AGRIWATCH

Wheat Weekly Research Report
23rd Nov-2020

Wheat Weekly Research Report

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Wheat Domestic Market Fundamentals

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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. 4th week data awaited.

As per trade sources, India has exported around 1.48 lakh tonnes in the month of October-2020 at an average FOB of $ 232.24 per tonne and the major destinations were Nepal, Bangladesh, Sri Lanka and UAE. Exports are likely to be at higher side as other countries are providing wheat at higher prices.

The government has sold 98990 tonnes of wheat in OMSS through E-Auctions in the third week of November'20. Till now; no rakes have been sold. Sale of wheat to bulk consumer is 74990 tonnes and sale of Wheat to state Govt. 24000.

According to Government, Wheat stored in the Punjab and Haryana needs to shift out to make space for rice. These two states particularly have huge wheat stocks, and all of them cannot be moved out to the existing CAP (covered and plinth). So we are planning to ask some states to create more storage space, "It has become necessary for the Centre to move the Wheat as FCI has a high surplus of Wheat in the central pool. As of Oct 1, the government's Wheat stocks were at 43.70 MMT.

Light to moderate rainfall in several districts of Haryana has delayed the wheat-sowing operations in the state. However, the rain has delayed the wheat sowing as it will take farmers about a week to prepare the fields for sowing. According to ICAR, "There is no significant impact of the rain on crops, but it has delayed the further sowing, but it is good for wheat that was sown earlier this month and has already germinated.

Prices of mill-quality Wheat in Indore and Jaipur were steady today as weak demand from bulk buyers offset a fall in supply. In Indore, arrivals were pegged at 4,000 bags (1 bag = 100 kg), against 5,000 bags on Wednesday. Arrivals in Jaipur were pegged at 3,000 bags, compared with 5,000 bags on Wednesday. Wheat arrivals are likely to fall further as supply is drying up in the lean season.

Previous Updates

A day after Diwali, rain lashed parts of Punjab, Chandigarh, Delhi, Haryana, and Uttar Pradesh. Several areas witnessed shower, hail and thunderstorms due to a western disturbance. 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 face 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 is now being sown, 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.

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 sources, India has imported around 6380 MT in the month of October-2020, first time since March-2020. The quantity in October-2020 was imported at an average FOB of $ 304.90 per tonne.

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. 1780 respectively.*

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Wheat Weekly Export

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A week on week Exports	***Quantity in MT***	***Average FoB ($/T)***
01-07 Oct-2020	*36679.36*	*317.84*
08-14 Oct-2020	*40993.25*	*276.59*
15-21 Oct-2020	*56507.35*	*298.78*
22-31 Oct-2020	*13935.09*	*155.77*
Total	***148313.08***	***262.24***

