

Wheat Weekly Research Report

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Wheat Domestic Market Fundamentals

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All India's weekly average prices decreased by 3.83 percent to Rs. 1816.86 per quintal during the week ended 08th Dec 2020. Wheat average prices were ruling at Rs 2225.74 per quintal during 01st - 08th Dec 2019. The wheat prices are unlikely to drop much further because the PMGKY has discontinued on 30th November.

Indian exporters have been exploiting more opportunities to export wheat to compensate for the poor domestic demand. During Apr-Oct, India's wheat exports were at 511,393 tonnes against 134,617 tonnes in the year ago period, according to the Agricultural and Processed Food Products Export Development Authority.

Indian traders have signed two deals to export around 200,000 tonnes of wheat to Bangladesh. At \$250-\$260 per ton, free on board. The exports are expected to happen in the coming weeks, traders said. Exporters believe more shipments will go to Bangladesh this financial year as prices have weakened over the past few months.

The government has sold 9250 tonnes of wheat in OMSS through E-Auctions in the first week of December'20. Till now, no rakes have been sold.

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 16.18 percent to 430.59 lakh hectare from 414.41 lakh hectare from a year-ago. The area sown under wheat, the main winter crop, had increased marginally to 204.41 lakh hectare by December 04, as against 202.72 lakh hectare a year ago which is higher by 1.69%. The normal area is 303.28 lakh hectares.

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

Source: Trade

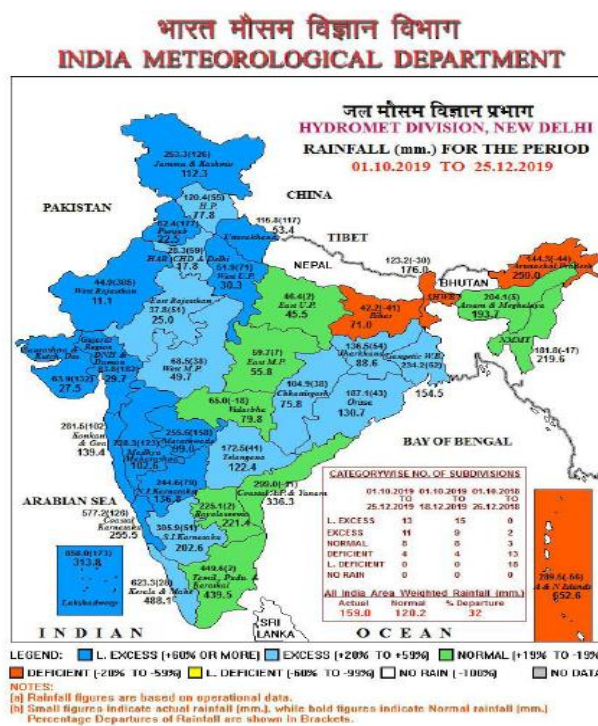
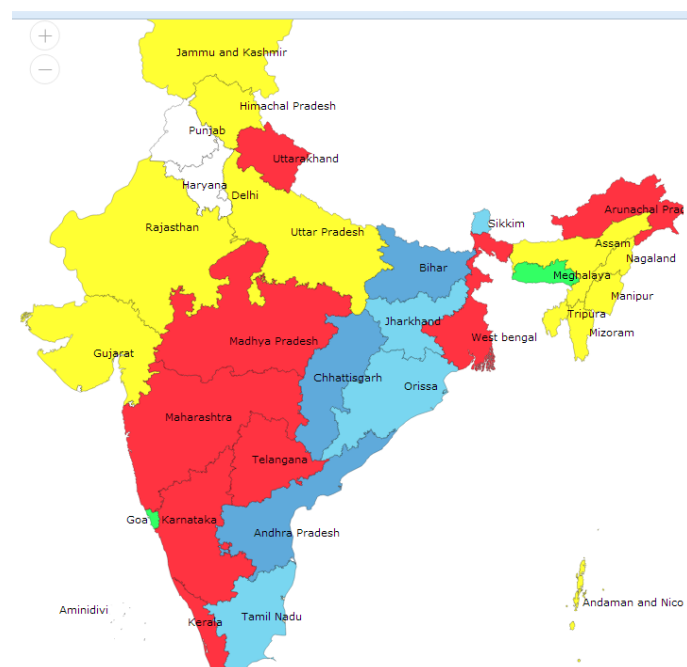
Wheat Import

