

Wheat Weekly Research Report

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Wheat Domestic Market Fundamentals**([Back to Table of Contents](#))**

All India's weekly average prices decreased by 4.04 percent to Rs. 1751.53 per quintal during the week ended 31st Oct 2020. Wheat average prices were ruling at Rs 2142.88 per quintal during 24th - Oct-31st Oct 2019. The wheat market has stabilized, and prices are unlikely to rise near Diwali festival and the prices of wheat are unlikely to drop much further either.

According to the traders, there are low chances of any downward movement in wheat in the coming days as the impact of the Covid-19 is diminishing, and economic activity is improving. The scheme of free wheat and rice can be extended further, which will impact the prices from the current level, while prices in mandis remained almost stable.

According to Government Official, "Some state governments, including Punjab, West Bengal, Kerala, Odisha, and Jharkhand, have written to the Centre urging it to extend beyond November the provision of free ration under Pradhan Mantri Garib Kalyana Yojana," While some state governments have asked the Centre to extend the scheme till the end of the current financial year, few others have asked for a shorter extension. Which can led prices low after November also.

Wheat prices of traders have come down considerably in the last two, three months. According to traders, the flour mills of South India do not have outstanding stock, so the demand for South India will increase from Uttar Pradesh and Rajasthan, due to which prices will get improve from the current level.

Previous Updates

Paddy harvesting is nearing completion in the countryside, and now farmers have to sow wheat. Agricultural experts believe that sowing wheat at the right time makes a lot of difference in the yields. The later the sowing, the lower the production so farmers should sow as early as possible in October.

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.

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, making Indian export prices the most competitive and may end in more exports in the coming months.

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. 1773 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.

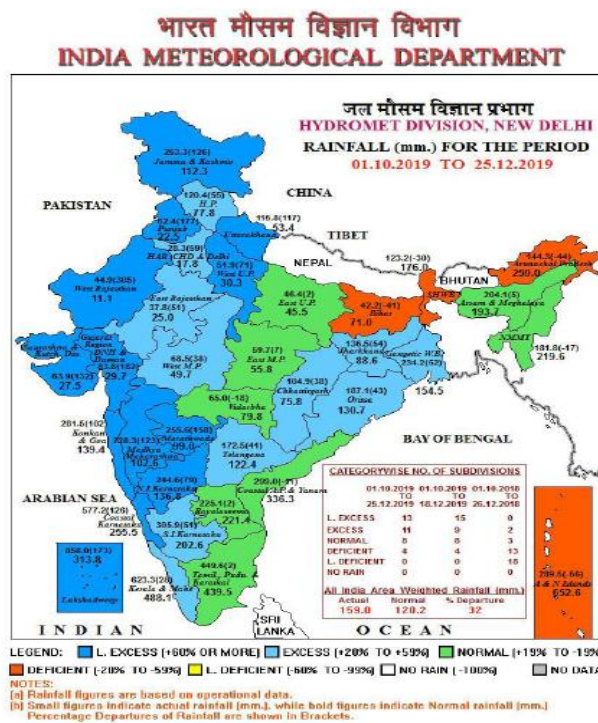
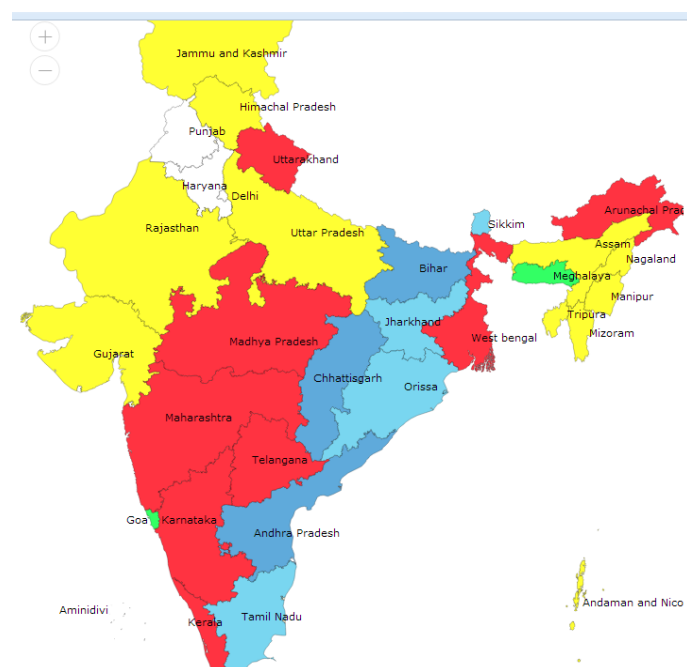
Wheat Import