Source: Trade

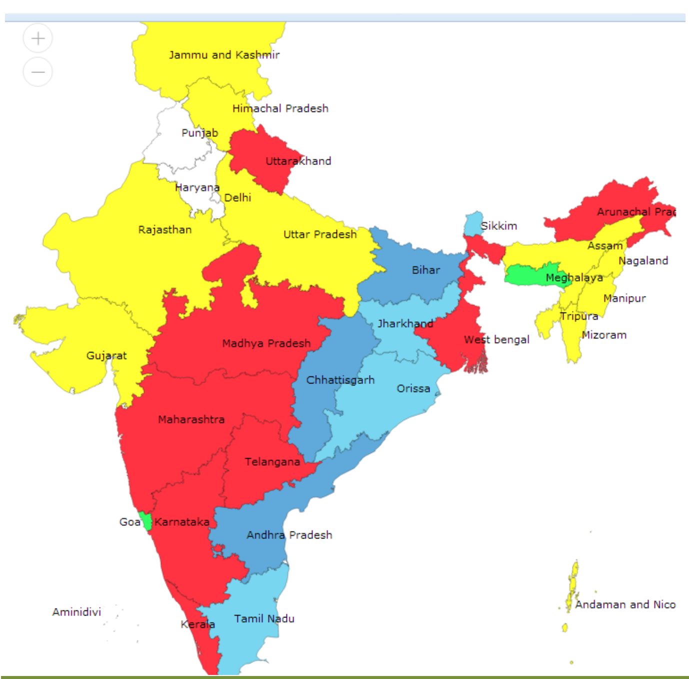
Wheat Import

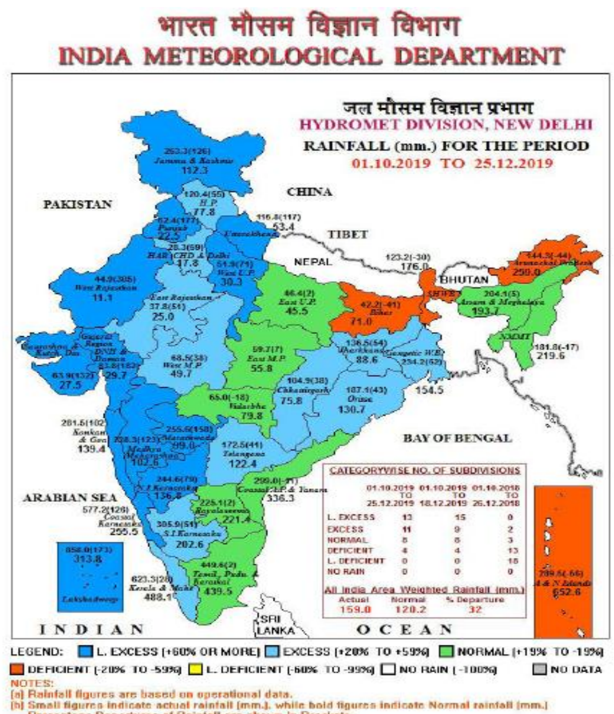
Date	***Origin***	***Port***	***Quantity in MT***
Oct-2020	*Australia, UK*	*Tuticorin*	*4.0*
	Mexico	*Mexico City*	*2.3*
	Total		*6.38*

Source: Traders

Monsoon

Weekly Cumulative rainfall:





Source: IMD

Wheat Weekly Average Price Chart

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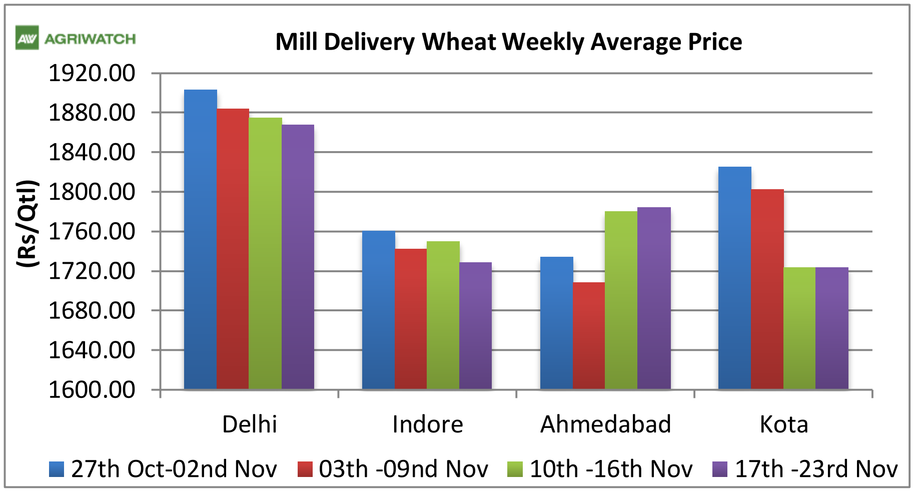
Wheat's average mill delivery prices remained low in Delhi, Kota, Indore and slightly high at Ahmedabad, in the week ending 23rd Nov 2020 compared to previous week. Markets had shown steady to weak movement in prices last week and are likely to trade range-bound in upcoming weeks. Due to limited demands 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**		
As on	**Rice**	**Wheat**	**Total**	**Rice**	**Wheat**	**Grand Total**
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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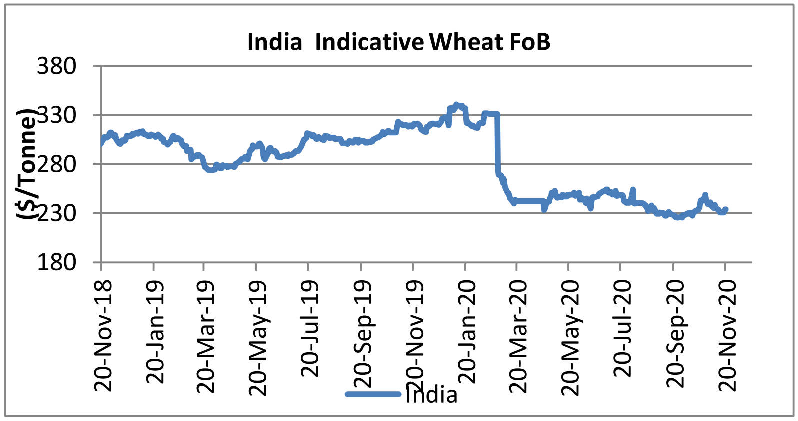
The wheat FoB quote in India noticed a weak tone in the past week. The overall condition for Indian wheat export remains favorable, and exports continue from India. .
Wheat FoB quotes for Kandla are likely to witness steady to firm tone in the coming weeks and likely to hover in the range of $240-$270 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
		20-Nov-20	13-Nov-20	22-Oct-20	21-Nov-19	
USA (Chicago)	2srw	269.00	NA	NA	227.40	18.29
France	FCW3	251.09	248.79	237.55	200.07	25.50
Australia	ASW	225.36	231.12	238.70	215.07	4.78
Russia	SRW	253.00	256.00	255.00	205.50	23.11
India	Fob	273.93	Closed	242.82	321.12	-14.70

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. Strong international demand continues, which will support the market going forward. Russian and European price became $1 -$2 lower last week which is going to support the market in coming weeks.

	20/11/2020	16/11/2020	06/11/2020	30/10/2020
Black Sea Mill Wheat 12.5% FOB Pmax. ($/T)	252.5	253	253.50	251.50
Black Sea Mill Wheat 11.5% FOB Pmax. ($/T)	251.5	253.5	252	251

NCDEX Wheat Contracts

Wheat Futures Contact: NCDEX Price									Date: 23.11.2020
Contract Month	+/-	Open	High	Low	Close	Volume	Change From previous day	Open Interest	Change From previous day
20-Dec		-	-	-	1780				
21-Jan		-	-	-	2249				
21-Feb		-	-	-	2000				

Wheat Technical Analysis:

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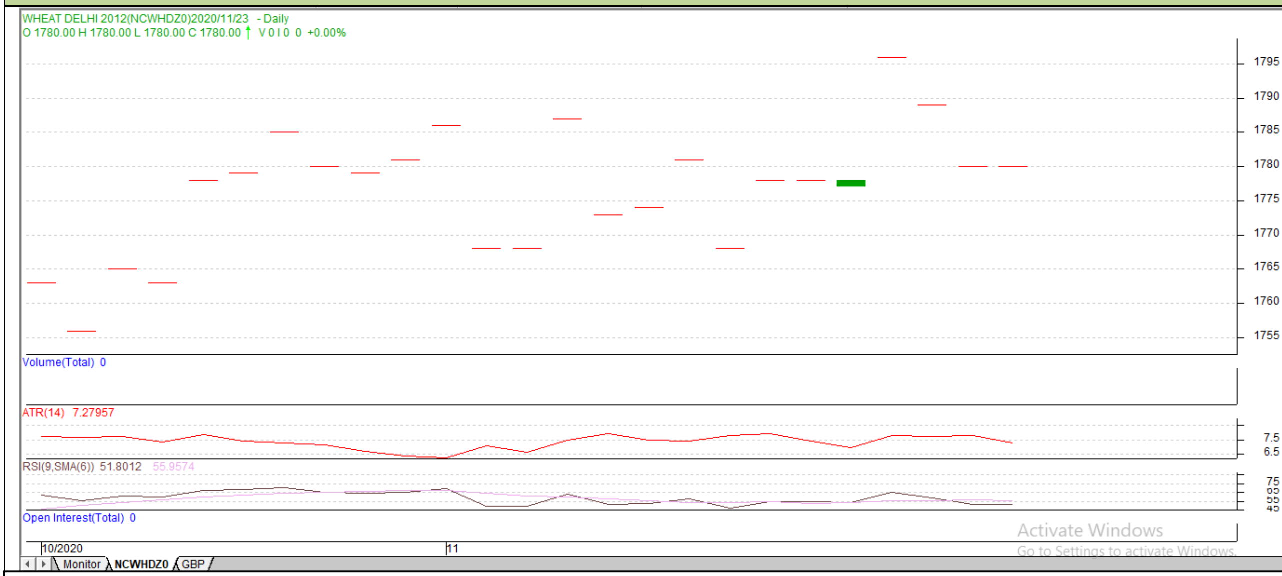
Wheat- Technical outlook	Contract Expiry: 20th November, 2019



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	1780	-	-	-
*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**
	21-Nov-20	**14-Nov-20**	**21-Oct-20**	**22-Nov-19**	
Indore	1700	0	1655	2220	**-23.42**
Bareilly	NA	0	0	0	-
Delhi	1848	1853	1771	2275	**-18.77**
Khanna	NA	0	0	0	-
Kanpur	1690	1690	1630	2105	**-19.71**
Karnal	NA	0	0	0	-
Rajkot	1724	0	1750	2240	**-23.04**
Kota	1775	0	1754	2145	**-17.25**

Domestic Market Weekly Outlook: (**Back to Table of Contents**)

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
			21-Nov-20	20-Nov-20	14-Nov-20	23-Oct-20	22-Nov-19
Delhi	Lawrence Road	Mill Delivery	1870	1870	Closed	1830	2275
	Narella	Mill Quality Loose	1755	1755	Closed	1680	2200
	Nazafgarh	Mill Quality Loose	1750	1750	Closed	1650	2100
Gujarat	Rajkot	Mill Delivery	1700	1700	Closed	1720	2240
	Ahmedabad	Mill Delivery	1800	1795	Closed	1770	2290
	Surat	Mill Delivery	1860	1850	Closed	1825	2350
	Dhrol	Mill Delivery	1655	1590	NA	1685	2535
M.P.	Indore	Mill Delivery	1740	1740	Closed	1680	2260
	Bhopal	Mill Quality Loose	1550	1550	Closed	1520	2100
Rajasthan	Kota	Mill Quality Loose	1650	1630	Closed	1600	2035
		Mill Delivery	1740	1720	Closed	1730	2175
U.P.	Kanpur	Mill Delivery	1740	1720	Closed	1640	2100
	Mathura	Mill Quality Loose	1660	1670	Closed	1610	0
	Kosi	Mill Quality Loose	1700	1700	Closed	1600	2050
	Hathras	Mill Quality Loose	1650	1650	Closed	1550	2025
	Aligarh	Mill Quality Loose	1650	1650	Closed	1560	2000
Punjab	Khanna	Mill Quality Loose	1630	1630	Closed	1600	NA
	Ludhiana (Jagraon)	Mill Delivery	NA	NA	Closed	0	0
Haryana	Sirsa	Mill Delivery loose	1750	1750	Closed	1725	2110
	Hodal	Mill Delivery	NA	NA	Closed	0	0
	Bhiwani	Mill Quality Loose	1725	1740	Closed	1650	2160
	Karnal	Mill Delivery	NA	NA	0	0	0
	Panipat	Mill Quality Loose	NA	NA	0	0	0
	Chennai	Mill Quality	2000	2000	Closed	1950	2450

