

Wheat Weekly Research Report

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Wheat Domestic Market Fundamentals

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All India's weekly average prices decreased by 11.01 percent to Rs. 1827.84 per quintal during the week ended 15th Nov 2020. Wheat average prices were ruling at Rs 2229.07 per quintal during 09th - 15th Nov 2019. 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.

Sowing of Rabi crops is going on in full swing across the country. Rajasthan's state government has decided to provide certified seeds to the farmers of the state at a 50 percent discount from the prescribed rate. For this, preparations have started to sell wheat seeds to reach up to rural service cooperative societies.

According to a news source, the food ministry has proposed to halve the allocation of free rice and wheat to 2.5 kg per month but kept pulses at 1 kg. The food ministry has suggested tweaks in the free food grain plan, including a reduction in allocations, after the finance ministry indicated it is not keen on extending the scheme beyond November because of the strained fiscal situation. The food ministry has also proposed monthly extensions to the plan after reviewing the budgetary situation.

According to traders, Prices of mill-quality Wheat in Kota, Rajasthan, fell today because of a rise in the foodgrain supply. Arrivals were pegged sharply higher at 40,000 bags (1 bag = 100 kg), up from 15,000 bags on Monday. In Jaipur, another key market in Rajasthan, the foodgrain prices fell due to a marginal increase in supply. Arrivals were pegged at 5,500 bags (1 bag = 100 kg), higher than 5,000 bags on the previous day. Arrivals increased because farmers offloaded more stock in the market ahead of Diwali, traders said.

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.

Wheat WPI has increased from 154.2 in August -2020 to 150 in September-2020. Monthly wheat inflation has decreased by 2.72 percent in September-2020 compared to previous month.

Previous Updates

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.

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. 1778 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.

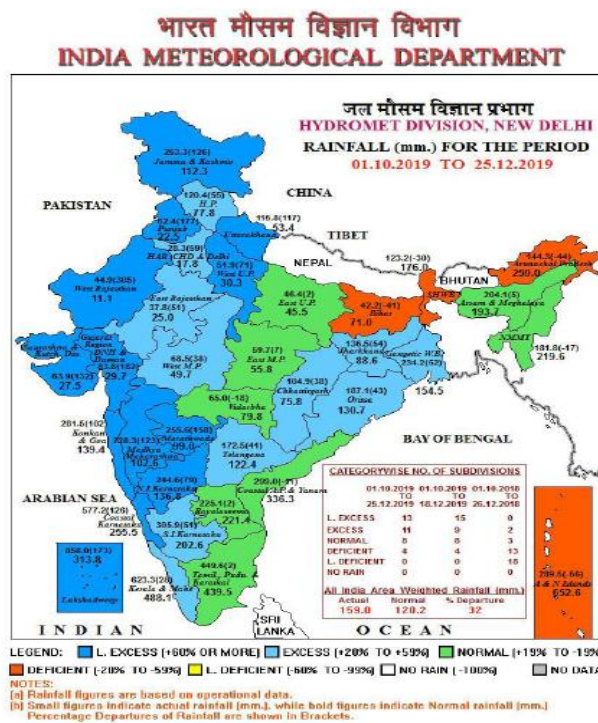
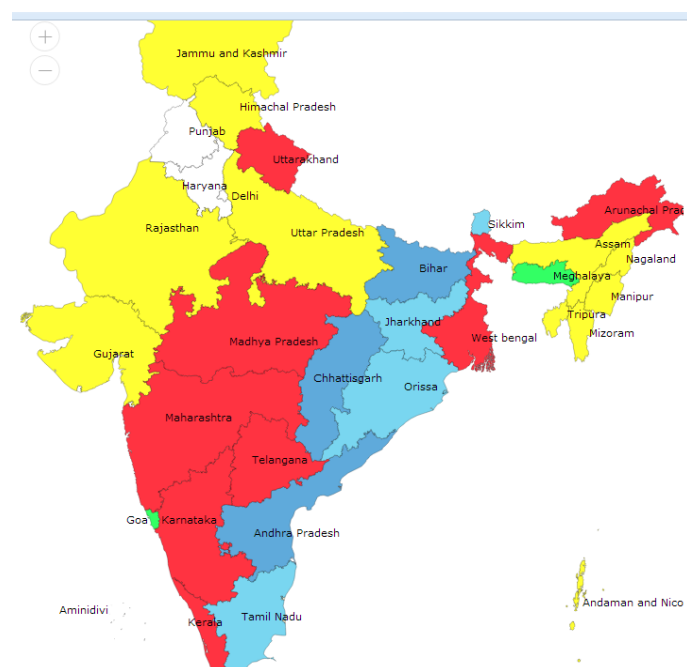
Wheat Import