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

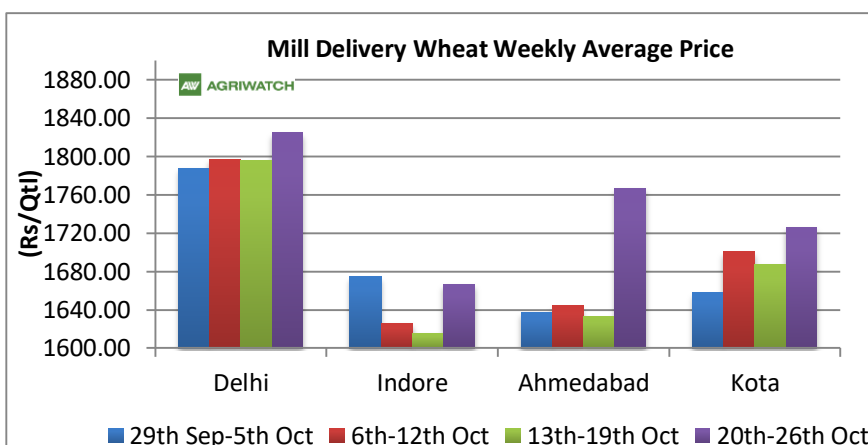
Weekly Cumulative rainfall:



Source: IMD

Wheat Weekly Average Price Chart
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Wheat's average mill delivery prices remained high, from 20th Oct– 26th Oct 2020 compared to last week. 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 November would keep the market moving range bound. Ahmedabad prices have risen significantly within a week; exporters are active because kandala port is near and export demand is going on.


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

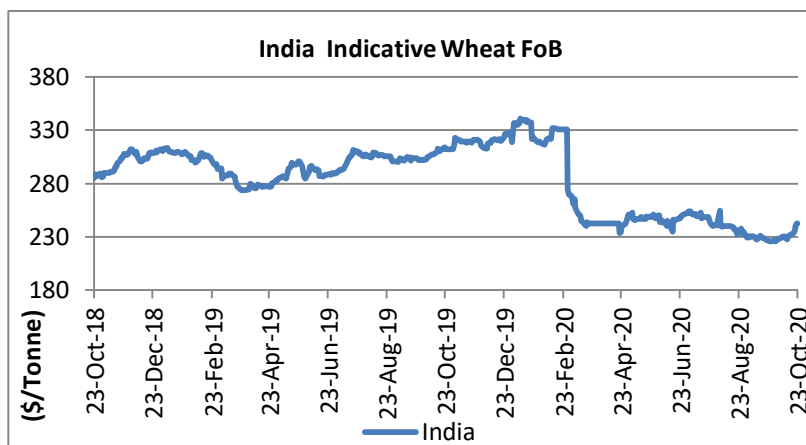
State/UTs	Procurement as of Oct-2020 (Figures in LMT)		
	FCI (A)	State Agency (B)	Total (A+B)
Punjab	14.20	112.94	127.14
Haryana	6.69	67.31	74.00
Uttar Pradesh	1.34	34.43	35.77
Madhya Pradesh	0.00	129.42	129.42
Bihar	0.00	0.05	0.05
Rajasthan	16.29	5.96	22.25
Others	0.14	1.15	0.91
All-India	38.66	351.26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

FOB Quote for Wheat at Kandla

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The wheat FoB quote in India noticed a firm 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 firm tone in the coming weeks and likely to hover in the range of \$230-\$260 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.



