

Wheat Weekly Research Report

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

All India's weekly average prices increased by 11.33 percent to Rs. 2053.93 per quintal during the week ended 08th Nov 2020. Wheat average prices were ruling at Rs 2160.57 per quintal during 01st - 08th Nov 2019. The wheat market has stabilized, and prices are likely to rise in the coming weeks due to festivals and higher export. The wheat prices are unlikely to drop much further because the PMGKY scheme may be discontinued in November as there's no official announcement that it will continue after November, so far.

The government has sold 144810 tonnes of wheat in OMSS through E-Auctions in the fourth week of October'20 which is 11,970 tonnes higher compared to last month. Till now; no rakes have been sold. Sale of wheat to bulk consumer is 47810 tonnes and sale of Wheat to state Govt. 97000.

On Sunday, the Punjab government approved Wheat Seed Subsidy Policy-2020-21 of the Agriculture Department to provide certified wheat seed at 50% subsidy to farmers in the Rabi season. A total of 1.85 lakh quintals of certified seed, with Rs 18.50 crore worth of subsidy, will directly benefit approximately 2.5 lakh farmers under the policy.

The effect of stopping goods trains during a strike in Punjab will affect the sowing of wheat. The agriculture department has only 7% Urea and 71% DAP fertilizer stock left. If trains do not run in time, farmers will not get enough Urea and DAP fertilizer. In such a situation, farmers may face difficulties in sowing wheat this year. Urea is essentially required at the time of first irrigation of wheat in the first week of December, around 6.45 lakh tonnes of urea are required during December alone. Urea is coming through trucks from Ambala and Dabwali, but it raises transportation costs significantly. The crop yield will be hit if the adequate dose of urea is not given to crops,

Wheat mill delivery prices in all mandis increased due to the demand, due to the festive season and the end of the arrivals. At the same time, there is a perception of a rise in wheat due to flour mills' purchase.

The central government may soon announce to carry forward the scheme till March of giving ration to the country's poor people for free under the Pradhan Mantri Garib Kalyan Yojana. If Govt. increases the scheme till next year then prices are going to be impacted.

Previous Updates

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 Kalyan 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.

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
October data awaited.

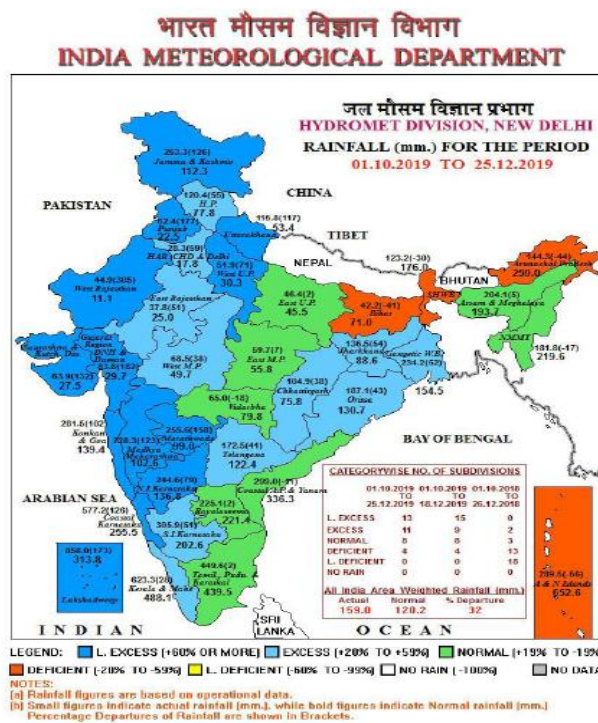
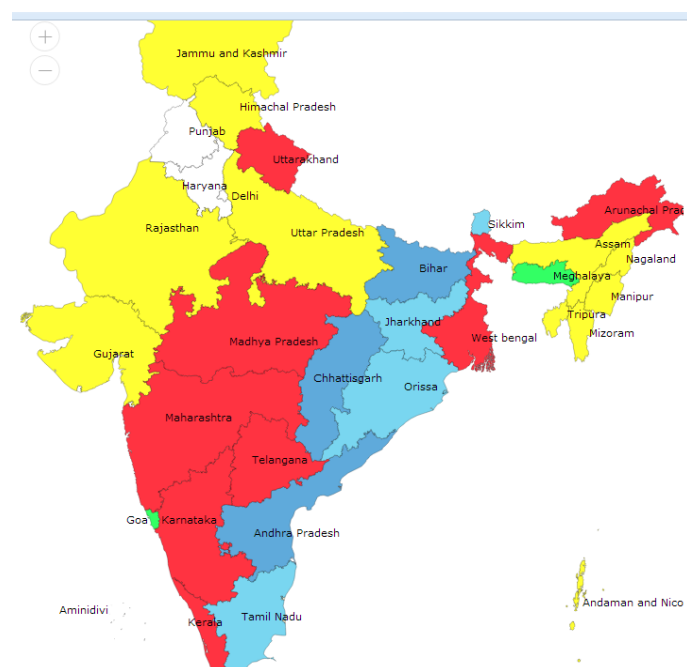
Wheat Import

