

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 2.35 percent to Rs. 1870.87 per quintal during the week ended 23rd Nov 2020. Wheat average prices were ruling at Rs 2212.76 per quintal during 16th - 23th 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.

A day after Diwali, rain lashed parts of Punjab, Chandigarh, Delhi, Haryana, and Uttar Pradesh. Several areas witnessed shower and thunderstorms due to a western disturbance. Parts of Punjab and Haryana also witnessed a hailstorm leading to a fall in temperature. Light rains and thundershowers in Punjab parts have brought cheers to the farmers—especially the wheat growers, who had sown their crops without burning the paddy straw. It is also beneficial for those preparing to plant wheat, and other rabi crops, including fodder for animals.

Punjab could be staring at a much bigger crisis if it does not immediately get the much-needed fertilizers for the wheat crop. As farmers stare at a severe shortage, in the wake of the suspension of rail services in the state and rakes of fertilizers stuck outside, the state immediately needs vast quantities of urea and di ammonium phosphate (DAP) for the wheat crop, which has already started sowing. Wheat is expected to be cultivated on almost 35 lakh hectares in the state. Punjab needs nearly 19 lakh quintals of DAP and 8 lakh tonnes of urea for this wheat season. "DAP is used at the time of sowing, while urea is to be applied three weeks after sowing.

Demand in wheat products remains weak despite the festive season, so its prices are not improving. According to traders, the wheat business has not yet come out of the recession environment due to limited demand of flour mills as there is a concern about the government's policies.

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.

As per the latest update, the area sown until 13th November-20 is 50.01 lakh hectares compared to 39.55 lakh hectares in the previous Rabi season. The normal common area is 303.28 lakh hectares. Acreage under wheat has increased in the states of Madhya Pradesh, Punjab, and Rajasthan till date.

As per trade source, India has Import around 6380 MT in the month of October-2020 after March-2020. The quantity in October-2020 was imported at an average FOB of \$ 304.90 per tonne.

Previous Updates

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.

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.

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 food grain 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.

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.

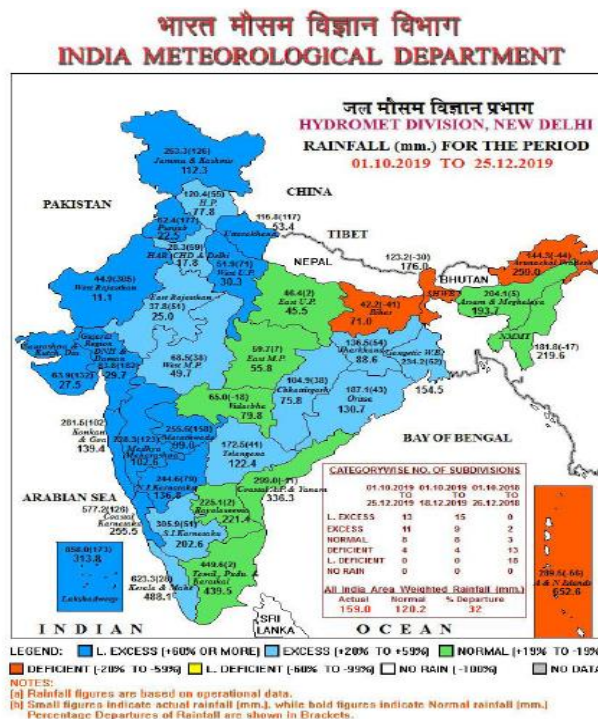
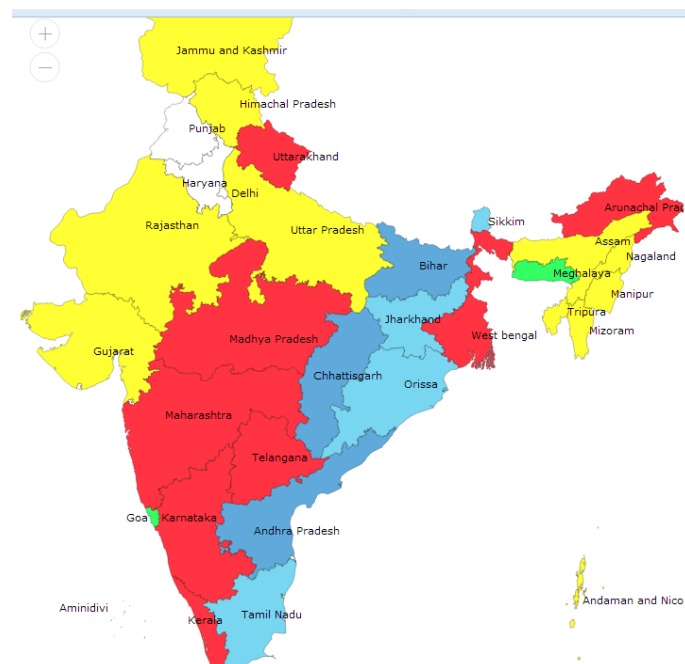
Wheat Import