Indicative FOB Quotes:

Wheat FOB	Variety	Today	Week Ago	Month Ago	Year Ago	% Change over Prev. Year
		23-Oct-20	16-Oct-20	24-Sep-20	24-Oct-19	
USA (Chicago)	2srw	282.10	NA	NA	224.41	25.71
France	FCW3	246.04	244.96	225.87	197.27	24.73
Australia	ASW	244.24	235.72	219.10	214.40	13.92
Russia	SRW	255.00	252.00	237.00	203.50	25.31
India	Fob	242.56	232.45	225.49	312.02	-22.26

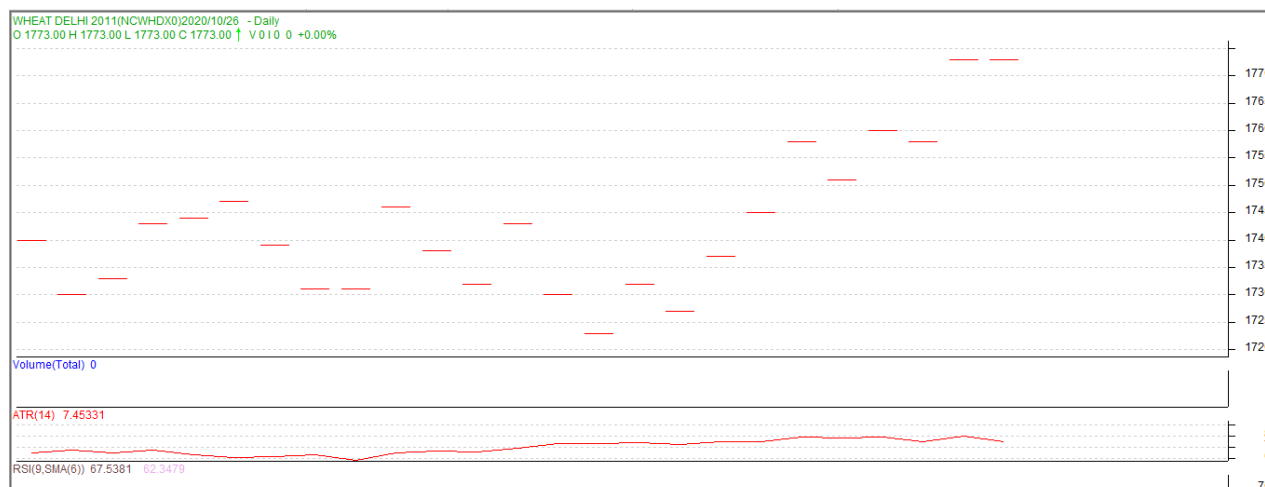
International Weekly Outlook:

The global wheat market is expected to trade steady to slightly firm due to lower availability in the global market amid increasing demand from major consuming countries like, so we expect FOB in all countries will go up, including India.

	23/10/2020	16/10/2020	07/10/2020	02/10/2020
Black Sea Mill Wheat 12.5% FOB Pmax. (\$/T)	250.50	246	242	235
Black Sea Mill Wheat 11.5% FOB Pmax. (\$/T)	246	246	242	235

NCDEX Wheat Contracts

Wheat Futures Contact: NCDEX Price								Date: 26.10.2020	
Contract Month	+/-	Open	High	Low	Close	Volume	Change From previous day	Open Interest	Change From previous day
20-Nov		-	-	-	1773				
20-Dec		-	-	-	1778				
20-Jan		-	-	-	2249				

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

Technical Commentary:

- Increase in price denotes wait interest in the market.
- RSI is increasing in neutral region.
- Prices closed below 9 and 18 Day EMAs.

Strategy: Stay away.

Intraday Supports & Resistances			S1	S2	PCP	R1	R2
Wheat	NCDEX	Nov	-	-	-	-	-
Pre-Market Intraday Trade Call*			Call	Entry	T1	T2	SL
Wheat	NCDEX	Nov	WAIT	1773	-	-	-

*Do not carry forward the position until the next day.

Note- Due to zero volume, there's no virtual trade in given chart.

