

## Wheat Weekly Research Report

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### Wheat Domestic Market Fundamentals

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All India's weekly average prices increased by 0.98 percent to Rs. 1889.26 per quintal during the week ended 30<sup>th</sup> Nov 2020. Wheat average prices were ruling at Rs 1893.78 per quintal during 24<sup>th</sup> - 30<sup>th</sup> 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.

The Wheat market saw a deep impact of the rumour that the Central Government has extended the period of free grain distribution till March 2021 leading prices to go down on Wednesday. While, the scheme is coming to an end on 30<sup>th</sup> November 2020,, there's no official confirmation from the government so far.

The government has said that the progress of rabi (winter) crop sowing had been "satisfactory" so far, notwithstanding the COVID-19 challenges as total acreage has increased by 4.02 percent to 348.24 lakh hectare from 334.78 lakh hectare from an year-ago. The area sown under wheat, the main winter crop, had increased marginally to 151.58 lakh hectare by November 27, as against 150.49 lakh hectare a year ago.

Over 46 lakh hectares of wheat sowing have been completed in Madhya Pradesh given the favorable conditions this year, the target for sowing rabi crops has been increased by about 2 lakh hectares. The agriculture minister said sowing of wheat was complete in 46.74 lakh hectares area till November 27, almost 10 lakh hectare more than last year when the farmers could complete wheat sowing only in 37.27 lakh hectares of land.

### Previous Updates

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 some states need to create more storage space, As of Oct 1, the government's Wheat stocks were at 43.70 MMT.

**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. 1772 respectively.

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
<b>Total</b>	<b>148313.08</b>	<b>262.24</b>

Source: Trade

Wheat Import

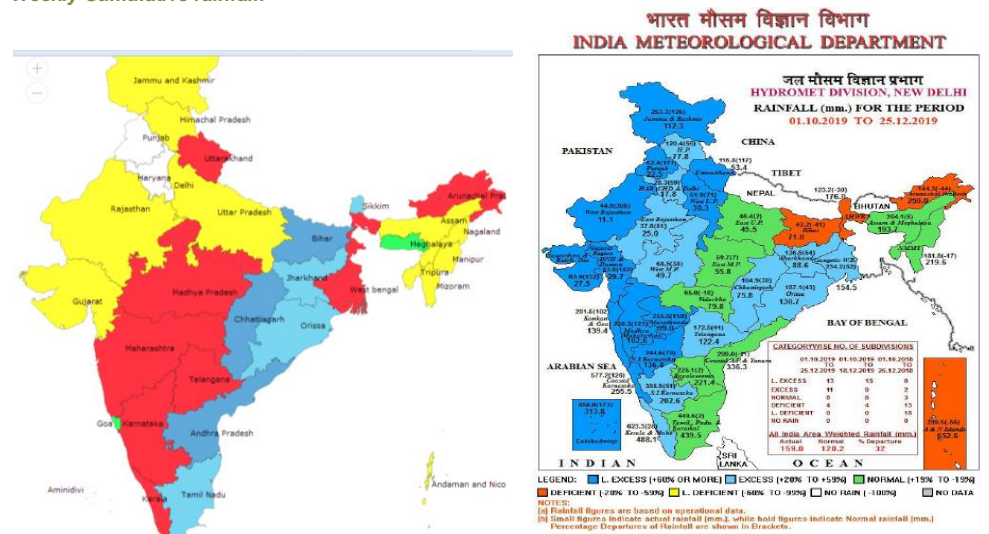
Date	Origin	Port	Quantity in MT
Oct-2020	Australia, UK	Tuticorin	4.0
	Mexico	Mexico City	2.3
	<b>Total</b>		<b>6.38</b>

Source: Traders

Commented [SV1]: Landing port in india needed here....not port of origin

Monsoon

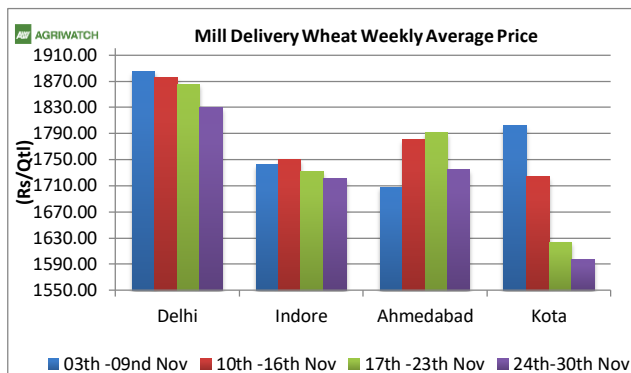
Weekly Cumulative rainfall:



Source: IMD

Wheat Weekly Average Price Chart
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Wheat's average mill delivery prices remained low in all states, in the week ending 30<sup>th</sup> 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. The rumors of the extension of the free wheat scheme and, speculation about reduction in prices of wheat under the OMSS, have kept the pressure on the price of wheat in the market.