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

Source: Traders

Monsoon

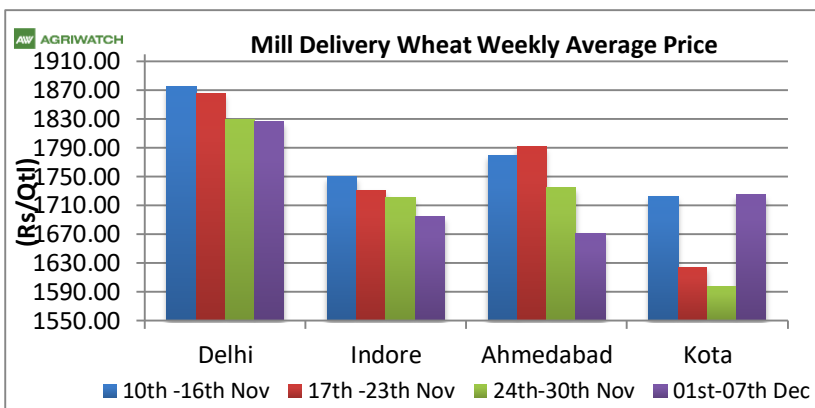
Weekly Cumulative rainfall:



Source: IMD

Wheat Weekly Average Price Chart
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Wheat's average mill delivery prices remained low in all states, in the week ending 07th Nov 2020 compared to previous week. Markets had shown weak movement in prices last week and are likely to trade steady to firm in upcoming weeks. The extension of the free wheat scheme has come to end on November 30, within the next week, the arrival of free wheat will reduce in the mandis, and demand from mills is expected to improve further. In such a situation, the current price of wheat is expected to rise.


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 |

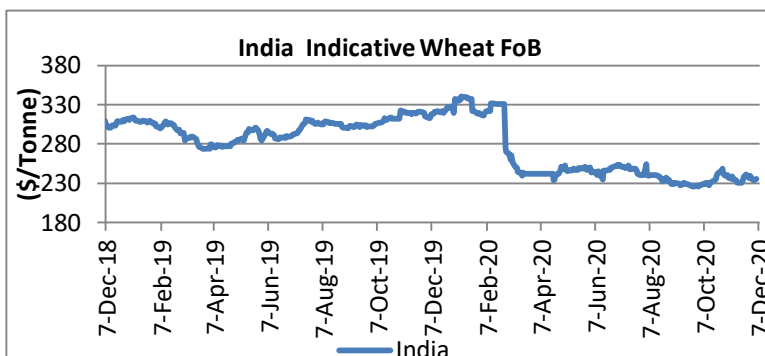
FOB Quote for Wheat at Kandla

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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 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-\$250 per tonne. Furthermore, Indian traders have signed two deals to export around 200,000 tonnes of wheat to Bangladesh. The traders are likely to

export wheat at \$250-\$260 per ton, free on board, under the two deals in coming weeks. Exporters believe more shipments will go to Bangladesh in this financial year as prices have weakened past few months



Indicative FOB Quotes:

| Wheat FOB | Variety | Today | Week Ago | Month Ago | Year Ago | % Change over Prev. Year |
|---------------|---------|----------|-----------|-----------|----------|--------------------------|
| | | 4-Dec-20 | 27-Nov-20 | 5-Nov-20 | 5-Dec-19 | |
| USA (Chicago) | 2srw | 267.00 | NA | NA | 236.50 | 12.90 |
| France | FCW3 | 250.26 | 255.46 | 247.98 | 201.98 | 23.90 |
| Australia | ASW | 218.30 | 224.84 | 228.62 | 223.11 | -2.16 |
| Russia | SRW | 255.00 | 255.00 | 253.00 | 207.50 | 22.89 |
| India | Fob | 235.32 | 239.26 | 237.68 | 313.11 | -24.84 |

