AGRIWATCH

Wheat Weekly Research Report
12th Oct-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 16.11 percent YoY to Rs. 1795.20 per quintal during the week ended 15th Oct 2020. Wheat average prices were ruling at Rs 2139.94 per quintal during 09th Oct-15th Oct 2019. As compared to prices in the last week, 01st-08th Oct 2020, the prices were lower by 3.73 percent. The wheat market has stabilized, and prices are unlikely to rise near Dusshera & Diwali festival and the prices of wheat are unlikely to drop much further either.

According to traders, Prices of Wheat in Jaipur, Rajasthan, were lower this week as demand from bulk buyers declined amid steady arrivals of the food grain. Arrivals were pegged steady at 1,000 bags (1 bag = 100 kg). Prices of the food grain in Indore, Madhya Pradesh, were steady today as a rise in supply was offset by firm demand from bulk buyers, traders said. Arrivals were pegged higher at 2,200 bags, as against 2,000 bags on Thursday.

Wheat was active in the mandis of Uttar Pradesh, although the demand from flour mills remained low, leading to a sharp fall in prices by Rs 20/45. With this fall, Bhav Shahjahanpur remained at Rs 5171, Gorakhpur Rs 1625/1630, Gada Rs 1610, Etah Rs 1570, and Mainpuri Rs 1530 per quintal. Work in other mandis also remained sluggish.

The Government procured wheat at a record level but farmers and Private traders also have stocks leading to markets moving down significantly. There is a possibility that the government may extend the time of free ration distribution even beyond November, due to which the case of a rise in wheat is less visible.

Indian FoB quote is hovering around $229.50 per tonne while Russia, Ukraine, France, the US, and Australia offer wheat at $240.60, $242.20, Euro 199.70, $243.26, and $188.59 per tonne respectively. There is little hope for recovery on the export front this year.

Previous Updates

The government is allocating wheat for free to the poor in the market, which has led to a huge reduction in the retail demand for flour. In the event of non-sale of flour, flour mills are reducing wheat purchases. This is why mill quality wheat prices are running below the MSP in almost all states.

The government has sold 111300 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. In agricultural centers. Now 4 thousand quintals of seeds are yet to come. Wheat sowing is to begin from October 15.

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. 1725 respectively.*

Wheat Weekly Export

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A week on week Exports	Quantity in MT	Average FoB ($/T)
01-07 Aug -2020	11217.15	267.86
08-14 Aug -2020	9695.06	276.03
15-21 Aug -2020	17204.48	438.94
22-31 Aug -2020	26416.11	260.22
Total	**64563.03**	**265.44**

Source: Trade
Sept data awaited.