Date	Foreign Country	Port	Quantity in MT
Oct-2020	Australia, UK	Tuticorin	4.0
	Mexico	Mexico City	2.3
	Total		6.38

Source: Traders

Monsoon

Weekly Cumulative rainfall:



Source: IMD

Wheat Weekly Average Price Chart
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Wheat's average mill delivery prices remained low in Delhi, Kota and high Indore and Ahmedabad, from 10th Nov – 16th Nov 2020 compared to last week. Markets had shown steady to weak movement in prices last week and are likely to trade range-bound in upcoming weeks. Due to limited demands from flour mills as there is a concern about the policies of the government. Free distribution of Wheat till November end would keep the market moving range bound.

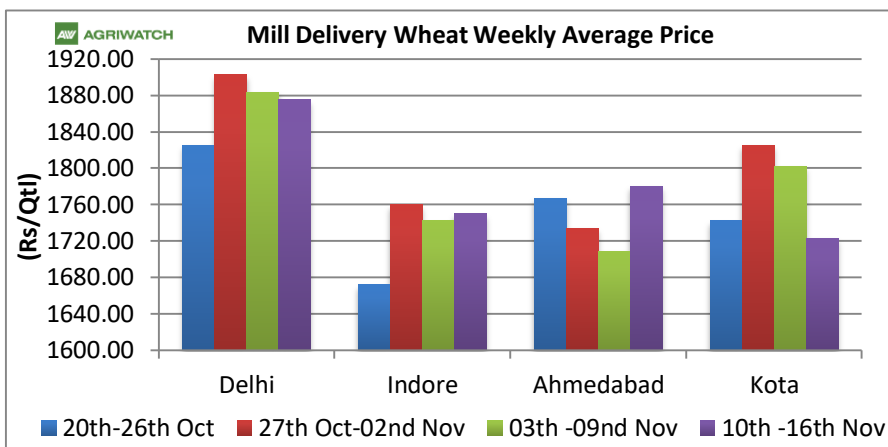

Wheat and Rice Stocking Norms
Wheat Stock Norms

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

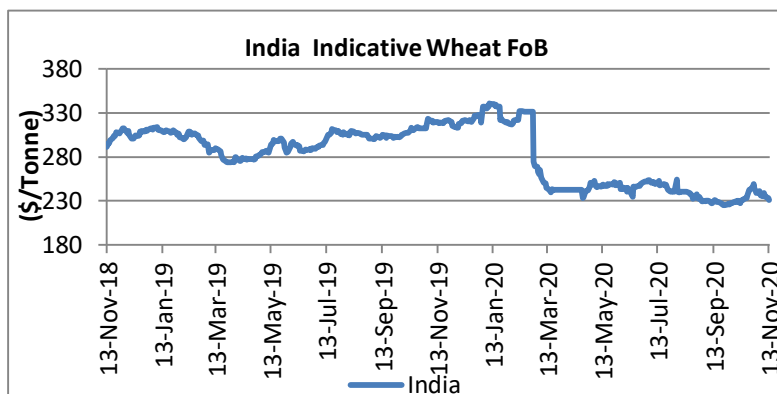
State/UTs	Procurement as of Oct-2020 (Figures in LMT)		
	FCI (A)	State Agency (B)	Total (A+B)
Punjab	14.20	112.94	127.14
Haryana	6.69	67.31	74.00
Uttar Pradesh	1.34	34.43	35.77
Madhya Pradesh	0.00	129.42	129.42
Bihar	0.00	0.05	0.05
Rajasthan	16.29	5.96	22.25
Others	0.14	1.15	0.91
All-India	38.66	351.26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

