

Wheat Weekly Research Report

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Wheat Domestic Market Fundamentals

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All India's weekly average prices Increased by 1.67 percent to Rs. 1825.22 per quintal during the week ended 23rd Oct 2020. Wheat average prices were ruling at Rs 2176.62 per quintal during 16th Oct-23rd Oct 2019. As compared to prices in the last week, 09th-15th Oct 2020, the prices were higher by 1.67 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 fell this week due to a decline in bulk demand and steady arrivals, traders said. Arrivals were pegged at 2,000 bags (1 bag = 100 kg). In Indore, prices remained steady. Arrivals were steady at 1,700 bags. Wheat prices are likely to increase in the coming weeks as bulk buyers see a rise in demand during the festival season.

As per trade source, India has exported around 111974 tonnes in the month of Sep-2020, which is higher 42.35% compared to last month. The quantity in September -2020 is exported at an average FOB of \$ 252.87 per tonne, and the major destinations were Nepal, Bangladesh, Afghanistan, UAE, and Sri Lanka. Exports are likely to be on the higher side as other countries provide wheat at higher prices.

Paddy harvesting is nearing completion in the countryside, and now farmers have to sow wheat. Agricultural experts say that farmers should sow wheat at the right time. This makes a difference in production. The longer the sowing, the lower the production. For farmers, the month of October is best suited for sowing wheat. At present, harvesting of paddy crop is at its peak. Most farmers have also reaped paddy crop. Now farmers have started sowing wheat crops.

The government has sold 101220 tonnes of wheat in OMSS through E-Auctions in the second week of October'20. Till now; no rakes have been sold. Sale of wheat to bulk consumer 4220 tonnes and sale of Wheat to state Govt. 97000 tonnes.

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

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.

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 Sep-2020	18554.88	252.37
08-14 Sep-2020	27780.83	253.97
15-21 Sep-2020	26563.10	255.07
22-31 Sep-2020	39075.04	250.69
Total	111973.92	252.87

Source: Trade
Sept data awaited.

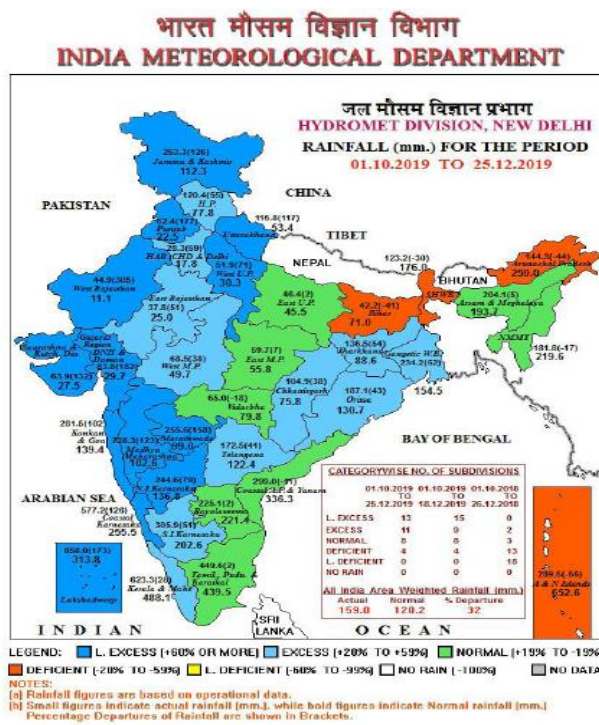
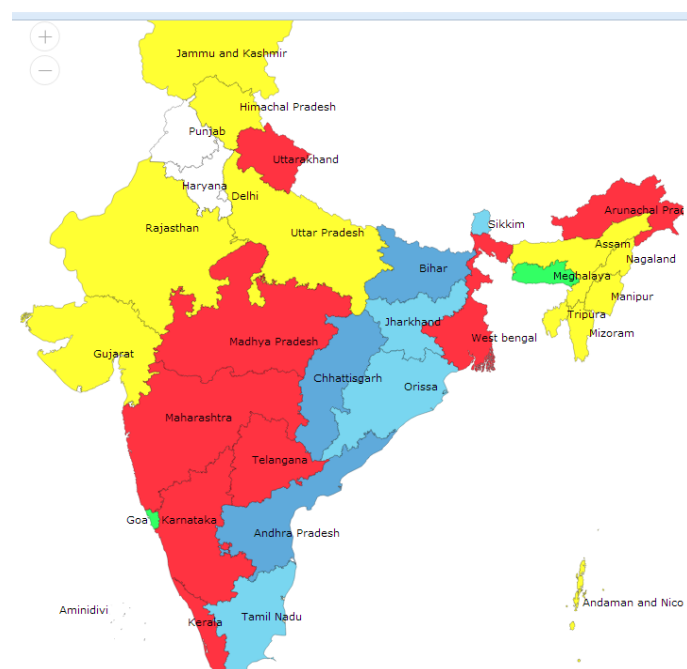
Wheat Import