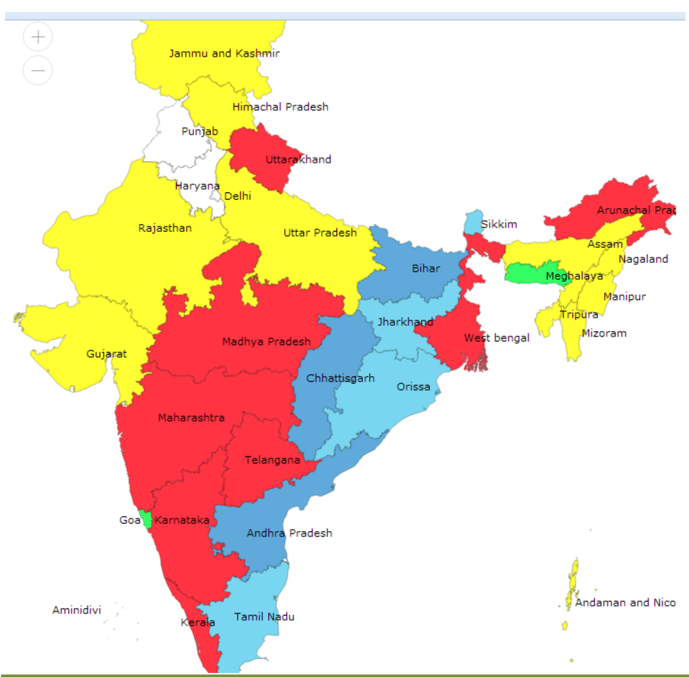
Wheat Import

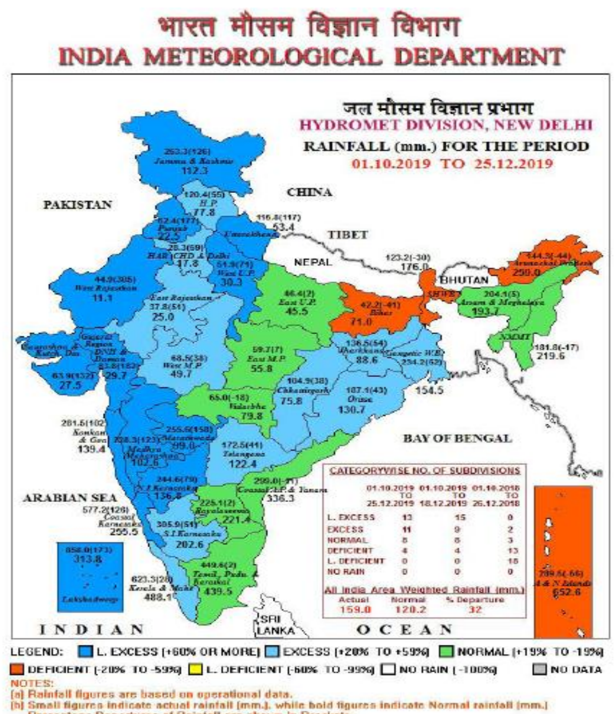
Date	Foreign Country	Port	Quantity in MT
Mar-2020	Australia, UK	Tuticorin	199.94
	Total		199.94

Source: Traders
Sept data awaited.

Monsoon

Weekly Cumulative rainfall:





Source: IMD

Wheat Weekly Average Price Chart

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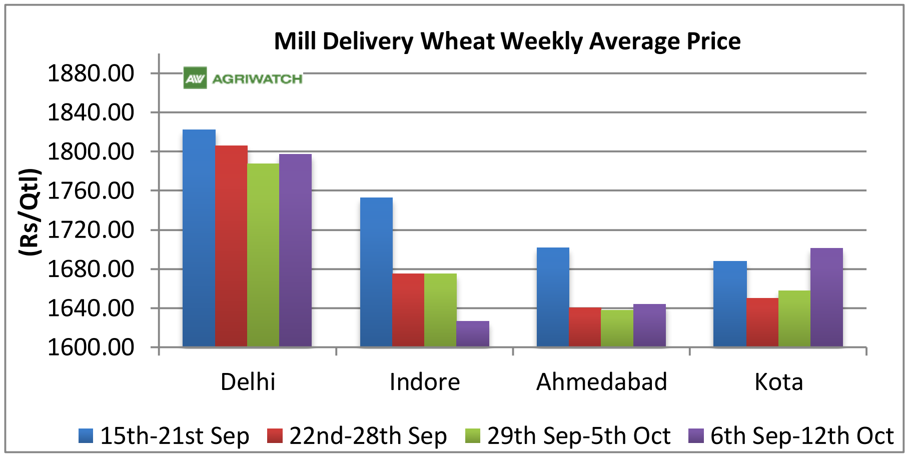

Wheat's average mill delivery prices remained High, from 06th Oct– 12th Oct 2020 compared to last week, except Indore. All markets had shown firm movement in prices last week and are likely to trade steady to slightly firm in upcoming weeks. Free distribution of Wheat till Nov would keep the market moving range bound. Usually, Wheat prices rise in October, but this time the situation is different due to the high availability of stocks. The government has procured 38.99 MMT of Wheat this season.