FOB Quote for Wheat at Kandla

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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 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 and Australia offering wheat costlier 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
		13-Nov-20	6-Nov-20	15-Oct-20	14-Nov-19	
USA (Chicago)	2srw	269.00	NA	NA	266.90	0.79
France	FCW3	0.00	250.47	240.39	195.51	-100.00
Australia	ASW	231.12	231.12	NA	211.72	9.16
Russia	SRW	0.00	254.00	249.00	203.50	-100.00
India	Fob	Closed	NA	231.24	318.10	NA

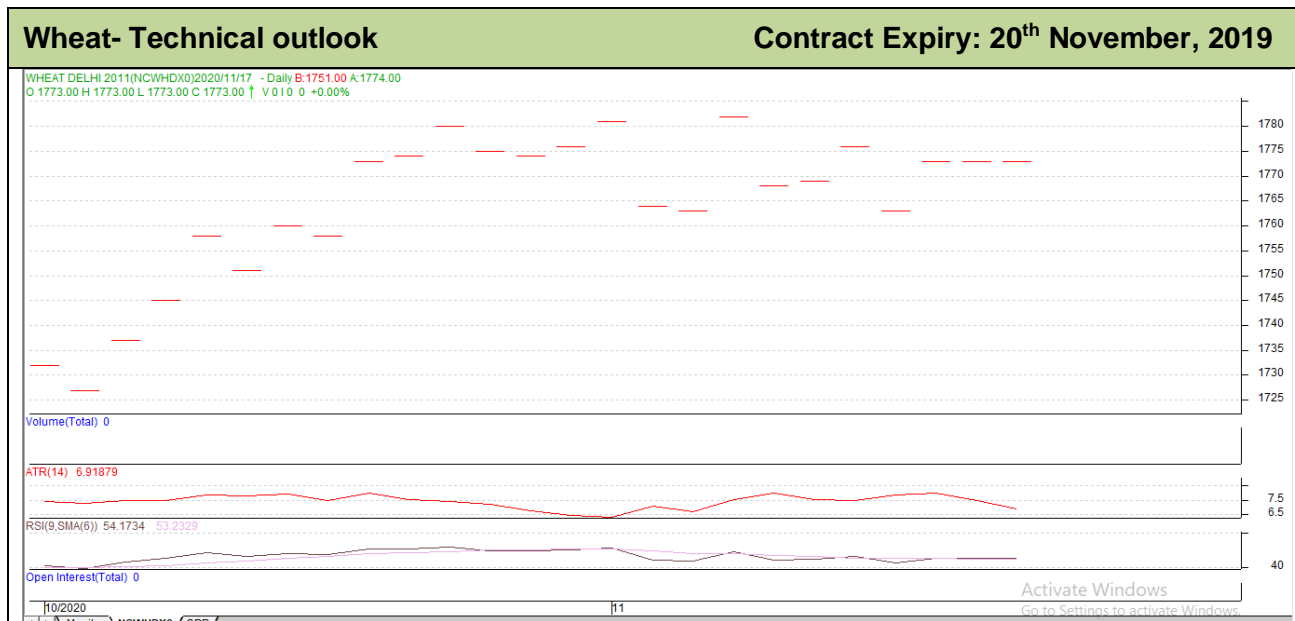
International Weekly Outlook:

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 the U.S and Russia will be stable and for Australia is going to be weak as new crop is soon going to hit the market, Including India in coming weeks. Strong international demand continues, which will support the market going forward.