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
	24-Oct-20	17-Oct-20	23-Sep-20	24-Oct-19	
Indore	1675	1645	1685	2200	-23.86
Bareilly	NA	NA	0	0	-
Delhi	1813	1790	1800	2200	-17.59
Khanna	NA	NA	0	0	-
Kanpur	1635	1610	1667	2040	-19.85
Karnal	NA	NA	0	0	-
Rajkot	1741	1675	1632	2150	-19.02
Kota	1767	1738	1740	2090	-15.45

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
			24-Oct-20	23-Oct-20	17-Oct-20	25-Sep-20	25-Oct-19
Delhi	Lawrence Road	Mill Delivery	1840	1830	1790	1780	2215
	Narella	Mill Quality Loose	1680	1680	1660	1670	2100
	Nazafgarh	Mill Quality Loose	1670	1650	1650	1660	2150
Gujarat	Rajkot	Mill Delivery	1740	1720	1640	1600	2150
	Ahmedabad	Mill Delivery	1770	1770	1665	1640	2240
	Surat	Mill Delivery	1820	1825	1720	1700	2310
	Dhrol	Mill Delivery	NA	NA	NA	1505	0
M.P.	Indore	Mill Delivery	1680	1680	1625	Closed	2225
	Bhopal	Mill Quality Loose	1500	1520	1500	Closed	Closed
Rajasthan	Kota	Mill Quality Loose	1600	1600	1560	1500	Closed
		Mill Delivery	1725	1730	1690	1625	Closed
U.P.	Kanpur	Mill Delivery	1640	1640	1640	Closed	Closed
	Mathura	Mill Quality Loose	1630	1610	1630	Closed	0
	Kosi	Mill Quality Loose	1600	1600	1600	Closed	2000
	Hathras	Mill Quality Loose	1550	1550	1580	Closed	1960
	Aligarh	Mill Quality Loose	1560	1560	1600	Closed	NA
Punjab	Khanna	Mill Quality Loose	1600	1600	1640	Closed	0
	Ludhiana (Jagraon)	Mill Delivery	NA	NA	NA	0	0
Haryana	Sirsa	Mill Delivery loose	1725	1725	1710	1700	2080
	Hodal	Mill Delivery	NA	NA	NA	0	0
	Bhiwani	Mill Quality Loose	1640	1650	1660	1660	2170
	Karnal	Mill Delivery	NA	NA	NA	0	0
	Panipat	Mill Quality Loose	NA	NA	NA	0	0
	Chennai	Mill Quality	1950	1950	1950	2000	Closed



Tamil Nadu	Madurai	Mill Quality	2007	2100	2100	2150	Closed
	Coimbatore	Mill Quality	2007	2150	2150	2200	Closed
Bihar	Khagariya	Mill Delivery	1800	1800	1800	1900	2100
	Muzaffarpur	Mill Delivery	1700	1700	1725	1790	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 Technical buying and continued dryness in Russia supported all wheat future prices week-over-week. CBOT soft red winter (SRW) futures added 7 cents to close at \$6.33/bu. KCBT hard red winter (HRW) futures gained 11 cents to end at \$5.70/bu.

This week's commercial sales of 367,000 metric tons (MT) for delivery in 2020/21, as of Oct. 15, were 31% below last week's 528,000 MT and on the low end of trade expectations of 200,000 MT to 800,000 MT. Year-to-date commercial sales now total 15.4 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

According to USDA, U.S. farmers have now planted 77% of the total intended winter wheat area for harvest in 2021, up 9 points on the week. That is 3 points ahead of this time last year and 5 points ahead of the 5-year average. As of Oct. 19, 51% of the country's winter wheat have germinated, led by Nebraska at 72% and South Dakota at 71%.xcvb

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 As of Oct. 21, Ukrainian farmers have planted 4.60 million hectares (11.4 million acres) of winter wheat for harvest in 2021 or 76% of the total intended area. According to Reuters, weather in Ukraine has been the worst in 10 years and only 10% to 15% of arable land was suitable for sowing winter crops for the 2021 harvest due to severe, prolonged drought.