Wheat and Rice Stocking Norms

Wheat Stock Norms

Fig. In Lakh Tonne / As on	Operational Stock			Strategic Reserve		
	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 of Oct-2020 (Figures in LMT)		
	FCI (A)	**State Agency (B)**	**Total (A+B)**
Punjab	14.20	112.94	127.14
Haryana	6.69	67.31	74.00
Uttar Pradesh	1.34	34.43	35.77
Madhya Pradesh	0.00	129.42	129.42
Bihar	0.00	0.05	0.05
Rajasthan	16.29	5.96	22.25
Others	0.14	1.15	0.91
All-India	**38.66**	**351.26**	**389.92**

FOB Quote for Wheat at Kandla

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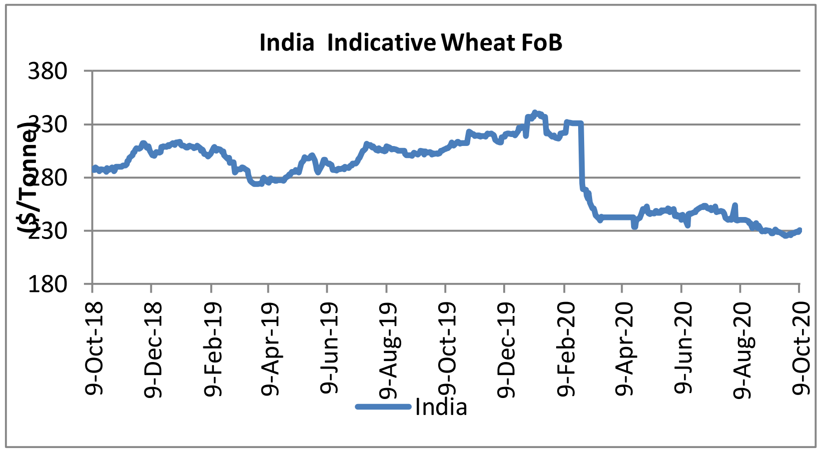
The wheat FoB quote in India noticed a weak tone in the past week. The overall condition for Indian wheat export is now favorable, and export opportunity is here as parity comes in favor of India now.
Wheat FoB quotes for Kandla are likely to witness steady to weak tone in the coming weeks and likely to hover in the range of $200-$250 per tonne. Furthermore, other countries such as Russia, Ukraine, and Australia offering wheat at almost the same prices as India, which can also elevate Indian wheat demand in the international market in the coming weeks.



Indicative FOB Quotes:						
Wheat FOB	Variety	Today	Week Ago	Month Ago	Year Ago	% Change over Prev. Year
		9-Oct-20	3-Oct-20	10-Sep-20	10-Oct-19	
USA (Chicago)	2srw	NA	NA	245.58	216.00	NA
France	FCW3	234.88	230.21	227.20	192.54	21.99
Australia	ASW	NA	222.23	226.80	214.40	NA
Russia	SRW	245.00	237.00	221.00	193.00	26.94
India	Fob	230.60	222.23	227.37	307.62	-25.04

	07/10/2020	02/10/2020	25/09/2020	18/09/2020
Black Sea Mill Wheat 12.5% FOB Pmax. ($/T)	*242*	*235*	*234*	*233*
Black Sea Mill Wheat 11.5% FOB Pmax. ($/T)	*242*	*235*	*233*	*232.5*

NCDEX Wheat Contracts

Wheat Futures Contact: NCDEX Price									Date: 11.10.2020
Contract Month	+/-	Open	High	Low	Close	Volume	Change From previous day	Open Interest	Change From previous day
20-Oct		-	-	-	1738				
20-Nov		-	-	-	1743				
20-Dec		-	-	-	1748				

Wheat Technical Analysis:

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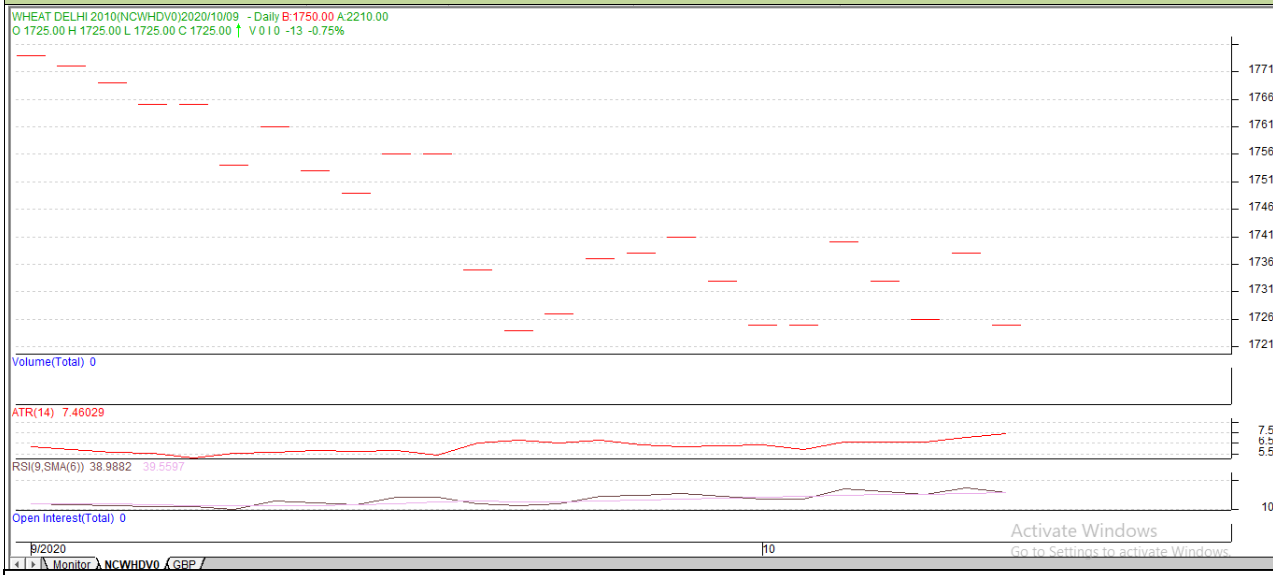
Wheat- Technical outlook	**Contract Expiry: 20th October, 2019**



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 the rise.**

Intraday Supports & Resistances			**S1**	**S2**	**PCP**	**R1**	**R2**
Wheat	NCDEX	Oct	1725	1725	1725	1725	1725
Pre-Market Intraday Trade Call*			**Call**	**Entry**	**T1**	**T2**	**SL**
Wheat	NCDEX	Oct	**SELL**	1725	1725	1725	1725

*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**
	10-Oct-20	**3-Oct-20**	**9-Sep-20**	**11-Oct-19**	
Indore	1627	Closed	1712	2168	**-24.95**
Bareilly	NA	NA	0	0	-
Delhi	1770	1791	1850	2215	**-20.09**
Khanna	NA	NA	0	0	-
Kanpur	1610	1630	1716	2100	**-23.33**
Karnal	NA	NA	0	0	-
Rajkot	1630	1625	1675	2129	**-23.44**
Kota	1722	1721	1761	2067	**-16.69**

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 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
			10-Oct-20	7-Oct-20	3-Oct-20	11-Sep-20	11-Oct-19
Delhi	Lawrence Road	Mill Delivery	1805	1800	1770	1810	2215
	Narella	Mill Quality Loose	1660	Closed	1650	1680	2100
	Nazafgarh	Mill Quality Loose	1630	Closed	1620	1670	2125
Gujarat	Rajkot	Mill Delivery	1620	1620	1600	1620	2120
	Ahmedabad	Mill Delivery	1650	1640	1620	1700	2180
	Surat	Mill Delivery	1710	1700	1680	1750	2260
	Dhrol	Mill Delivery	1545	1540	NA	1540	2340
M.P.	Indore	Mill Delivery	1575	1630	Closed	1750	2130
	Bhopal	Mill Quality Loose	1525	1500	Closed	1630	2050
Rajasthan	Kota	Mill Quality Loose	1580	1600	1550	1550	1990
		Mill Delivery	1705	1725	1675	1675	2160
U.P.	Kanpur	Mill Delivery	1660	1620	1700	1750	2100
	Mathura	Mill Quality Loose	1630	1600	1600	1690	1980
	Kosi	Mill Quality Loose	1600	1600	1660	1700	2000
	Hathras	Mill Quality Loose	1560	1580	1550	1625	1960
	Aligarh	Mill Quality Loose	1580	Closed	1640	1660	1980
Punjab	Khanna	Mill Quality Loose	1650	1680	1700	1725	1960
	Ludhiana (Jagraon)	Mill Delivery	NA	NA	NA	0	0
Haryana	Sirsa	Mill Delivery loose	1720	1690	1725	1730	2040
	Hodal	Mill Delivery	NA	NA	NA	0	0
	Bhiwani	Mill Quality Loose	1670	1670	1670	1650	2120
	Karnal	Mill Delivery	NA	NA	NA	0	0
	Panipat	Mill Quality Loose	NA	NA	NA	0	0
Tamil Nadu	Chennai	Mill Quality	1950	1950	2000	2000	2325
	Madurai	Mill Quality	2007	2100	2150	2125	2550