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

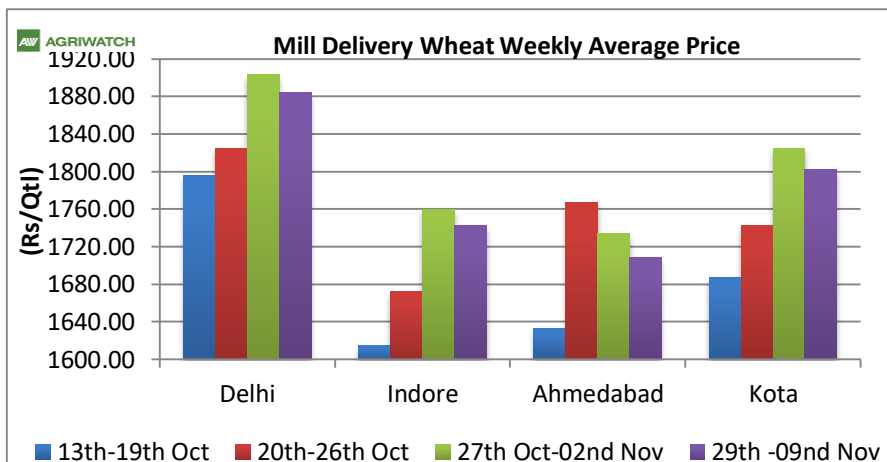
Weekly Cumulative rainfall:



Source: IMD

Wheat Weekly Average Price Chart
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Wheat's average mill delivery prices remained low, from 29th Nov – 09th Nov 2020 compared to last week. All markets had shown steady movement in prices last week and are likely to trade steady to slightly firm in upcoming weeks. Increased flour mills' purchase and high export demand have helped stem the price fall. Free distribution of Wheat till November end would keep the market moving range bound.


Wheat and Rice Stocking Norms

<u>Wheat Stock Norms</u>						
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

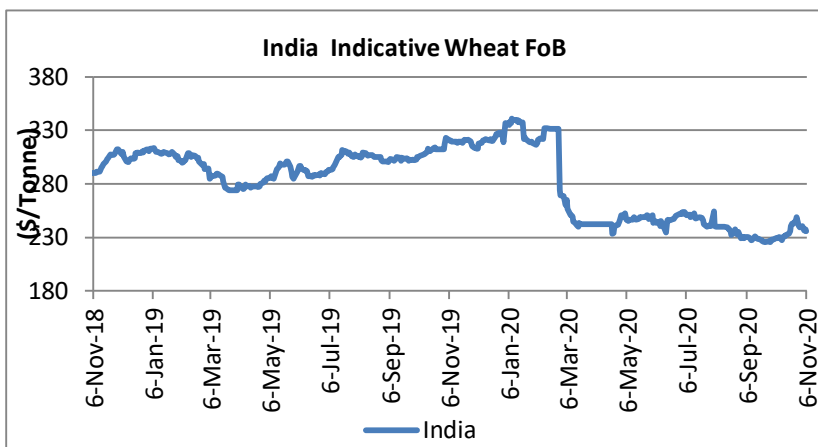
State/UTs	Procurement as of Oct-2020 (Figures in LMT)		
	FCI (A)	State Agency (B)	Total (A+B)
Punjab	14.20	112.94	127.14
Haryana	6.69	67.31	74.00
Uttar Pradesh	1.34	34.43	35.77
Madhya Pradesh	0.00	129.42	129.42
Bihar	0.00	0.05	0.05
Rajasthan	16.29	5.96	22.25
Others	0.14	1.15	0.91
All-India	38.66	351.26	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 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 only Australia offering wheat lower than 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
		6-Nov-20	30-Oct-20	8-Oct-20	7-Nov-19	
USA (Chicago)	2srw	271.00	NA	NA	266.80	1.57
France	FCW3	250.47	236.73	236.68	196.87	27.22
Australia	ASW	231.12	236.60	188.15	211.05	9.51
Russia	SRW	254.00	253.00	244.00	203.00	25.12
India	Fob	NA	239.28	229.16	320.74	NA