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

Source: Traders
No import in the month of Sept.

Monsoon

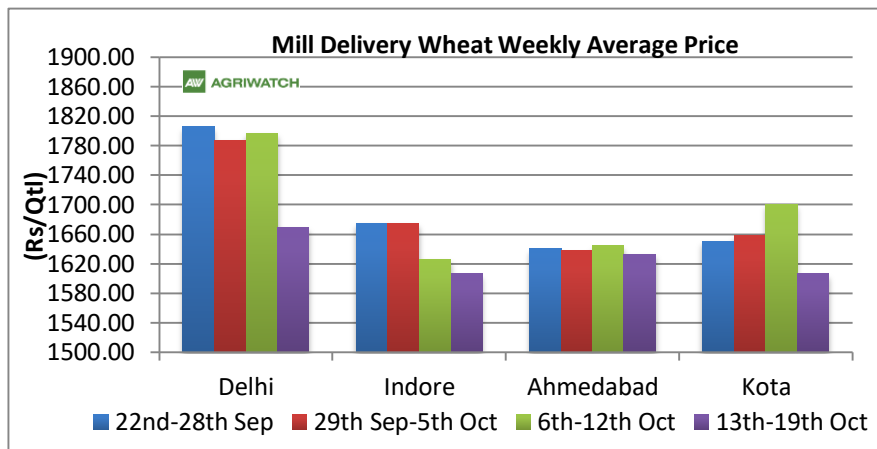
Weekly Cumulative rainfall:



Source: IMD

Wheat Weekly Average Price Chart
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Wheat's average mill delivery prices remained low, from 13th Oct– 19th Oct 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 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	Operational Stock			Strategic Reserve		
	Rice	Wheat	Total	Rice	Wheat	Grand Total
As on						
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

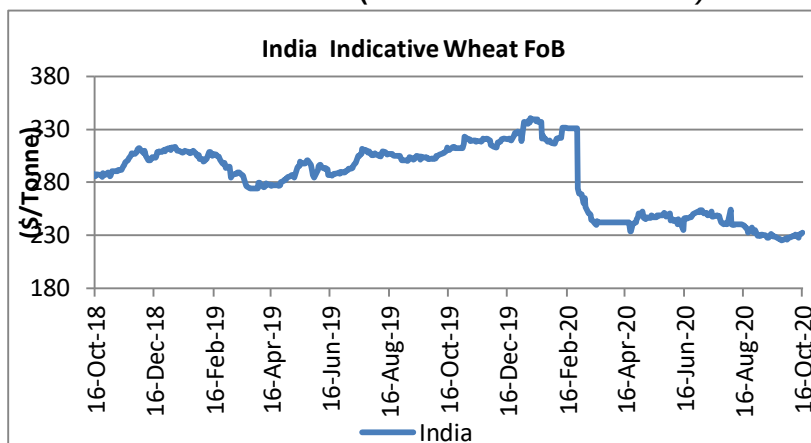
State/UTs	Procurement as of Oct-2020 (Figures in LMT)		
	FCI (A)	State Agency (B)	Total (A+B)
Punjab	14.20	112.94	127.14
Haryana	6.69	67.31	74.00
Uttar Pradesh	1.34	34.43	35.77
Madhya Pradesh	0.00	129.42	129.42
Bihar	0.00	0.05	0.05
Rajasthan	16.29	5.96	22.25
Others	0.14	1.15	0.91
All-India	38.66	351.26	389.92

FOB Quote for Wheat at Kandla

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, U.S offering wheat costlier than India, and Australia offering wheat at cheaper price from India, which can also elevate Indian wheat demand in the international market in the coming weeks.