	16/11/2020	06/11/2020	30/10/2020	23/10/2020
Black Sea Mill Wheat 12.5% FOB Pmax. (\$/T)	253	253.50	251.50	250.50
Black Sea Mill Wheat 11.5% FOB Pmax. (\$/T)	253.5	252	251	246

NCDEX Wheat Contracts

Wheat Futures Contract: NCDEX Price								Date: 17.11.2020	
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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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
	14-Nov-20	7-Nov-20	14-Oct-20	15-Nov-19	
Indore	NA	1687	1650	2205	NA
Bareilly	NA	NA	NA	0	-
Delhi	1853	1860	1780	2272	-18.44
Khanna	NA	NA	NA	0	-
Kanpur	1690	1690	1600	2105	-19.71
Karnal	NA	NA	NA	0	-
Rajkot	NA	1715	1640	2225	NA
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	Yesterd ay	Week Ago	Month Ago	Year Ago
			14-Nov- 20	13-Nov- 20	7-Nov- 20	16-Oct- 20	15-Nov- 19
Delhi	Lawrence Road	Mill Delivery	Closed	1875	1880	1790	2280
	Narella	Mill Quality Loose	Closed	1760	1750	1670	2200
	Nazafgarh	Mill Quality Loose	Closed	1680	1700	1650	2100
Gujarat	Rajkot	Mill Delivery	Closed	Closed	1715	1640	2225
	Ahmedabad	Mill Delivery	Closed	Closed	1740	1665	2300
	Surat	Mill Delivery	Closed	Closed	1800	1720	2365
	Dhrol	Mill Delivery	NA	NA	NA	NA	2300
M.P.	Indore	Mill Delivery	Closed	Closed	1750	Closed	2235
	Bhopal	Mill Quality Loose	Closed	Closed	1650	Closed	2100
Rajasthan	Kota	Mill Quality Loose	Closed	Closed	1650	1560	2030
		Mill Delivery	Closed	Closed	1775	1685	2175
U.P.	Kanpur	Mill Delivery	Closed	Closed	1800	1630	NR
	Mathura	Mill Quality Loose	Closed	1640	1680	1630	0
	Kosi	Mill Quality Loose	Closed	1700	1700	1640	2030
	Hathras	Mill Quality Loose	Closed	1620	1650	1580	2015
	Aligarh	Mill Quality Loose	Closed	1625	1700	1550	1940
Punjab	Khanna	Mill Quality Loose	Closed	Closed	1640	1640	NA
	Ludhiana (Jagraon)	Mill Delivery	Closed	Closed	NA	NA	0
Haryana	Sirsa	Mill Delivery loose	Closed	1750	1750	1710	2100
	Hodal	Mill Delivery	Closed	NA	NA	NA	0
	Bhiwani	Mill Quality Loose	Closed	1700	1790	1660	2170
	Karnal	Mill Delivery	NA	NA	NA	0	0
	Panipat	Mill Quality Loose	NA	NA	NA	0	0
	Chennai	Mill Quality	Closed	Closed	1975	1950	2350



Tamil Nadu	Madurai	Mill Quality	Closed	Closed	2125	2100	2600
	Coimbatore	Mill Quality	Closed	Closed	2175	2150	2650
Bihar	Khagariya	Mill Delivery	Closed	Closed	1900	1800	2100
	Muzaffarpur	Mill Delivery	1700	1700	1675	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 93% of the total intended winter wheat area for harvest in 2021, up 4 points on the week. That is 2 points ahead of last year at this time and the 5-year average. As of Nov. 9, 79% of the country's winter wheat has germinated, led by Colorado at 91% and Nebraska at 94%.

This week's commercial sales of 300,000 metric tons (MT) for delivery in 2020/21, as of Nov. 5, were down 50% from last week's 597,000 MT and on the low end of trade expectations of 200,000 MT to 700,000 MT. Year-to-date commercial sales now total 16.8 MMT, 12% ahead of last year's pace. USDA expects the United States will export 26.5 MMT of wheat in 2020/21, up 1% from last year, if realized.

CBOT March soft red winter (SRW) futures fell 7 cents on the week to end at \$6.02/bu. KCBT March hard red winter (HRW) futures lost 2 cents to close at \$5.60/bu.

China USDA forecasts China will import 13.0 MMT of corn from all suppliers in 2020/21, nearly double last month's estimate of 7.0 MMT and last year's volume of 7.60 MMT. Increased corn exports to China could continue to limit U.S. export elevation capacity for all agricultural commodities out of the PNW and Gulf.