Tamil Nadu	Madurai	Mill Quality	2057	2150	Closed	2100	2600
	Coimbatore	Mill Quality	2057	2200	Closed	2150	2650
Bihar	Khagariya	Mill Delivery	Closed	Closed	Closed	1800	2100
	Muzaffarpur	Mill Delivery	Closed	Closed	Closed	1700	1980

Sowing Status 2020-21:

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State Wise Wheat Sowing in Lakh Hectares						
State	**Normal area (2020)**	**2018**	**2019**	**2020**	**2021**	**% Change 2021 vs. 2020**
Bihar	20.96	23.27	22.87	22.71	0.27	**-98.81**
Chhattisgarh	1.05	1.85	1.68	1.82	0.28	**-84.62**
Gujarat	10.92	10.76	8.07	13.95	1.46	**-89.53**
Haryana	25.35	25.26	25.16	24.9	9.85	**-60.44**
Himachal Pradesh	3.39	3.6	3.5	3.4	0.95	**-72.06**
J&K	2.96	2.93	2.44	2.21	0.24	**-89.14**
Jharkhand	1.76	2.31	1.87	2.12	0.13	**-93.87**
Karnataka	1.88	2.09	1.5	1.97	0.75	**-61.93**
Madhya Pradesh	57.27	53.16	60	79.68	31.4	**-60.59**
Maharashtra	10.74	9.4	5.69	10.71	0.92	**-91.41**
Punjab	35.06	35.1	35.02	35.08	24.74	**-29.48**
Rajasthan	29.75	30.2	28.25	33.15	6.17	**-81.39**
Uttar Pradesh	97.48	98.67	99.13	99.05	18.1	**-81.73**
Uttarakhand	3.42	3.58	3.45	3.48	2	**-42.53**
West Bengal	2.89	1.36	1.05	1.76	0	**-100.00**
Others	NA.20	NA.75	NA.23	NA.11	0	**NA**
All-India	305.58	304.29	299.68	336.18	97.27	**-71.07**

Source: Ministry of Agriculture
As on 20-11-2020

International Market Update: **(*Back to Table of Contents*)**

USDA *According to USDA, U.S. farmers have now planted 96% of the total intended winter wheat area for harvest in 2021, up 3 points on the week. That is 2 points ahead of this time last year and the 5-year average. As of Nov. 16, 46% of the country's winter wheat is in good to excellent condition, in line with last week but 5 points behind this time in 2019.*

This week's commercial sales of 192,000 metric tons (MT) for delivery in 2020/21, a marketing year low, were down 36% from last week's 300,000 MT and were well below trade expectations of 250,000 MT to 500,000 MT. Year-to-date commercial sales now total 17.2 million metric tons (MMT), 10% 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 2 cents to end at $5.99/bu. KCBT March hard red winter (HRW) futures lost 1 cent to close at $5.59/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 *The Buenos Aires Grain Exchange (BAGE) reported that Argentina's wheat harvest is now 20% complete. BAGE expects Argentina will produce 16.8 MMT of wheat in 2020/21, down 11% on the year due to extreme dryness and frost damage.*

Russia *Russian winter grains planting for harvest in 2021 is nearly complete at a record 47.2 million acres (19.1 million hectares), up 6% from last year. Greater planted area could help offset yield challenges as farmer's plant winter wheat into overly dry soil. "Despite some improvement in recent weeks, plants are still in a bad shape overall," said SovEcon, a Russian agriculture consultancy, on Nov. 16. "A lot will depend on how harsh this winter will be and how much precipitation we will see."*