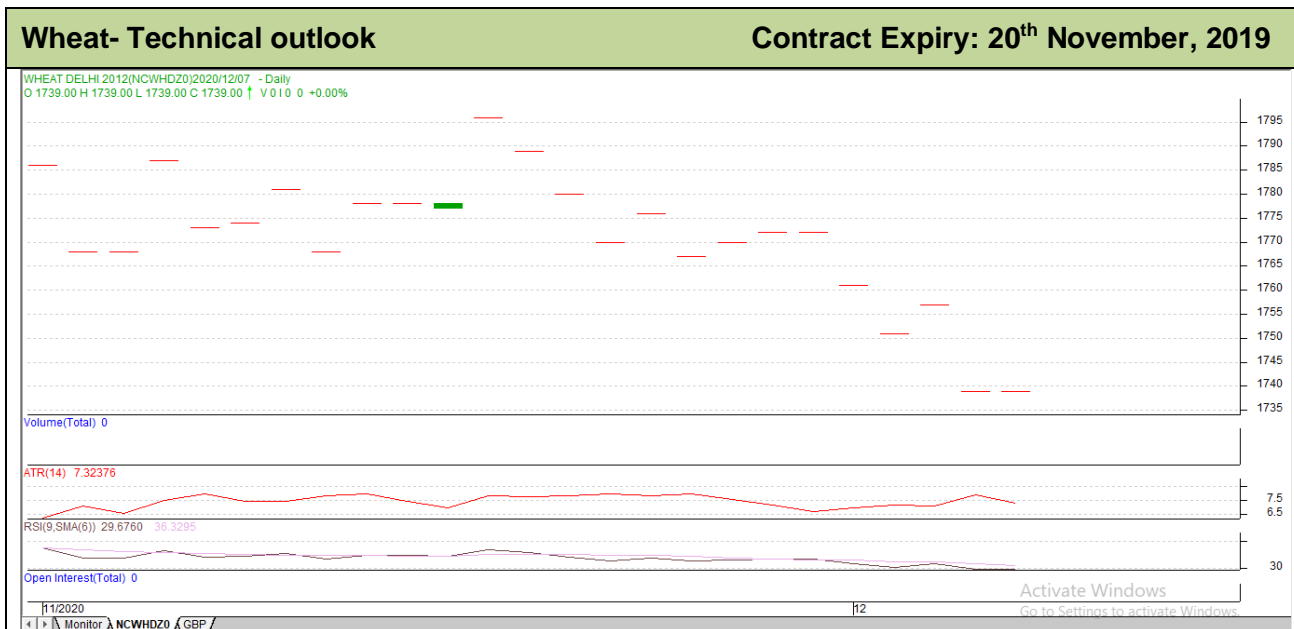
International Weekly Outlook:

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.

| | 08/12/2020 | 27/11/2020 | 20/11/2020 | 16/11/2020 |
|---|------------|------------|------------|------------|
| Black Sea Mill Wheat 12.5% FOB Pmax. (\$/T) | 252 | 252.5 | 252.5 | 253 |
| Black Sea Mill Wheat 11.5% FOB Pmax. (\$/T) | 251.5 | 252.5 | 251.5 | 253.5 |

NCDEX Wheat Contracts

| Wheat Futures Contract: NCDEX Price | | | | | | | | Date: 07.12.2020 | |
|-------------------------------------|-----|------|------|-----|-------|--------|--------------------------|------------------|--------------------------|
| Contract Month | +/- | Open | High | Low | Close | Volume | Change From previous day | Open Interest | Change From previous day |
| 20-Dec | | - | - | - | 1739 | | | | |
| 21-Jan | | - | - | - | 2249 | | | | |
| 21-Feb | | - | - | - | 2206 | | | | |