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Indicative FOB Quotes:

Wheat FOB	Variety	Today	Week Ago	Month Ago	Year Ago	% Change over Prev. Year
		16-Oct-20	9-Oct-20	17-Sep-20	17-Oct-19	
USA (Chicago)	2srw	NA	NA	NA	229.80	NA
France	FCW3	244.96	234.88	224.19	197.60	23.97
Australia	ASW	235.72	NA	225.53	214.40	9.94
Russia	SRW	252.00	245.00	230.00	200.50	25.69
India	Fob	232.45	230.60	228.72	310.22	-25.07

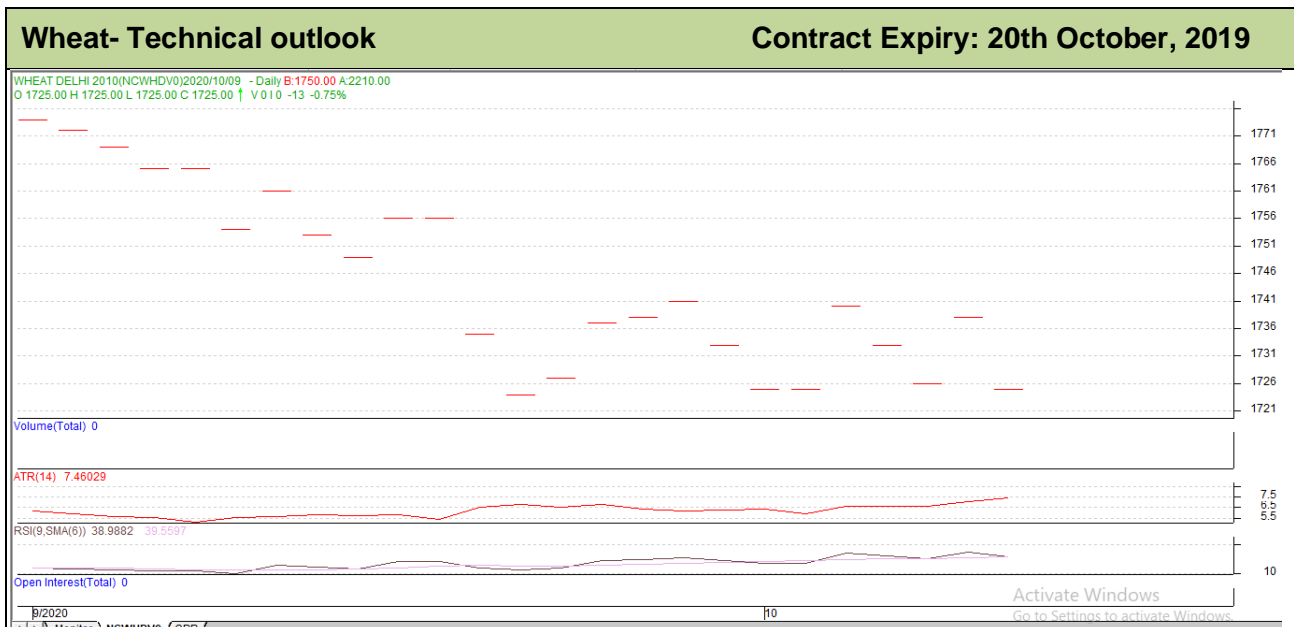
	16/10/2020	07/10/2020	02/10/2020	25/09/2020
Black Sea Mill Wheat 12.5% FOB Pmax. (\$/T)	246	242	235	234
Black Sea Mill Wheat 11.5% FOB Pmax. (\$/T)	246	242	235	233

NCDEX Wheat Contracts

Wheat Futures Contact: NCDEX Price								Date: 19.10.2020	
Contract Month	+/-	Open	High	Low	Close	Volume	Change From previous day	Open Interest	Change From previous day
20-Oct		-	-	-	1740				
20-Nov		-	-	-	1745				
20-Dec		-	-	-	1750				