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. 16, European Union (EU) and United Kingdom soft (non-durum) wheat exports total 8.50 MMT, down 22% 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**
	20-Nov-20	**13-Nov-20**	**21-Oct-20**	**13-Aug-20**	**22-May-20**	**21-Nov-19**	
Dec-20	217.96	218.05	180.39	190.68	0.00	189.49	**15.03**
Mar-21	220.26	221.17	183.61	188.66	186.91	190.22	**15.79**
May-21	221.27	222.28	186.36	190.68	188.38	192.89	**14.71**
Jul-21	219.80	221.27	188.38	192.24	191.60	193.16	**13.79**
Sep-21	220.62	222.09	189.95	194.91	194.45	196.65	**12.19**
Dec-22	223.29	222.09	192.52	194.91	212.45	198.86	**12.29**

CBOT Dec-20

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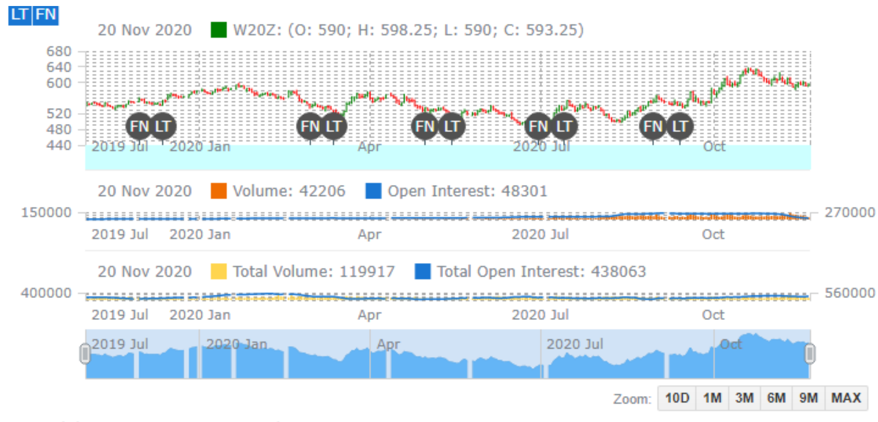
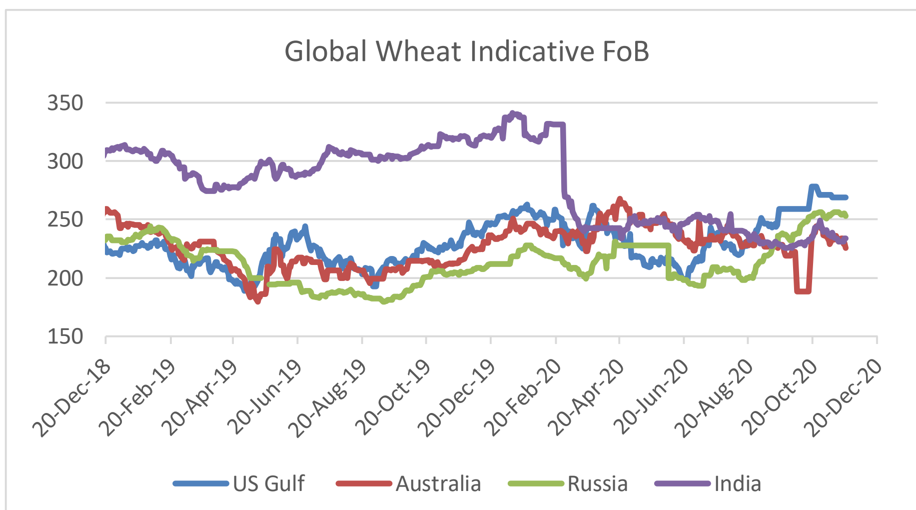
1st Support: 589.25
2nd Support: 580.00
1st Resistance: 604.00
2nd Resistance: 610.00
($ per tonne)



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 $231.84 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 4 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.