	Coimbatore	Mill Quality	2007	2150	2200	2175	2600
Bihar	Khagariya	Mill Delivery	1800	1800	1875	1700	2050
	Muzaffarpur	Mill Delivery	1725	1750	1800	1775	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 *According to USDA, U.S. farmers have now planted 52% of the total intended winter wheat area for harvest in 2021, up 17 points on the week. That is 4 points ahead of this time last year and 5 points ahead of the 5-year average. As of Oct. 5, 24% of the country's winter wheat is emerged, led by South Dakota at 38% and Washington State at 54%.*

This week's commercial sales of 531,000 metric tons (MT) for delivery in 2020/21, as of Oct. 1, were up 5% from last week's 506,000 MT and on the high end of trade expectations of 250,000 MT to 600,000 MT. Year-to-date commercial sales now total 14.5 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.

According to USDA, The entire 2020 U.S. northern durum crop is in the bin, as of Oct. 9. Early northern durum samples are showing stable protein levels, lower moisture content and higher average test weights compared to the 2019 harvest.

Europe *Soft (non-durum) wheat exports from the European Union (EU) and the United Kingdom (UK) for marketing year 2020/21 are down 39% from last year at 4.37 MMT, according to official EU data on Sept. 27.*

Ukraine *Rain in Ukraine the week of Sept.29 has slightly improved winter wheat planting conditions, but has slowed down the harvest,* AgriCensus *reported. Ukraine has faced drought conditions since July that has hit much of the country's major producing regions. Almost half of winter wheat sowing was done with 2.90 million hectares planted of 6.10 million hectares planned.*

Argentina *Argentina's Buenos Aires Grain Exchange (BAGE) reported that continued dry conditions had cut wheat yield potential. The Rosario Grain Exchange (BCR) recently backed up that prediction, stating that initial expectations of a record 2020/21 crop of up to 22.0 MMT are now sharply reduced to 18.0 MMT. In other news, Argentina's Ministry of Agriculture, Livestock, and Fisheries approved for commercial cultivation a genetically-modified strain of wheat that the developer suggests offers drought tolerance. However, its commercial use is pending Brazil's approval, which is Argentina's largest wheat importing customer.*

Russia *While USDA increased its estimate of Russian wheat production for 2020/21 to 83.0 MMT, its agricultural ministry recently raised its wheat production forecast to 86.6 MMT based on better than expected spring wheat yields. The ministry also reported that seeding progress accelerated in the past week even though dry conditions now stand at 70% of the common area. Agriculture Minister Dmitry Patrushev was quoted by* Interfax *this week saying Russia could set a grain export quota for January to June 2021 "if there is a need to secure domestic supplies."*

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.*

Australia *Agricultural web publication Grain Central reported that harvest is now under way in all Australia's wheat producing states except Victoria. Rain in South Australia has slowed the first week of harvest but ideal conditions in Western Australia, northern New South Wales and Queensland helped accelerate harvest pace, Grain Central said. The Australian Bureau of Agriculture, Water and the Environment (ABARES) in September pegged production at 28.9 MMT, which would be 28% more than the 10-year average and 91% more than the 2019/20 harvest. USDA currently expects Australia to produce 28.5 MMT of wheat for 2020/21.*