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:

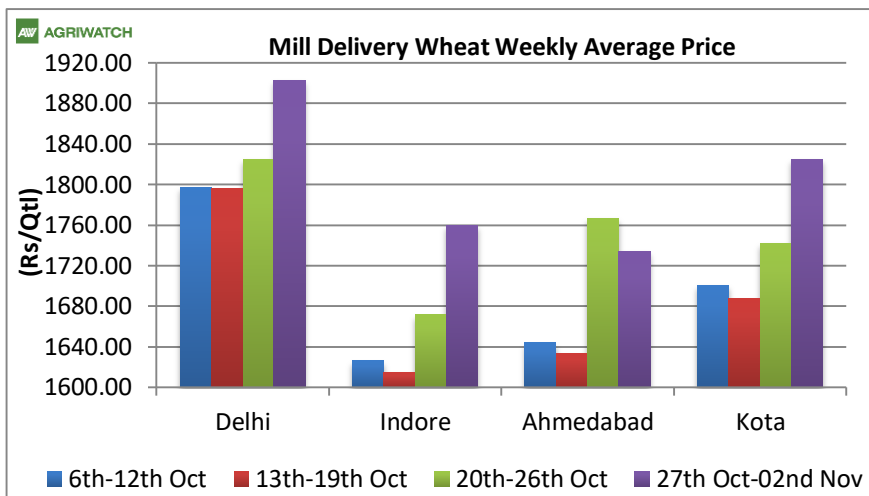


Source: IMD

Wheat Weekly Average Price Chart

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Wheat's average mill delivery prices remained high, from 27th Oct – 02nd Nov 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. The demand is coming out due to the festive season and the loss of the arrivals. Increased flour mills' purchase and high export demand have added to the price rise. Free distribution of Wheat till November end would keep the market moving range bound.



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

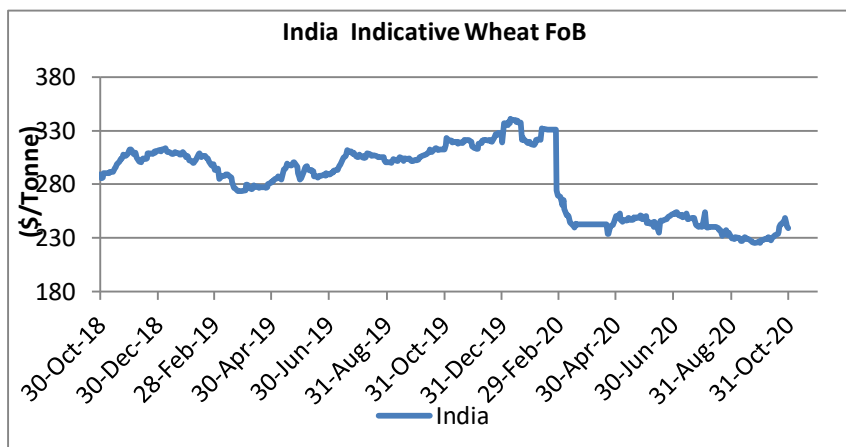
State/UTs	Procurement as of Oct-2020 (Figures in LMT)		
	FCI (A)	State Agency (B)	Total (A+B)
Punjab	14.20	112.94	127.14
Haryana	6.69	67.31	74.00
Uttar Pradesh	1.34	34.43	35.77
Madhya Pradesh	0.00	129.42	129.42
Bihar	0.00	0.05	0.05
Rajasthan	16.29	5.96	22.25
Others	0.14	1.15	0.91
All-India	38.66	351.26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

FOB Quote for Wheat at Kandla

The wheat FoB quote in India noticed a firm tone in the past week. The overall condition for Indian wheat export is now favorable, and export opportunity is here as parity is 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.