Wheat and Rice Stocking Norms

<b>Wheat Stock Norms</b>						
Fig. In Lakh Tonne	Operational Stock			Strategic Reserve		
	Rice	Wheat	Total	Rice	Wheat	Grand Total
<b>As on</b>						
<b>1st April</b>	115.80	44.60	160.40	20.00	30.00	210.40
<b>1st July</b>	115.40	245.80	361.20	20.00	30.00	411.20
<b>1st October</b>	82.50	175.20	257.70	20.00	30.00	307.70
<b>1st January</b>	56.10	108.00	164.10	20.00	30.00	214.10
<b>Buffer Norms w.e.f. 01.07.2017</b>						

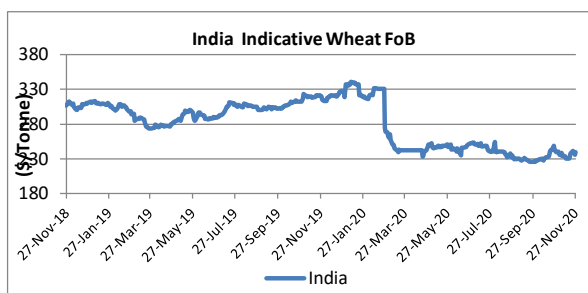
Final Procurement RMS 2019-20

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

**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
		27-Nov-20	20-Nov-20	29-Oct-20	28-Nov-19	
USA (Chicago)	2srw	267.00	270.00	NA	238.85	11.79
France	FCW3	255.46	251.09	240.06	201.46	26.81
Australia	ASW	224.84	225.36	242.11	222.44	1.08
Russia	SRW	255.00	253.00	255.00	205.50	24.09
India	Fob	239.26	237.93	241.12	319.63	-25.14

**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, 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.

	27/11/2020	20/11/2020	16/11/2020	06/11/2020
Black Sea Mill Wheat 12.5% FOB Pmax. (\$/T)	252.5	252.5	253	253.50
Black Sea Mill Wheat 11.5% FOB Pmax. (\$/T)	252.5	251.5	253.5	252

**NCDEX Wheat Contracts**

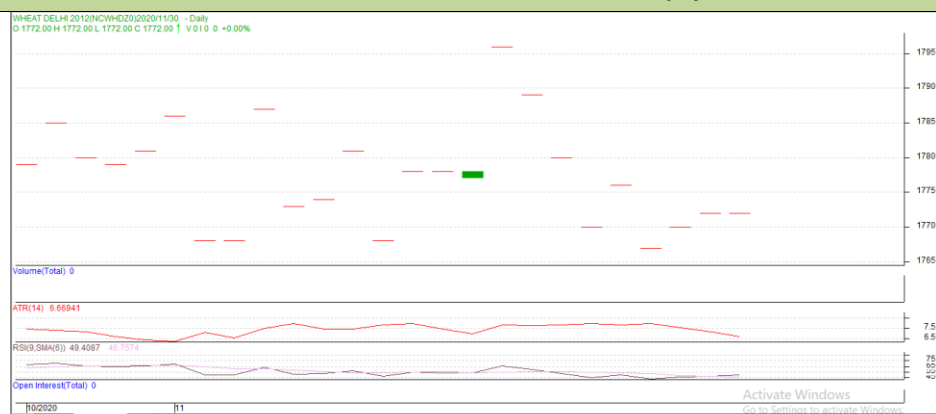
Wheat Futures Contact: NCDEX Price								Date: 27.11.2020	
Contract Month	+/-	Open	High	Low	Close	Volume	Change From previous day	Open Interest	Change From previous day
20-Dec		-	-	-	1772				
21-Jan		-	-	-	2249				
21-Feb		-	-	-	2206				

### Wheat Technical Analysis:

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#### Wheat- Technical outlook

Contract Expiry: 20<sup>th</sup> 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	1772	-	-	-