.*IGC Wheat Balance Sheet:* **(*Back to Table of Contents*)**

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
	9-Oct-20	1-Oct-20	9-Sep-20	2-Jul-20	10-Apr-20	10-Oct-19	
Dec-20	218.14	210.61	180.39	159.45	204.46	185.63	17.52
Mar-21	219.61	212.91	183.61	156.97	204.83	187.37	17.21
May-21	220.35	214.38	186.36	159.45	206.20	190.22	15.84
Jul-21	218.33	213.46	188.38	164.14	208.59	193.16	13.03
Sep-21	219.71	215.02	189.95	168.45	210.34	196.65	11.72
Dec-22	222.37	215.02	192.52	168.45	212.45	198.86	11.82

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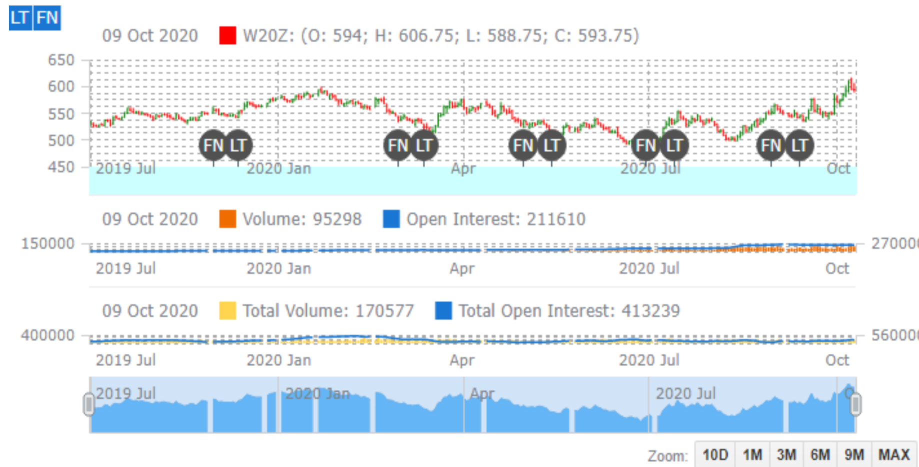
1st Support: 537.76
2nd Support: 523.67
1st Resistance: 545.38
2nd Resistance: 551.83
($ per tonne)



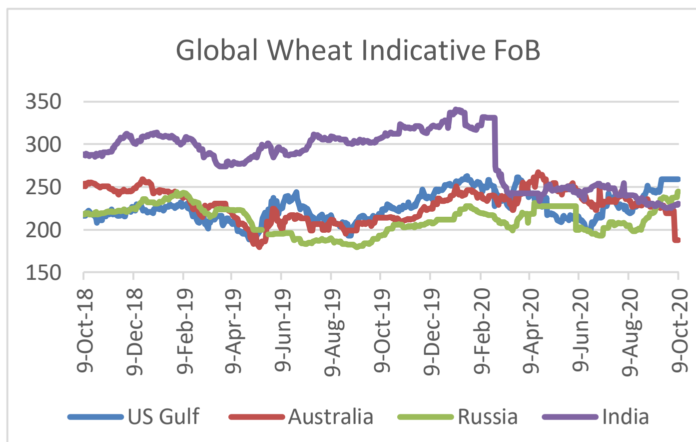
Wheat CBOT closed at $5.94 per bushel. This week's commercial sales of 531,000 metric tons (MT) for delivery in 2020/21, as of Oct. 1, were up 5% from last week's 506,000 MT and on the high end of trade expectations of 250,000 MT to 600,000 MT. Year-to-date commercial sales now total 14.5 MMT, 8% ahead of last year's pace. USDA expects the United States will export 26.5 MMT in 2020/21, up 1% from last year.

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 $226.61 per tonne.

US and Russian quotes are hovering in the range of $259 - $259.86 and $232-$237 per tonne. The overall condition for Indian wheat export is now favorable, and export opportunity is here as parity comes in favor of India now.

Wheat is expected to trade steady to weak and hovers $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 154.93 MMT in 2019-20 compared to 137.7 MMT in 2018-19. Russia and Ukraine are likely to harvest 73.6 MMT and 29.17 MMT of wheat in 2019-20 respectively. Production in US is likely to be around 52.60 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 19.76 MMT in 2019-20 compared to 19.5 MMT in 2018-19. Furthermore, Canada is likely to harvest around 32.34 MMT in 2019-20 compared to 32.20 MMT in 2018-19.