Wheat Technical Analysis:

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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
	17-Oct-20	10-Oct-20	16-Sep-20	18-Oct-19	
Indore	1645	1627	1682	2200	-25.23
Bareilly	NA	NA	0	0	-
Delhi	1790	1770	1820	2225	-19.55
Khanna	NA	NA	0	0	-
Kanpur	1610	1610	1630	2090	-22.97
Karnal	NA	NA	0	0	-
Rajkot	1675	1630	1658	2153	-22.20
Kota	1738	1722	1733	2070	-16.04

Domestic Market Weekly Outlook:

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The wheat market is expected to show a steady-bound to firm tone as the free distribution of wheat till November. 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
			17-Oct-20	16-Oct-20	10-Oct-20	18-Sep-20	18-Oct-19
Delhi	Lawrence Road	Mill Delivery	1790	1790	1805	1800	2230
	Narella	Mill Quality Loose	1660	1670	1660	1700	2130
	Nazafgarh	Mill Quality Loose	1650	1650	1630	1680	2100
Gujarat	Rajkot	Mill Delivery	1640	1640	1620	1615	2150
	Ahmedabad	Mill Delivery	1665	1665	1650	1705	2240
	Surat	Mill Delivery	1720	1720	1710	1750	2310
	Dhrol	Mill Delivery	NA	NA	1545	1580	2305
M.P.	Indore	Mill Delivery	1625	Closed	1575	1700	2220
	Bhopal	Mill Quality Loose	1500	Closed	1525	1600	2100
Rajasthan	Kota	Mill Quality Loose	1560	1560	1580	1500	2025
		Mill Delivery	1690	1685	1705	1625	2150
U.P.	Kanpur	Mill Delivery	1640	1630	1660	1700	2090
	Mathura	Mill Quality Loose	1630	1630	1630	1620	0
	Kosi	Mill Quality Loose	1600	1640	1600	1680	2000
	Hathras	Mill Quality Loose	1580	1580	1560	1625	1960
	Aligarh	Mill Quality Loose	1600	1550	1580	1650	NA
Punjab	Khanna	Mill Quality Loose	1640	1640	1650	1700	0
	Ludhiana (Jagraon)	Mill Delivery	NA	NA	NA	0	0
Haryana	Sirsa	Mill Delivery loose	1710	1710	1720	1705	2070
	Hodal	Mill Delivery	NA	NA	NA	0	0
	Bhiwani	Mill Quality Loose	1660	1660	1670	1675	2130
	Karnal	Mill Delivery	NA	NA	NA	0	0
	Panipat	Mill Quality Loose	NA	NA	NA	0	0
	Chennai	Mill Quality	1950	1950	1950	2000	2325

Tamil Nadu	Madurai	Mill Quality	2007	2100	2100	2150	2550
	Coimbatore	Mill Quality	2007	2150	2150	2200	2600
Bihar	Khagariya	Mill Delivery	1800	1800	1800	1750	2100
	Muzaffarpur	Mill Delivery	1725	1725	1725	1775	2030

[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 528,000 metric tons (MT) for delivery in 2020/21, as of Oct. 8, were in line with last week's volume and on the high end of trade expectations of 200,000 MT to 600,000 MT. Year-to-date commercial sales now total 15.0 million metric tons (MMT), 9% 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.

As of Oct. 8, official data showed European Union (EU) and United Kingdom (UK) soft (non-durum) wheat exports at 5.70 MMT, down 30% from this time last year.

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 Ukraine's Agriculture Ministry reported that farmers have now planted 9.39 million acres (3.80 million hectares) of wheat for harvest in 2021, or 63% of the total expected area.

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 According to DTN, since the beginning of August, southern Russia has experienced its lowest rainfall in 30 years. However, Russian wheat areas are expected to benefit from moderate to heavy precipitation over the next 10 days. According to Russia's Agriculture Ministry, as of Oct. 13, farmers have now planted 39.5 million acres (16.0 million hectares) of winter wheat for harvest next year, or 84% of the total intended area.

France FranceAgriMer, France's farm office, increased its forecast for non-EU wheat exports in 2020/21 to 6.70 MMT, up 2% from its September estimate. This would still be 51% lower than the 13.5 MMT France exported in 2019/20 on reduced production due to extreme heat and dryness through the 2020 growing season.

