0	0
M.P.	Indore	Mill Delivery	Closed	Closed	1680	1680	2220
	Bhopal	Mill Quality Loose	Closed	Closed	1550	1600	2010
Rajasthan	Kota	Mill Quality Loose	1500	1500	Closed	1560	1925
		Mill Delivery	1650	1625	Closed	1650	2075
U.P.	Kanpur	Mill Delivery	1700	Closed	Closed	Closed	2070
	Mathura	Mill Quality Loose	1650	Closed	Closed	Closed	1930
	Kosi	Mill Quality Loose	1700	Closed	Closed	Closed	1980
	Hathras	Mill Quality Loose	1580	Closed	Closed	Closed	1900
	Aligarh	Mill Quality Loose	1600	Closed	Closed	Closed	2000
Punjab	Khanna	Mill Quality Loose	1680	Closed	1700	1750	1960
	Ludhiana (Jagraon)	Mill Delivery	NA	NA	NA	0	0
Haryana	Sirsa	Mill Delivery loose	1700	1700	1685	1725	2010
	Hodal	Mill Delivery	NA	NA	NA	0	0
	Bhiwani	Mill Quality Loose	1650	1660	1670	1620	2100
	Karnal	Mill Delivery	NA	NA	NA	0	0
	Panipat	Mill Quality Loose	NA	NA	NA	0	0
Tamil Nadu	Chennai	Mill Quality	2000	2000	Closed	2000	2375
	Madurai	Mill Quality	2057	2150	Closed	2150	2475

	Coimbatore	Mill Quality	2057	2200	Closed	2200	2525
Bihar	Khagariya	Mill Delivery	1850	1900	1900	1900	2100
	Muzaffarpur	Mill Delivery	1800	1790	1800	1650	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 20% of the total intended winter wheat area for harvest in 2021, 2 points ahead of this time last year and 1 point ahead of the 5-year average.*

This week's commercial sales of 351,000 metric tons (MT) for delivery in 2020, as of Sept. 17, were up 5% from last week's 336,000 MT and within trade expectations of 250,000 MT to 600,000 MT. Year-to-date commercial sales now total 13.5 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.

The 2020 Hard red soft wheat harvest is all but complete with less than 4% of the crop remaining, well ahead of last year's pace. The 2020 northern durum harvest is 91% complete in North Dakota and 85% finished in Montana.

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 *Ukrainian state forecasters said on Sept. 23 that only 10% to 15% of Ukraine's arable land was suitable for planting winter crops, including wheat, due to extreme drought. However, beneficial precipitation is expected over the next few days which could help the country's farmer's advance their winter wheat sowing campaign for harvest in 2021.*

Argentina *According to the Buenos Aires Grain Exchange (BAGE), Argentina's wheat crop continues to suffer from persistent dryness. In the country's northern region, "harvest expectations are increasingly compromised with no chance of recovery due to extreme drought," said BAGE on Sept. 24.*

Russia *According to Russia's Ministry of Agriculture, farmers have now harvested 84.1 MMT of wheat or 94% of the total expected area. As of Sept. 23, producers have sown 10.5 million hectares (25.9 million acres) of winter grains or 54% 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.*

U.K *Dry weather over the past two weeks helped accelerate the United Kingdom's (UK) 2020 wheat harvest. Official data showed that farmers have harvested 98% of the intended area as of Sept. 25. However, quality concerns persist following an overly wet fall. UK wheat production is expected to total 9.2 MMT, significantly less than last year's bumper crop of 16.2 MMT.*

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

.*IGC Wheat Balance Sheet:*

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IGC Forecast (Fig-In MMT)	2016-17	2017-18	2018-19 (Estimate)	2019-20 (Forecast)	
				27.08.2020	24.09.2020
Production	757	762	733	763	763
Trade	177	176	169	181	183
Consumptions	736	739	739	749	749
Carryover stocks	248	271	265	294	294
Y-O-Y change	21	22	-5	14	15
Major Export	79	83	70	66	65