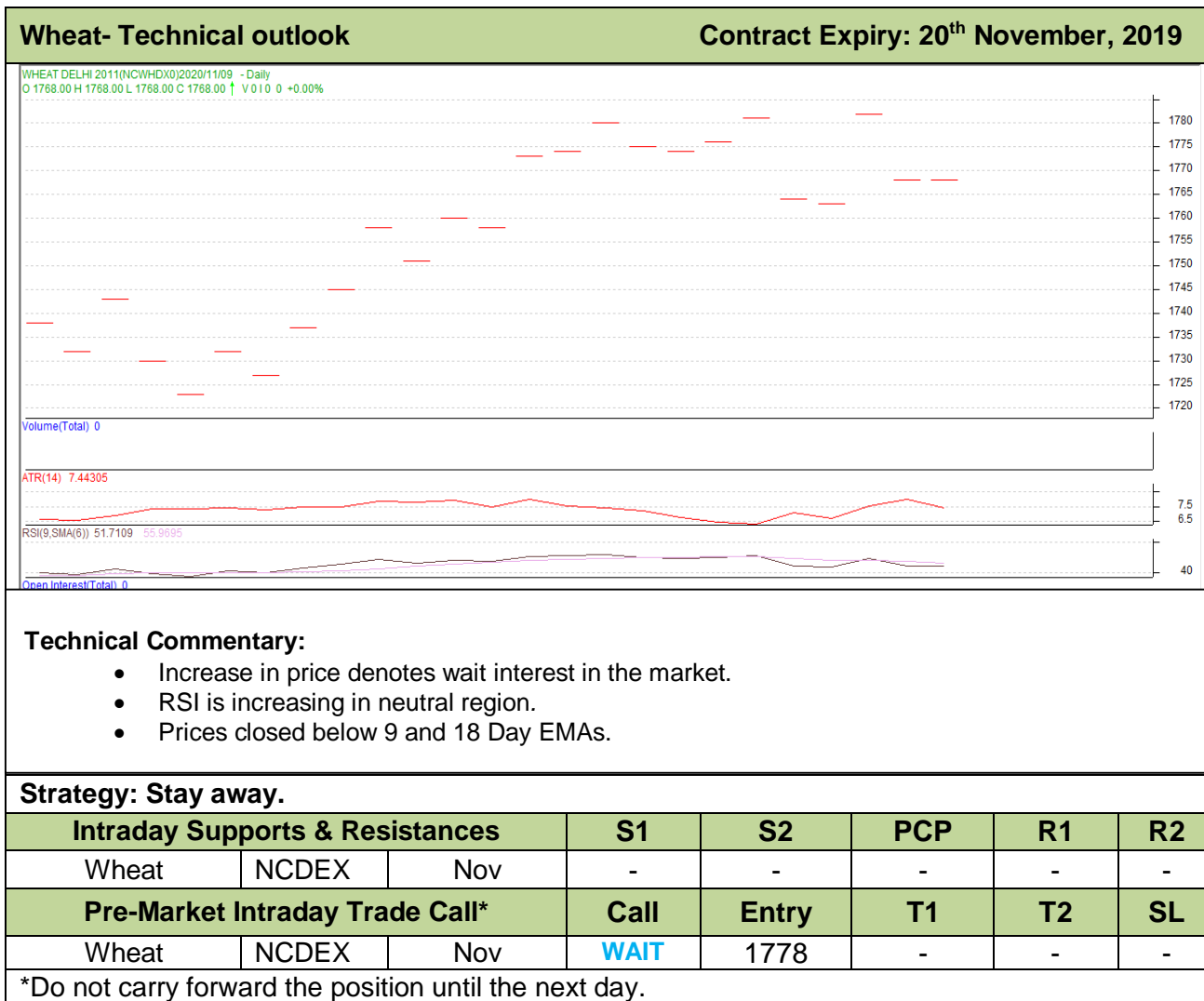
International Weekly Outlook:

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 going to be stable, including India in coming weeks.