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 | 1739 | - | - | - |

*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 |
| | 5-Dec-20 | 28-Nov-20 | 4-Nov-20 | 6-Dec-19 | |
| Indore | 1680 | 1670 | 1700 | 2182 | -23.01 |
| Bareilly | NA | NA | 0 | 0 | - |
| Delhi | 1800 | 1812 | 1875 | 2250 | -20.00 |
| Khanna | NA | NA | 0 | 0 | - |
| Kanpur | 1625 | 1650 | 1690 | 2090 | -22.25 |
| Karnal | NA | NA | 0 | 0 | - |
| Rajkot | 1695 | 1700 | 1730 | 2200 | -22.95 |
| Kota | 1736 | 1767 | 1760 | 2129 | -18.46 |

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 is now ended in 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 |
| | | | 5-Dec- 20 | 4-Dec- 20 | 28-Nov- 20 | 6-Nov-20 | 6-Dec- 19 |
| Delhi | Lawrence Road | Mill Delivery | 1820 | 1790 | 1820 | 1890 | 2255 |
| | Narella | Mill Quality Loose | 1710 | 1700 | 1735 | 1770 | 2200 |
| | Nazafgarh | Mill Quality Loose | 1700 | 1700 | 1740 | 1710 | 2160 |
| Gujarat | Rajkot | Mill Delivery | 1675 | 1670 | 1640 | 1710 | 2200 |
| | Ahmedabad | Mill Delivery | 1750 | 1730 | 1680 | 1760 | 2240 |
| | Surat | Mill Delivery | 1800 | 1780 | 1725 | 1820 | 2320 |
| | Dhrol | Mill Delivery | NA | NA | NA | 1630 | 2355 |
| M.P. | Indore | Mill Delivery | 1730 | 1725 | 1680 | 1725 | 2240 |
| | Bhopal | Mill Quality Loose | 1600 | 1600 | 1525 | 1560 | 2125 |
| Rajasthan | Kota | Mill Quality Loose | Closed | 1615 | 1585 | 1700 | 2025 |
| | | Mill Delivery | Closed | 1740 | 1710 | 1825 | 2140 |
| U.P. | Kanpur | Mill Delivery | 1640 | 1580 | 1780 | 1700 | 2090 |
| | Mathura | Mill Quality Loose | 1600 | 1590 | 1630 | 1640 | 0 |
| | Kosi | Mill Quality Loose | 1600 | 1600 | 1700 | 1640 | 2060 |
| | Hathras | Mill Quality Loose | 1580 | 1600 | 1580 | 1650 | 2050 |
| | Aligarh | Mill Quality Loose | 1590 | 1590 | 1630 | 1650 | 2030 |
| Punjab | Khanna | Mill Quality Loose | 1620 | 1650 | 1700 | 1600 | 2000 |
| | Ludhiana (Jagraon) | Mill Delivery | NA | NA | NA | 0 | 0 |
| Haryana | Sirsa | Mill Delivery loose | 1750 | 1750 | 1760 | 1750 | 2125 |
| | Hodal | Mill Delivery | NA | NA | NA | 0 | 0 |
| | Bhiwani | Mill Quality Loose | 1720 | 1720 | 1740 | 1650 | 2200 |
| | Karnal | Mill Delivery | NA | NA | NA | 0 | 0 |
| | Panipat | Mill Quality Loose | NA | NA | NA | 0 | 0 |
| | Chennai | Mill Quality | Closed | 2000 | 2000 | 1975 | 2500 |



| | | | | | | | |
|------------|-------------|---------------|--------|------|------|------|------|
| Tamil Nadu | Madurai | Mill Quality | Closed | 2200 | 2200 | 2125 | 2600 |
| | Coimbatore | Mill Quality | Closed | 2250 | 2250 | 2175 | 2650 |
| Bihar | Khagariya | Mill Delivery | 1900 | 1900 | 2050 | 1900 | 2100 |
| | Muzaffarpur | Mill Delivery | 1650 | 1625 | 1750 | 1700 | 2000 |

Current Sowing Status 2020-21:

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| State | Normal area (2020) | 2018 | 2019 | 2020 | 2021 | % Change 2021 vs. 2020 |
|------------------|--------------------|--------|--------|--------|--------|------------------------|
| Bihar | 20.96 | 23.27 | 22.87 | 22.71 | 5.25 | -76.88 |
| Chhattisgarh | 1.05 | 1.85 | 1.68 | 1.82 | 0.44 | -75.82 |
| Gujarat | 10.92 | 10.76 | 8.07 | 13.95 | 6.31 | -54.77 |
| Haryana | 25.35 | 25.26 | 25.16 | 24.9 | 17.19 | -30.96 |
| Himachal Pradesh | 3.39 | 3.6 | 3.5 | 3.4 | 3.4 | 0.00 |
| J&K | 2.96 | 2.93 | 2.44 | 2.21 | 1.17 | -47.06 |
| Jharkhand | 1.76 | 2.31 | 1.87 | 2.12 | 0.63 | -70.28 |
| Karnataka | 1.88 | 2.09 | 1.5 | 1.97 | 1.21 | -38.58 |
| Madhya Pradesh | 57.27 | 53.16 | 60 | 79.68 | 54.8 | -31.22 |
| Maharashtra | 10.74 | 9.4 | 5.69 | 10.71 | 3.34 | -68.81 |
| Punjab | 35.06 | 35.1 | 35.02 | 35.08 | 31.84 | -9.24 |
| Rajasthan | 29.75 | 30.2 | 28.25 | 33.15 | 19.79 | -40.30 |
| Uttar Pradesh | 97.48 | 98.67 | 99.13 | 99.05 | 55.75 | -43.72 |
| Uttarakhand | 3.42 | 3.58 | 3.45 | 3.48 | 2.82 | -18.97 |
| West Bengal | 2.89 | 1.36 | 1.05 | 1.76 | 0.21 | -88.07 |
| Others | NA.20 | NA.75 | NA.23 | NA.11 | 0.24 | #VALUE! |
| All-India | 305.58 | 304.29 | 299.68 | 336.18 | 204.41 | -39.20 |

Source: Ministry of Agriculture
As on 04-12-2020



International Market Update:

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USDA As of Nov. 30, 46% of the U.S. winter wheat crop (HRW, SRW, fall-seeded SW) is in good to excellent condition, up 3 points from last week on favorable rainfall across parts of High Plains but down 6 points from this time last year on poor soil moisture levels across the Great Plains.

This week's commercial sales of 446,000 metric tons (MT) for delivery in 2020/21 were down 44% from last week's 796,000 MT but within trade expectations of 250,000 MT to 700,000 MT. Year-to-date commercial sales now total 18.5 million metric tons (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 24 cents to end at \$5.75/bu. KCBT March hard red winter (HRW) futures lost 16 cents to close at \$5.43/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 The Australian Bureau of Agricultural and Resource Economics and Sciences (ABARES) predicts the country's 2020/21 wheat harvest will reach 31.2 MMT, up 10% from the September estimate and the second-highest on record.

Russia According to Reuters, Russia's ministry of agriculture is considering expanding its grain export quota for the last half of 2020/21 from 15.0 MMT to 17.5 MMT. The quota was implemented to stabilize domestic wheat prices after recent price increases despite this year's substantial harvest. Some livestock companies and other domestic consumers are calling for an export tariff on wheat exports to further pressure market prices, but the move is not favored by Russia's union of grain exporters and has little support from the ministry of agriculture, reported Reuters.

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.

Argentina Argentina's wheat harvest is nearly 40% complete, up 9 points on the week but 6 points behind this time last year. The Buenos Aires Grain Exchange (BAGE) reports the national average yield at 24.0 bu/acre (1.62 MT/ha) and the total 2020/21 wheat production forecast is unchanged at 16.8 MMT.

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.

The U.S. Dollar Index fell from last week's 91.79 to close at 90.71.