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Indicative FOB Quotes:

Wheat FOB	Variety	Today	Week Ago	Month Ago	Year Ago	% Change over Prev. Year
		30-Oct-20	23-Oct-20	1-Oct-20	30-Oct-19	
USA (Chicago)	2srw	271.00	276.00	278.00	221.94	22.11
France	FCW3	236.73	246.04	228.25	197.59	19.81
Australia	ASW	236.60	244.24	222.23	213.40	10.87
Russia	SRW	253.00	255.00	233.00	206.00	22.82
India	Fob	239.28	242.56	227.68	Closed	na

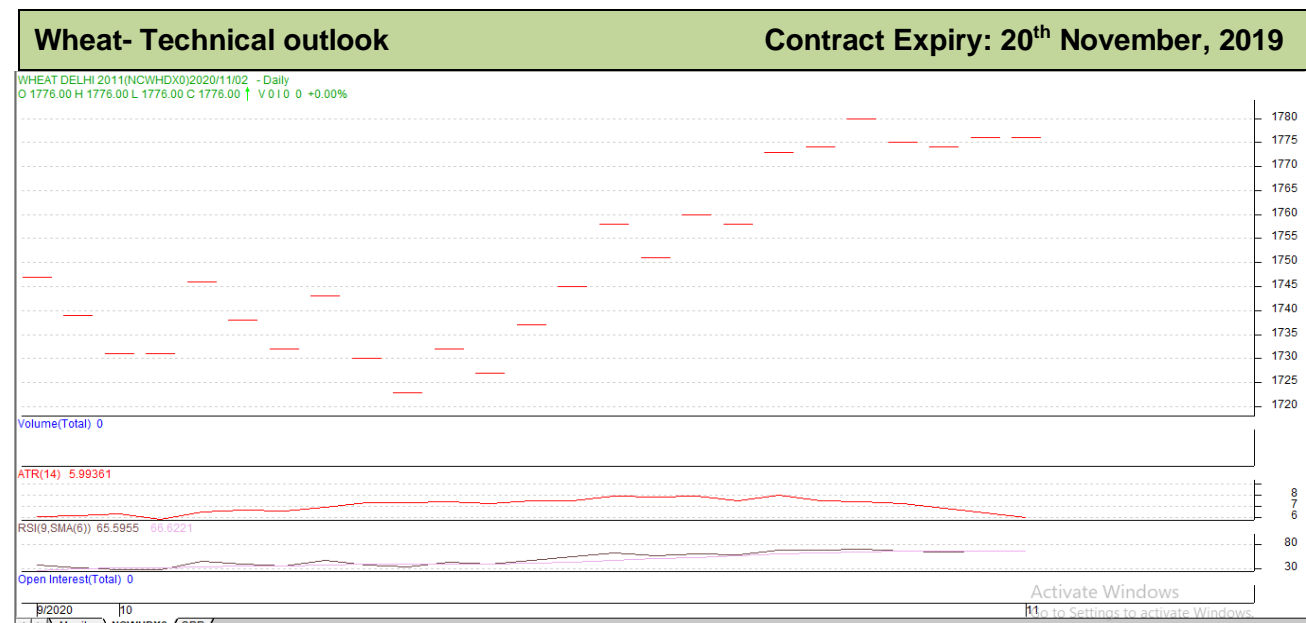
International Weekly Outlook:

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.

	30/10/2020	23/10/2020	16/10/2020	07/10/2020
Black Sea Mill Wheat 12.5% FOB Pmax. (\$/T)	251.50	250.50	246	242
Black Sea Mill Wheat 11.5% FOB Pmax. (\$/T)	251	246	246	242

NCDEX Wheat Contracts

Wheat Futures Contract: NCDEX Price								Date: 02.11.2020	
Contract Month	+/-	Open	High	Low	Close	Volume	Change From previous day	Open Interest	Change From previous day
20-Nov		-	-	-	1776				
20-Dec		-	-	-	1781				
20-Jan		-	-	-	2249				

Wheat Technical Analysis:
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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	1776	-	-	-

*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
	31-Oct-20	24-Oct-20	30-Sep-20	1-Nov-19	
Indore	1710	1675	Closed	2200	-22.27
Bareilly	NA	NA	0	0	-
Delhi	1861	1813	1786	2241	-16.96
Khanna	NA	NA	0	0	-
Kanpur	1700	1635	1600	2085	-18.47
Karnal	NA	NA	0	0	-
Rajkot	1742	1741	1624	2170	-19.72
Kota	1772	1767	1723	2110	-16.02