\*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
	28-Nov-20	21-Nov-20	28-Oct-20	29-Nov-19	
Indore	1670	1700	1718	2190	-23.74
Bareilly	NA	NA	0	0	-
Delhi	1812	1848	1872	2268	-20.11
Khanna	NA	NA	0	0	-
Kanpur	1650	1690	1710	2085	-20.86
Karnal	NA	NA	0	0	-
Rajkot	1700	1724	1758	2165	-21.48
Kota	1767	1775	1770	2135	-17.24

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 scheme likely ends in 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
			28-Nov-20	27-Nov-20	21-Nov-20	30-Oct-20	29-Nov-19
Delhi	Lawrence Road	Mill Delivery	1820	1835	1870	1880	2270
	Narella	Mill Quality Loose	1735	1740	1755	1730	2180
	Nazafgarh	Mill Quality Loose	1740	1740	1750	1690	2150
Gujarat	Rajkot	Mill Delivery	1640	1700	1700	1720	2220
	Ahmedabad	Mill Delivery	1680	1725	1800	1750	2275
	Surat	Mill Delivery	1725	1800	1860	1815	2340
	Dhrol	Mill Delivery	NA	NA	1655	NA	2430
M.P.	Indore	Mill Delivery	1680	1680	1740	1775	2175
	Bhopal	Mill Quality Loose	1525	1525	1550	1600	2100
Rajasthan	Kota	Mill Quality Loose	1585	1570	1650	1650	2030
		Mill Delivery	1710	1695	1740	1825	2150
U.P.	Kanpur	Mill Delivery	1780	1800	1740	1650	2100
	Mathura	Mill Quality Loose	1630	1660	1660	1700	0
	Kosi	Mill Quality Loose	1700	1700	1700	1600	2060
	Hathras	Mill Quality Loose	1580	1630	1650	1630	2000
	Aligarh	Mill Quality Loose	1630	1620	1650	1600	2050
Punjab	Khanna	Mill Quality Loose	1700	1700	1630	1640	NA
	Ludhiana (Jagraon)	Mill Delivery	NA	NA	NA	0	0
Haryana	Sirsa	Mill Delivery loose	1760	1750	1750	1745	2125
	Hodal	Mill Delivery	NA	NA	NA	0	0
	Bhiwani	Mill Quality Loose	1740	1760	1725	1700	2190
	Karnal	Mill Delivery	NA	NA	NA	0	0
	Panipat	Mill Quality Loose	NA	NA	NA	0	0
	Chennai	Mill Quality	2000	2000	2000	1950	2450



Tamil Nadu	Madurai	Mill Quality	2057	2200	2150	2100	2600
	Coimbatore	Mill Quality	2057	2250	2200	2150	2650
Bihar	Khagariya	Mill Delivery	2050	2050	Closed	1800	2100
	Muzaffarpur	Mill Delivery	1750	1750	Closed	1775	2000

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	2.36	-89.61
Chhattisgarh	1.05	1.85	1.68	1.82	0.28	-84.62
Gujarat	10.92	10.76	8.07	13.95	3.16	-77.35
Haryana	25.35	25.26	25.16	24.9	14.09	-43.41
Himachal Pradesh	3.39	3.6	3.5	3.4	2.04	-40.00
J&K	2.96	2.93	2.44	2.21	0.58	-73.76
Jharkhand	1.76	2.31	1.87	2.12	0.25	-88.21
Karnataka	1.88	2.09	1.5	1.97	0.93	-52.79
Madhya Pradesh	57.27	53.16	60	79.68	46.74	-41.34
Maharashtra	10.74	9.4	5.69	10.71	1.47	-86.27
Punjab	35.06	35.1	35.02	35.08	29.24	-16.65
Rajasthan	29.75	30.2	28.25	33.15	13.64	-58.85
Uttar Pradesh	97.48	98.67	99.13	99.05	33.95	-65.72
Uttarakhand	3.42	3.58	3.45	3.48	2.68	-22.99
West Bengal	2.89	1.36	1.05	1.76	0.08	-95.45
Others	NA.20	NA.75	NA.23	NA.11	0.05	NA
All-India	305.58	304.29	299.68	336.18	151.58	-54.91

Source: Ministry of Agriculture  
As on 27-11-2020



International Market Update:

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**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** Ukraine has said its winter wheat sowing area is likely to fall 9% to 6.1 million hectares in 2020/21 season from around 6.7 million hectares last year due to poor weather conditions. Weather forecasters in September called the weather conditions the worst in 10 years and said only 10% to 15% of Ukraine's arable land was suitable for sowing winter crops for the 2021 harvest due to a severe drought.