- *IGC has forecast global wheat production at 763 MMT for 2019-20, same as compared to last month's forecast. According to estimates 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 183 MMT. It is 13 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
	25-Sep-20	18-Sep-20	26-Aug-20	19-Jun-20	27-Mar-20	26-Sep-19	
Sep-20	199.96	211.26	180.39	178.28	209.88	181.59	10.12
Dec-20	202.62	214.10	183.61	176.81	204.73	183.15	10.63
Mar-21	204.37	215.57	186.36	178.28	204.55	186.09	9.82
May-21	204.27	214.10	188.38	181.59	206.94	193.16	5.75
Jul-21	206.39	215.57	189.95	185.08	208.04	196.65	4.95
Sep-21	210.06	215.57	192.52	185.08	212.45	198.86	5.64

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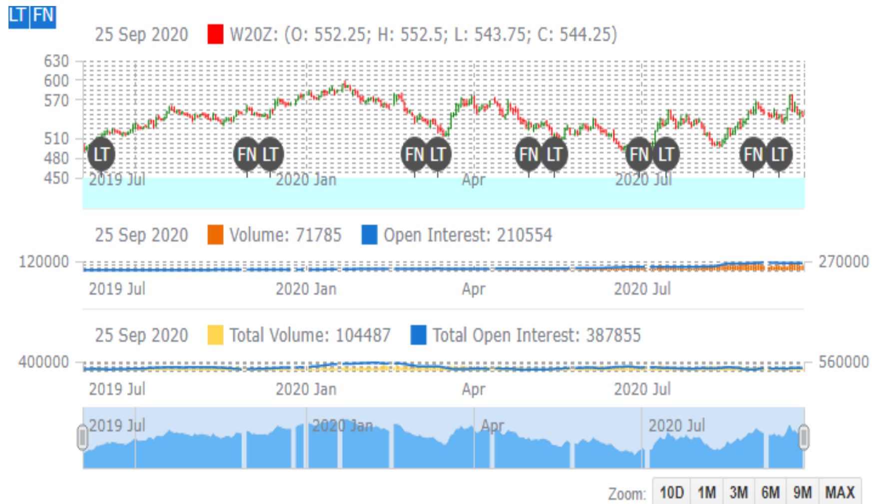
1st Support: 537.67
2nd Support: 523.83
1st Resistance: 545.67
2nd Resistance: 551.83
($ per tonne)



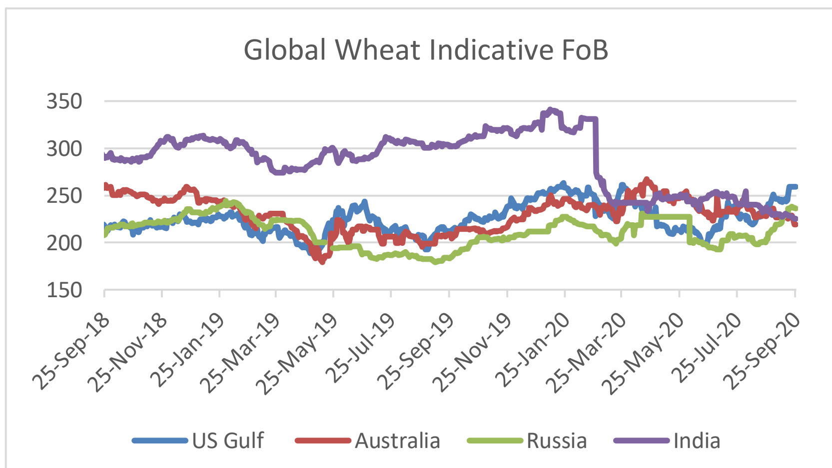
Wheat CBOT closed at $5.44 per bushel. This week's commercial sales of 351,000 metric tons (MT) for delivery in 2020, as of Sept. 17, were up 5% from last week's 336,000 MT and within trade expectations of 250,000 MT to 600,000 MT. Year-to-date commercial sales now total 13.5 million metric tons (MMT), 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 $225.61 - $259.86 and $259.56-$236.75 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.