Australia Western Australian (WA) farmers have now begun the 2020/21 wheat harvest. The Grains Industry Association of WA's total production estimate is expected to fall from last month's 14.0 MMT to under 12.0 MMT in October due to extreme dryness which pressured yield potential at the end of the growing season.

.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:

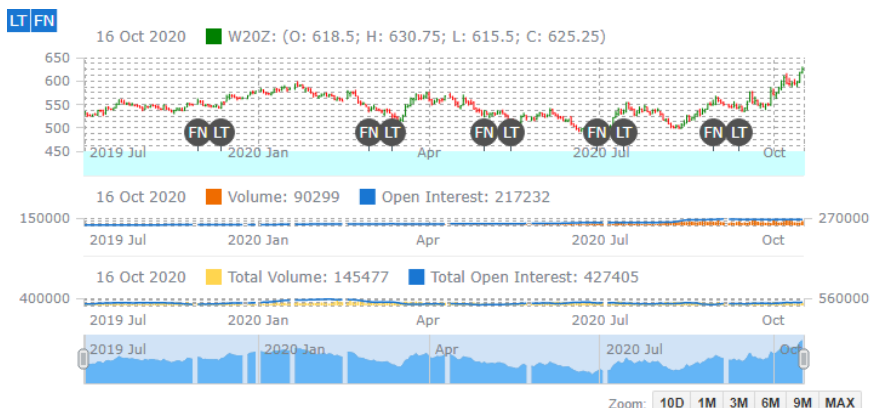
CBOT Futures Prices:(USD/T)							
CONTRACT MONTH	Today	Week Ago	Month Ago	3 Month Ago	6 Month Ago	Year Ago	% Change over prev. year
	16-Oct-20	9-Oct-20	16-Sep-20	10-Jul-20	17-Apr-20	17-Oct-19	
Dec-20	229.72	218.14	180.39	196.19	196.01	196.19	17.09
Mar-21	229.07	219.61	183.61	196.83	196.10	196.93	16.32
May-21	228.16	220.35	186.36	196.19	197.94	198.95	14.68
Jul-21	223.75	218.33	188.38	198.03	200.97	193.16	15.83
Sep-21	224.30	219.71	189.95	199.50	203.72	196.65	14.06
Dec-22	226.87	219.71	192.52	199.50	212.45	198.86	14.09

CBOT Oct-20

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

This week's commercial sales of 528,000 metric tons (MT) for delivery in 2020/21, as of Oct. 8, were in line with last week's volume and on the high end of trade expectations of 200,000 MT to 600,000 MT. Year-to-date commercial sales now total 15.0 million metric tons (MMT), 9% 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.

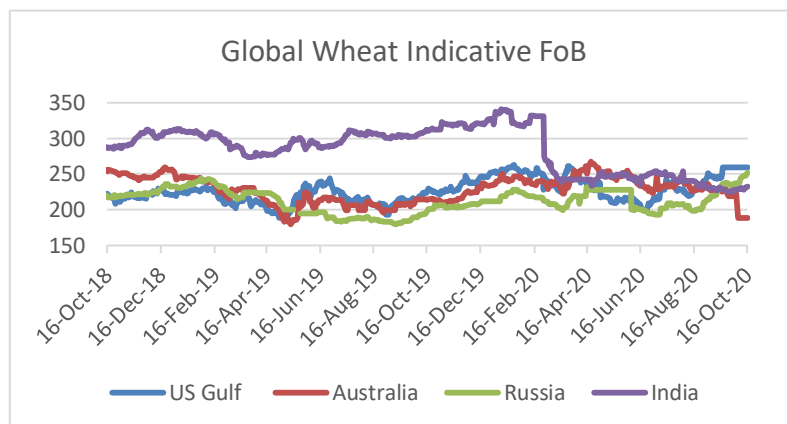


International FOB Weekly Price Movement

Indian FoB quote is based on local prices. There is no export in bulk currently. Indian FoB quote is being quoted at \$230.56 per tonne.

US and Russian quotes are hovering in the range of \$259 - \$259.86 and \$248-\$252 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.

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