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 USDA reduced its Argentinian wheat production forecast by 1.0 MMT to 18.0 MMT on persistent drought and localized freeze damage which could pressure the country's average yield to 41.8 bu/acre (2.81 MT/ha) its lowest in eight years.

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.

Europe As of Nov. 9, European Union (EU) and United Kingdom (UK) soft (non-durum) wheat exports total 7.84 MMT, down 24% on the year due to reduced production.

Stratégie Grains, a European agriculture consultancy, expects EU and UK winter wheat planted area for next year's harvest will rebound 9% from 2019/20 on drier, more favorable planting conditions.

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
	13-Nov-20	6-Nov-20	14-Oct-20	31-May-18	15-May-20	14-Nov-19	
Dec-20	218.05	221.17	180.39	199.50	0.00	189.58	15.02
Mar-21	221.17	223.75	183.61	206.75	183.79	190.86	15.88
May-21	222.28	224.39	186.36	213.18	184.80	193.62	14.80
Jul-21	221.27	222.55	188.38	0.00	188.38	193.16	14.55
Sep-21	222.09	223.29	189.95	0.00	191.69	196.65	12.94
Dec-22	224.76	223.29	192.52	0.00	212.45	198.86	13.03

CBOT Nov-20

1st Support: 589.25

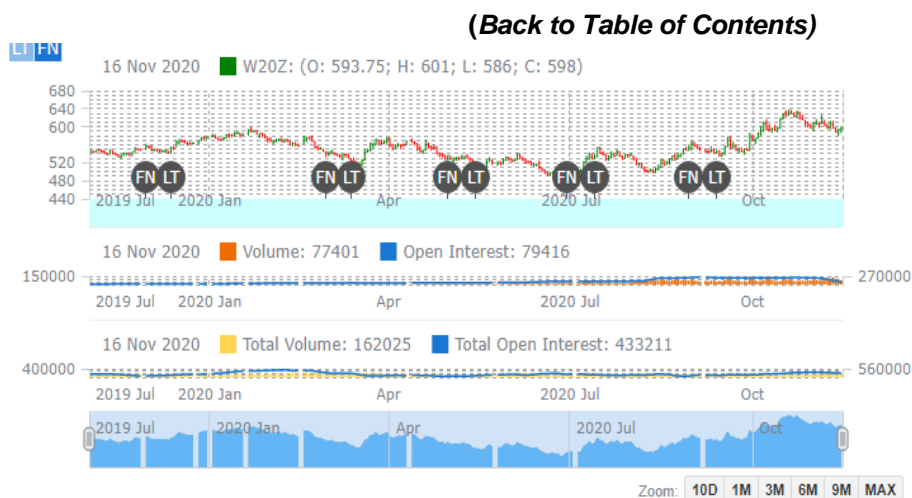
2nd Support: 580.00

1st Resistance: 604.00

2nd Resistance: 610.00

(\$ 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.

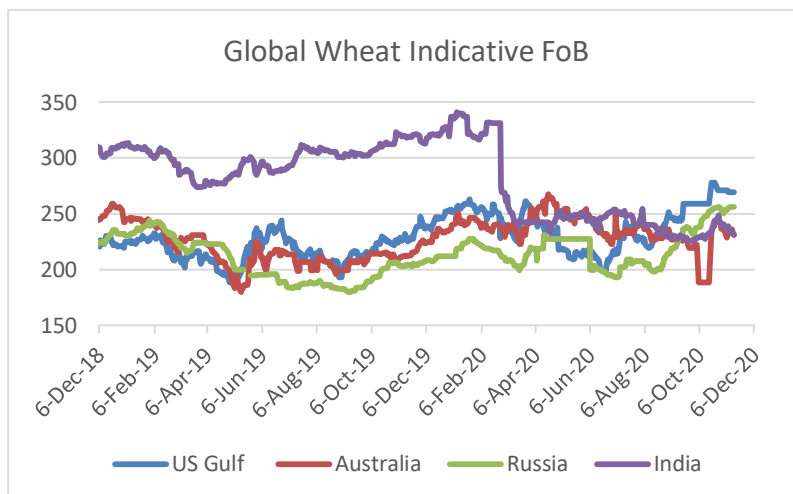


International FOB Weekly Price Movement

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 3.8 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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