	06/11/2020	30/10/2020	23/10/2020	16/10/2020
Black Sea Mill Wheat 12.5% FOB Pmax. (\$/T)	253.50	251.50	250.50	246
Black Sea Mill Wheat 11.5% FOB Pmax. (\$/T)	252	251	246	246

NCDEX Wheat Contracts

Wheat Futures Contact: NCDEX Price								Date: 09.11.2020	
Contract Month	+/-	Open	High	Low	Close	Volume	Change From previous day	Open Interest	Change From previous day
20-Nov		-	-	-	1778				
20-Dec		-	-	-	1773				
20-Jan		-	-	-	2249				

Wheat Technical Analysis:
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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
	7-Nov-20	31-Oct-20	7-Oct-20	8-Nov-19	
Indore	1687	1710	1625	2212	-23.73
Bareilly	NA	0	0	0	-
Delhi	1860	1861	1751	2246	-17.19
Khanna	NA	0	0	0	-
Kanpur	1690	1700	1580	2095	-19.33
Karnal	NA	0	0	0	-
Rajkot	1715	1742	1619	2225	-22.92
Kota	1765	1772	1713	2131	-17.18

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
			7-Nov-20	6-Nov-20	31-Oct-20	9-Oct-20	8-Nov-19
Delhi	Lawrence Road	Mill Delivery	1880	1890	1875	1800	2250
	Narella	Mill Quality Loose	1750	1770	1730	1640	2200
	Nazafgarh	Mill Quality Loose	1700	1710	1700	1630	2110
Gujarat	Rajkot	Mill Delivery	1715	1710	1725	1620	2210
	Ahmedabad	Mill Delivery	1740	1760	1750	1640	2270
	Surat	Mill Delivery	1800	1820	1820	1700	2330
	Dhrol	Mill Delivery	NA	1630	1630	1515	2375
M.P.	Indore	Mill Delivery	1750	1725	1775	1650	2230
	Bhopal	Mill Quality Loose	1650	1560	1550	1550	2100
Rajasthan	Kota	Mill Quality Loose	1650	1700	1700	1600	2060
		Mill Delivery	1775	1825	1825	1700	2170
U.P.	Kanpur	Mill Delivery	1800	1700	1640	1635	2080
	Mathura	Mill Quality Loose	1680	1640	1680	1620	0
	Kosi	Mill Quality Loose	1700	1640	1620	1620	2015
	Hathras	Mill Quality Loose	1650	1650	1650	1560	2000
	Aligarh	Mill Quality Loose	1700	1650	1640	1580	1950
Punjab	Khanna	Mill Quality Loose	1640	1600	1620	1680	0
	Ludhiana (Jagraon)	Mill Delivery	NA	NA	NA	0	0
Haryana	Sirsa	Mill Delivery loose	1750	1750	1750	1690	2100
	Hodal	Mill Delivery	NA	NA	NA	0	0
	Bhiwani	Mill Quality Loose	1790	1650	1680	1680	2125
	Karnal	Mill Delivery	NA	NA	NA	0	0
	Panipat	Mill Quality Loose	NA	NA	NA	0	0
	Chennai	Mill Quality	1975	1975	1950	1950	2450



Tamil Nadu	Madurai	Mill Quality	2032	2125	2100	2100	2600
	Coimbatore	Mill Quality	2032	2175	2150	2150	2650
Bihar	Khagariya	Mill Delivery	1900	1900	1900	1800	2100
	Muzaffarpur	Mill Delivery	1675	1700	1800	1725	2010

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 89% of the total intended winter wheat area for harvest in 2021, up 4 points on the week. That is 1 point ahead of last year and 3 points ahead of the 5-year average. As of Nov. 2, 71% of the country's winter wheat has germinated, led by Colorado and Nebraska at 89%.

This week's commercial sales of 597,000 metric tons (MT) for delivery in 2020/21, as of Oct. 29, were down 20% from last week's 743,000 MT but in line with trade expectations of 200,000 MT to 700,000 MT. Year-to-date commercial sales now total 16.8 million metric tons (MMT), 12% 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.

China China's National Grain Trade Center reported selling 2.69 MMT of wheat from Chinese state reserves in the last week of October at an average price of \$352/MT. China also published its minimum domestic purchase price for wheat in the 2021 marketing year at \$338/MT, up 1% from last year. China is the world's largest wheat producer and consumer.

Ukraine APK-Inform, a Ukrainian agriculture consultancy, pegged Ukraine's winter wheat planted area for harvest in 2021 at 5.65 million hectares (13.96 million acres), covering 92 percent of the expected 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 agriculture office, reported the country's winter wheat farmers made considerable progress last week, 66% of France's soft (non-durum) wheat is now in the ground, up from last week's 45% and in line with the five-year average.