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
			31-Oct-20	30-Oct-20	24-Oct-20	1-Oct-20	1-Nov-19
Delhi	Lawrence Road	Mill Delivery	1875	1880	1840	1800	2245
	Narella	Mill Quality Loose	1730	1730	1680	1640	2160
	Nazafgarh	Mill Quality Loose	1700	1690	1670	1630	2100
Gujarat	Rajkot	Mill Delivery	1725	1720	1740	1600	2180
	Ahmedabad	Mill Delivery	1750	1750	1770	1630	2170
	Surat	Mill Delivery	1820	1815	1820	1690	2230
	Dhrol	Mill Delivery	1630	NA	1685	0	2250
M.P.	Indore	Mill Delivery	1775	1775	1680	Closed	2230
	Bhopal	Mill Quality Loose	1550	1600	1500	Closed	2100
Rajasthan	Kota	Mill Quality Loose	1700	1650	1600	1540	2000
		Mill Delivery	1825	1825	1725	1670	2150
U.P.	Kanpur	Mill Delivery	1640	1650	1640	1700	2080
	Mathura	Mill Quality Loose	1680	1700	1630	1640	0
	Kosi	Mill Quality Loose	1620	1600	1600	1715	2010
	Hathras	Mill Quality Loose	1650	1630	1550	1570	1960
	Aligarh	Mill Quality Loose	1640	1600	1560	1600	1950
Punjab	Khanna	Mill Quality Loose	1620	1640	1600	1700	0
	Ludhiana (Jagraon)	Mill Delivery	NA	NA	NA	0	0
Haryana	Sirsa	Mill Delivery loose	1750	1745	1725	1725	2080
	Hodal	Mill Delivery	NA	NA	NA	0	0
	Bhiwani	Mill Quality Loose	1680	1700	1640	1670	2175
	Karnal	Mill Delivery	NA	NA	NA	0	0
	Panipat	Mill Quality Loose	NA	NA	NA	0	0



Tamil Nadu	Chennai	Mill Quality	1950	1950	1950	2000	2450
	Madurai	Mill Quality	2007	2100	2100	2150	2600
	Coimbatore	Mill Quality	2007	2150	2150	2200	2650
Bihar	Khagariya	Mill Delivery	1900	1800	1800	1875	2100
	Muzaffarpur	Mill Delivery	1800	1775	1700	1800	2050

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 743,000 metric tons (MT) for delivery in 2020/21, as of Oct. 22, were almost double last week's 367,000 MT and above trade expectations of 200,000 MT to 700,000 MT. Year-to-date commercial sales now total 16.2 million metric tons (MMT), 11% 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 85% of the total intended winter wheat area for harvest in 2021, up 8 points on the week. That is 2 points ahead of this time last year and 5 points ahead of the 5-year average. As of Oct. 26, 62% of the country's winter wheat have germinated, led by Colorado at 78% and South Kansas at 70%.

All wheat futures prices fell week-over-week due to beneficial precipitation in the Southern Plains, Russia and Argentina (see below). CBOT soft red winter (SRW) futures fell 34 cents to end at \$5.98/bu. KCBT hard red winter (HRW) futures lost 28 cents to close at \$5.41/bu.

The International Grains Council (IGC) raised its forecast for 2020/21 world wheat production by 1 million tonnes to 764 million tonnes, Consumption by 5 million tonnes, and carry overstock by 13 million tonnes from last year 2019/20. The forecast for trade remains unchanged to 185 million tonnes as last year.

Ukraine As of Oct. 28, Ukrainian farmers have planted 5.50 million hectares (13.6 million acres) of winter wheat for harvest in 2021, or 91% of the total intended planted area.

Argentina According to the Buenos Aires Grain Exchange (BAGE), recent precipitation gave the country's wheat crop a final yield boost before the 2020/21 harvest. The wheat harvest is now 6% complete with most of Argentina's progress focused in the north. So far, the average yield in the north is 12.2 bu/acre (0.82 MT/ha), well below the expected final average of 42.8 bu/acre (2.88 MT/ha). USDA now expects Argentinian wheat production will fall to 17.4 MMT in 2020/21, 8% below the agency's Oct. 9 forecast of 19.0 MMT on persistent drought.

Russia Russian winter wheat conditions improved this week as beneficial precipitation fell in the country's southern regions. "Weather conditions are improving gradually," said SovEcon, a Russian agriculture consultancy. Strong precipitation fell in Russia's southern, central and Volga regions last week. "The temperature forecast remains very friendly for farmers," added SovEcon, "winter wheat has more precious time to germinate before winter." U.S. grain traders believe recent precipitation, warm weather in the coming days and strong market prices could boost Russian winter wheat planted area for harvest in 2021 as much as 15% over last year.

France FranceAgriMer, France's farm office, showed 66% of the country's soft (non-durum) wheat is now planted for harvest next year, up 21 points from last week and in line with the 5-year average. Dry sowing conditions compared to last year are expected to boost France's soft wheat planted area to 5.0 million hectares (12.3 million acres).