**Argentina** Argentina wheat production is fractionally lowered to 17.1 million tons amid lingering dryness in the eastern crop regions, despite recent widespread rainfall over the western Pampas. The lack of moisture caused yield damage to the late-season wheat crop, which are now moving through the last stages of yield development toward maturity. In November's WASDE, USDA placed Argentina's wheat production at 18 million tons, down from its previous estimate of 19 million tons.

**Russia** 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)	2017-18	2018-19	2019-20 est.	2019-20 (Forecast)	
				29.10.2020	26.11.2020
Production	762	733	763	764	765
Trade	176	169	184	185	186
Consumptions	739	739	746	751	752
Carryover stocks	271	265	279	291	292
Y-O-Y change	22	-7	17	-	13
Major Export	83	70	64	61	61

- IGC has forecast global wheat production at 765 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 186 MMT. It is 17 MMT higher compared to the estimate for last year and higher by 10 MMT compared to 2017-18.
- Consumption has been increased to 752 MMT for 2019-20. The forecast is higher by 13 MMT compared to 2018-19.
- Carryout for 2019-20 is forecast at 292 MMT compared to an estimate of 265 MMT last year. It is higher by around 27 MMT compared to 2016-17.

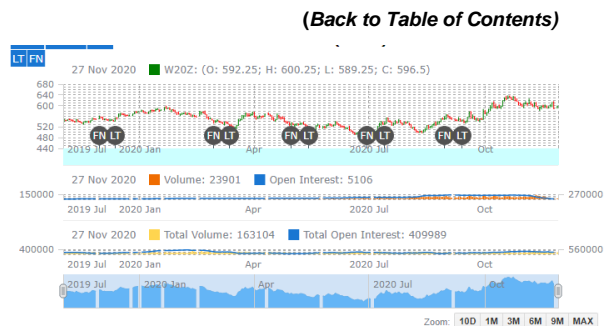
CBOT FUTURES CONTRACT:

CBOT Futures Prices:(USD/T)							
CONTRACT MONTH	Today	Week Ago	Month Ago	3 Month Ago	6 Month Ago	Year Ago	% Change over prev. year
	27-Nov-20	20-Nov-20	28-Oct-20	21-Aug-20	29-May-20	28-Nov-19	
<b>Dec-20</b>	219.15	217.96	180.39	193.71	0.00	195.09	<b>12.34</b>
<b>Mar-21</b>	222.64	220.26	183.61	0.00	191.32	195.27	<b>14.02</b>
<b>May-21</b>	223.84	221.27	186.36	193.71	192.33	197.57	<b>13.30</b>
<b>Jul-21</b>	222.92	219.80	188.38	196.56	195.55	193.16	<b>15.41</b>
<b>Sep-21</b>	223.65	220.62	189.95	198.95	198.49	196.65	<b>13.73</b>
<b>Dec-22</b>	226.23	220.62	192.52	198.95	212.45	198.86	<b>13.76</b>

### CBOT Dec-20

**1<sup>st</sup> Support: 589.25**  
**2<sup>nd</sup> Support: 580.00**  
**1<sup>st</sup> Resistance: 604.00**  
**2<sup>nd</sup> 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.

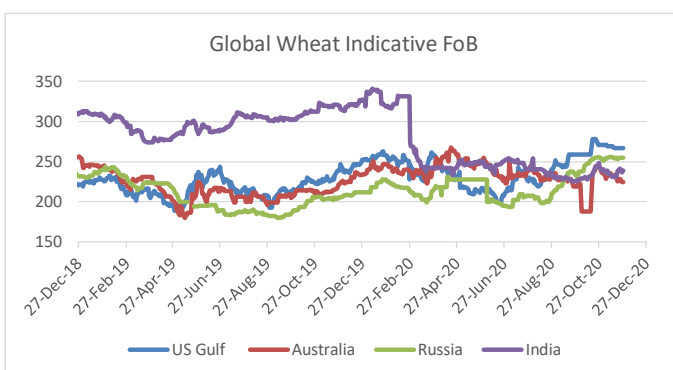


### International FOB Weekly Price Movement

Indian FoB quote is based on local prices. Indian FoB quote is being quoted at \$238.56 per tonne. US and Russian quotes are hovering in the range of \$267.20 and \$255.84 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.



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**AGRIWATCH**

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**30<sup>th</sup> Nov-2020**

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