Australia Australia's wheat crop has rebounded following three years of extended drought conditions. USDA now expects Australian wheat production in 2020/21 will reach 28.5 MMT, up 87% on the year. IKON Commodities, an Australian agriculture consultancy, estimates Australia's 2020/21 wheat harvest will reach 32.0 MMT. The price of Australian wheat offered to Asian markets fell below Black Sea prices for the first time in four years. According to a Singapore-based trader, Australian premium white (APW) was quoted at \$275/MT C&F (FOB and freight) to Southeast Asia compared to Black Sea wheat at \$285/MT.

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
	6-Nov-20	30-Oct-20	7-Oct-20	31-Jul-20	8-May-20	7-Nov-19	
Dec-20	221.17	219.89	180.39	195.18	194.54	191.87	15.27
Mar-21	223.75	220.44	183.61	0.00	191.78	193.44	15.67
May-21	224.39	220.53	186.36	195.18	192.98	195.92	14.53
Jul-21	222.55	217.68	188.38	197.94	196.10	193.16	15.22
Sep-21	223.29	218.51	189.95	200.51	198.95	196.65	13.55
Dec-22	225.77	218.51	192.52	200.51	212.45	198.86	13.53

CBOT Nov-20

1st Support: 597.25

2nd Support: 592.50

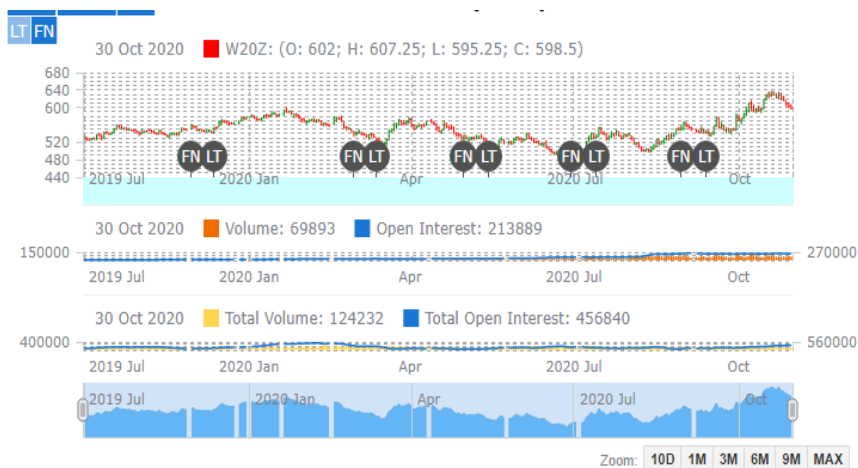
1st Resistance: 611.25

2nd Resistance: 620.25

(\$ 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, continued dry conditions have 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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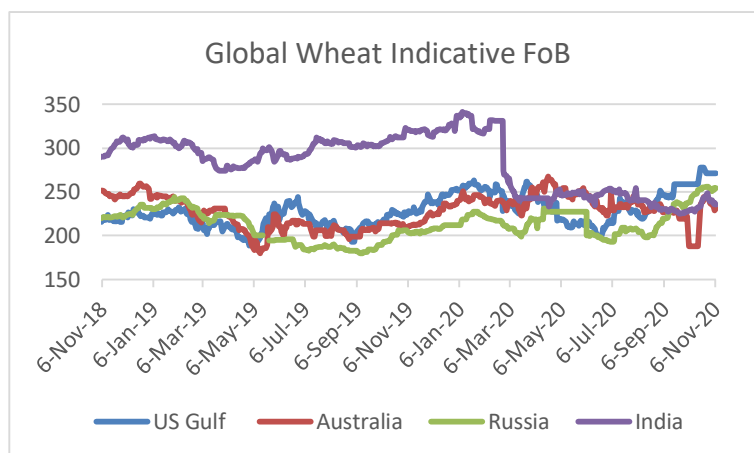


International FOB Weekly Price Movement

Indian FoB quote is based on local prices. Indian FoB quote is being quoted at \$239.56 per tonne. US and Russian quotes are hovering in the range of \$271.20 and \$252.90 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.

Agriwatch estimates that India will export around 3.5 lakh tonnes of wheat this year.

Wheat is expected to trade steady to firm and hovers \$230 to \$260 per tonne in the coming week.



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