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.

Pakistan, Economic Coordination Committee (ECC) has decided to propose to the Cabinet Rs 1600 as minimum support price (MSP) for wheat crop for fiscal year 2020-2021.

IGC Wheat Balance Sheet:
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IGC Forecast (Fig-In MMT)	2016-17	2017-18	2018-19 (Estimate)	2019-20 (Forecast)	
				24.09.2020	29.10.2020
Production	757	762	733	763	764
Trade	177	176	169	183	185
Consumptions	736	739	739	749	751
Carryover stocks	248	271	265	294	291
Y-O-Y change	21	22	-5	15	13
Major Export	79	83	70	65	61

- IGC has forecast global wheat production at 764 MMT for 2019-20, 1 MMT higher 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 185 MMT. It is 16 MMT higher compared to the estimate for last year and higher by 16 MMT compared to 2017-18.
- Consumption has been increased to 751 MMT for 2019-20. The forecast is higher by 12 MMT compared to 2018-19.
- Carryout for 2019-20 is forecast at 291 MMT compared to an estimate of 265 MMT last year. It is higher by around 26 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
	30-Oct-20	23-Oct-20	30-Sep-20	24-Jul-20	1-May-20	31-Oct-19	
Dec-20	219.89	232.47	180.39	198.21	191.60	190.77	15.26
Mar-21	220.44	232.38	183.61	0.00	189.76	192.24	14.67
May-21	220.53	231.65	186.36	198.21	191.14	194.72	13.25
Jul-21	217.68	227.05	188.38	200.32	194.35	193.16	12.70
Sep-21	218.51	227.88	189.95	202.44	197.11	196.65	11.12
Dec-22	220.90	227.88	192.52	202.44	212.45	198.86	11.09

CBOT Nov-20

1st Support: 593.42

2nd Support: 588.25

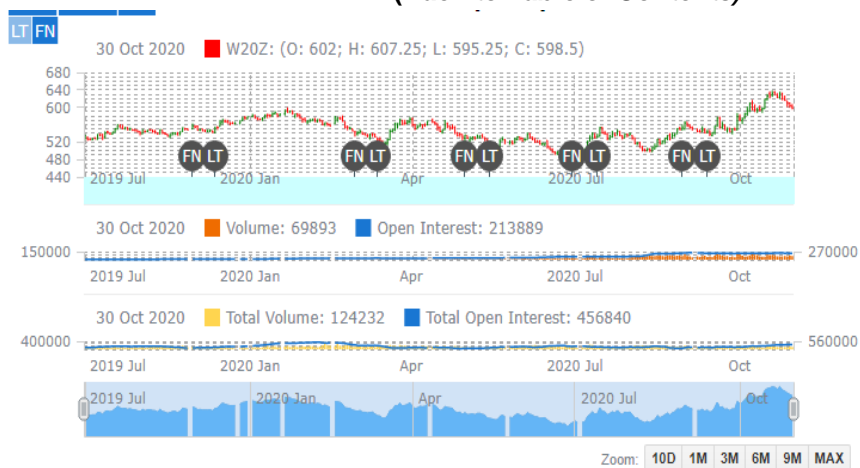
1st Resistance: 605.42

2nd Resistance: 612.33

(\$ 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.

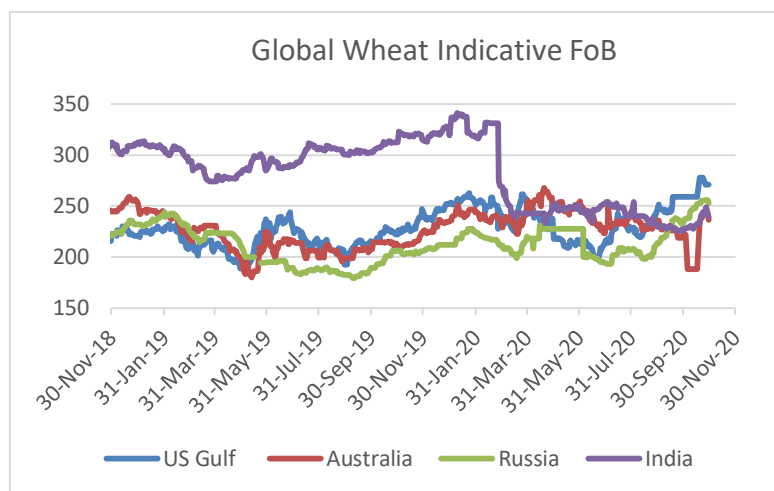
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International FOB Weekly Price Movement

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 \$271.20 and \$255.20 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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