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 estimated global wheat production at 765 MMT for 2019-20, 1 MMT higher compared to last month's estimate. According to estimates by IGC the 2018-19 global wheat production was around 733 MMT and 762 MMT for 2017-18.
- The trade estimates 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:

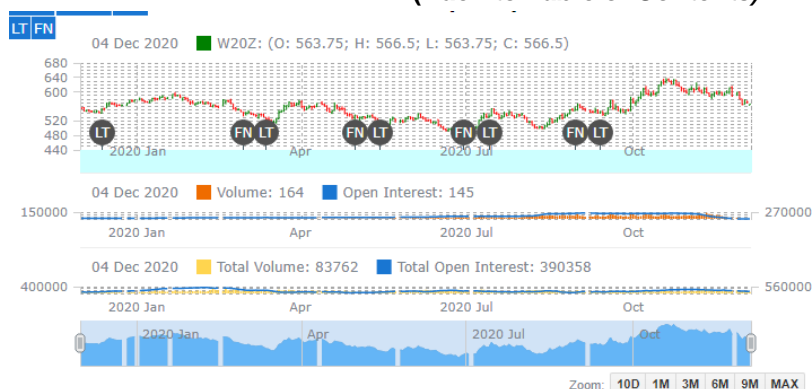
| CBOT Futures Prices:(USD/T) | | | | | | | |
|-----------------------------|----------|-----------|-----------|-------------|-------------|----------|--------------------------|
| CONTRACT MONTH | Today | Week Ago | Month Ago | 3 Month Ago | 6 Month Ago | Year Ago | % Change over prev. year |
| | 4-Dec-20 | 27-Nov-20 | 4-Nov-20 | 28-Aug-20 | 5-Jun-20 | 5-Dec-19 | |
| Dec-20 | 208.13 | 219.15 | 180.39 | 198.12 | 0.00 | 193.99 | 7.29 |
| Mar-21 | 211.44 | 222.64 | 183.61 | 0.00 | 189.30 | 194.72 | 8.58 |
| May-21 | 212.63 | 223.84 | 186.36 | 198.12 | 191.14 | 196.83 | 8.03 |
| Jul-21 | 212.91 | 222.92 | 188.38 | 201.61 | 194.91 | 193.16 | 10.22 |
| Sep-21 | 214.47 | 223.65 | 189.95 | 204.46 | 198.40 | 196.65 | 9.06 |
| Dec-22 | 217.59 | 223.65 | 192.52 | 204.46 | 212.45 | 198.86 | 9.42 |

CBOT Dec-20

1st Support: 569.42
2nd Support: 560.83
1st Resistance: 582.67
2nd Resistance: 587.33
(\$ 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, 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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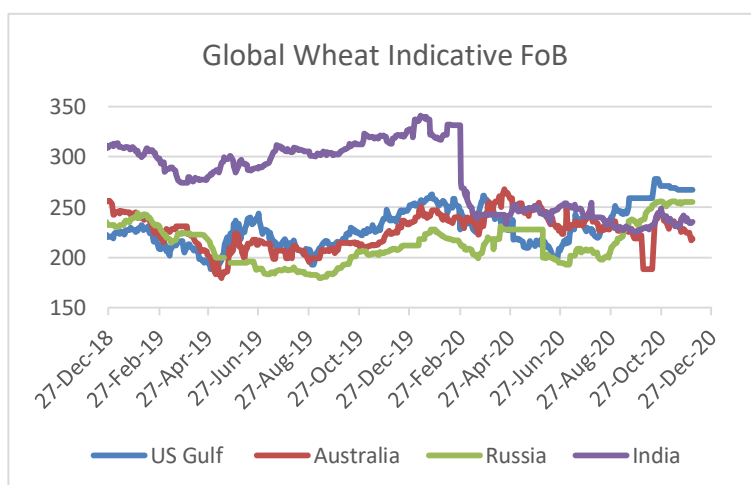


International FOB Weekly Price Movement

Indian FoB quote is based on local prices. Indian FoB quote is being quoted at \$234.58 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 6 lakh tonnes of wheat this year.

Wheat is expected to trade steady to firm and hovers \$230 to \$250 per tonne in the coming week.



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