Argentina The Buenos Aires Grain Exchange (BAGE) cut its 2020/21 Argentina wheat production estimate by 700,000 MT to 16.8 MMT, 11% less than last year, if realized, on persistent dryness. According to BAGE, Argentinian farmers have now begun the wheat harvest and 3% of the crop have been harvested already.

Russia Long-awaited rains arrived in some parts of Russia's winter wheat-sowing regions over the weekend after a spate of dry weather. However, more rains are still needed, Dmitry Rylko, the head of the IKAR agriculture consultancy, said on Monday. In Chicago, a global benchmark, Wheat prices rose more than 1% on Monday to their highest in almost six years as dry weather in several leading exporters, including Russia, raised worries about supplies.

Farmers in Russia, one of the world's largest exporters of the grain, and its peer Ukraine have been sowing winter wheat in dry soil this year, increasing risks for the 2021 crop. "Rains were not everywhere and were not sufficient in many spots,"

France Farmers made rapid progress cereal sowing last week, FranceAgriMer showed, suggesting a drier spell helped fieldwork. For soft wheat, farmers had sown 45% of the expected area for next year's harvest as of Oct. 19, up from 12% a week earlier.

Australia Rabobank estimates the 2020-21 Australian wheat crop will rebound 91% on the year to 28.8 MMT, slightly above USDA's forecast and only 9% below the 2016-17 record, if realized. Wet weather could challenge harvest progress across southern Queensland and northern New South Wales, says Australian newspaper. "The threat of storms and rain has turned the 2020 harvest into a race against nature to get the crops harvested and into storage before the inevitable major rain event," the newspaper reported on Oct. 22.

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
	23-Oct-20	16-Oct-20	23-Sep-20	17-Jul-20	24-Apr-20	24-Oct-19	
Dec-20	232.47	229.72	180.39	196.47	193.53	162.30	43.24
Mar-21	232.38	229.07	183.61	0.00	194.91	165.42	40.48
May-21	231.65	228.16	186.36	196.47	195.92	168.91	37.14
Jul-21	227.05	223.75	188.38	198.58	198.49	193.16	17.55
Sep-21	227.88	224.30	189.95	200.69	200.42	196.65	15.88
Dec-22	230.08	224.30	192.52	200.69	212.45	198.86	15.70

CBOT Nov-20

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1st Support: 623
2nd Support: 613.15
1st Resistance: 639
2nd Resistance: 645.25
(\$ per tonne)

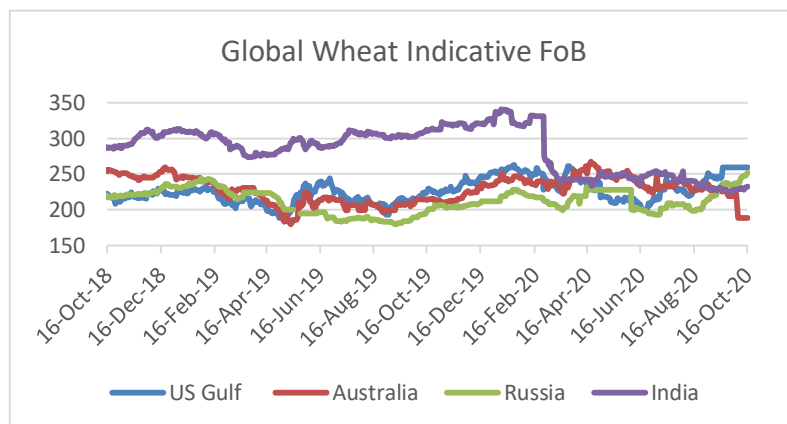
Increasing demand in major consuming countries and imposed limits by exporting countries may keep wheat prices firm in the coming weeks. The chart indicates that the uptrend could continue for a few weeks. Apart from this, extreme dryness and continue dried conditions impacted yield in major exporting countries like Russia, Australia, and Argentina. It remains supportive of the global wheat market in the near term.



International FOB Weekly Price Movement

Indian FoB quote is based on local prices. Indian FoB quote is being quoted at \$239.01 per tonne. US and Russian quotes are hovering in the range of \$278.20 and \$253.83 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 firm and hovers \$230 to \$260 per tonne in the coming week.



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