

Wheat Weekly Research Report

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Wheat Domestic Market Fundamentals

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All India's weekly average prices increased by 1.57 percent to Rs. 1846.26 per quintal during the week ended 23rd Dec 2020. Wheat average prices were ruling at Rs 2197.57 per quintal during 16th – 23rd Dec 2019. The wheat prices are unlikely to drop much further and going to be stable in coming weeks due to ample availability and slowed demand from flour mills. There's a discussion in the market that the PMGKAY scheme will get restart again. The new wheat from Saurashtra region (Gujrat) will be coming to the mandis at the end of next month.

As per the latest update, the area sown to wheat has increased marginally by 5.22% to 294.01 lakh hectares so far in the ongoing 2020-21 rabi season from 278.65 lakh hectares in the year-ago period. The overall trend of rabi sowing progress is excellent, with increased area coverage recorded. Thus 15.36 lakh hectares more area has been covered than last year's same period due to good sowing and favorable weather.

According to traders, Prices of Wheat rose in Indore today due to increased bulk demand before Christmas amid steady arrivals of the food grain. Arrivals were pegged steady at 3,000 bags (1 bag = 100 kg). In Jaipur, wheat prices rose as bulk demand increased while arrivals were steady. Arrivals were largely unchanged at 1,500 bags.

The farmers protesting at the Delhi/NCR borders against the three new farm laws, wheat cultivation back home in their States of Punjab, Haryana, and Rajasthan has taken a hit in the current rabi season. States like Madhya Pradesh and Maharashtra, from where not many farmers have participated in the protests, have sown more wheat or rabi crops this year.

The government has sold 3390 tonnes of wheat in OMSS through E-Auctions in the First week of December '20. No rakes were sold. State Government bought 9250 tonnes of wheat, and there's no purchase by bulk consumers respectively.

As per trade sources, India has exported around 1.85 lakh tonnes in the month of November-2020 at an average FOB of \$468.24 per tonnes, higher this year and the major destinations were Bangladesh, Sri Lanka, Nepal and UAE. Exports are likely to be at higher side as other countries are providing wheat at higher prices. High export will going to support the domestic market in near term.

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. 1725 respectively.*

Wheat Weekly Export

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A week on week Exports	Quantity in MT	Average FoB (\$/T)
01-07 Nov-2020	36105.17	443.49
08-14 Nov-2020	54522.10	801.33
15-21 Nov-2020	57097.50	703.27
22-31 Nov-2020	37984.06	217.41
Total	185708.84	468.20

Source: Trade

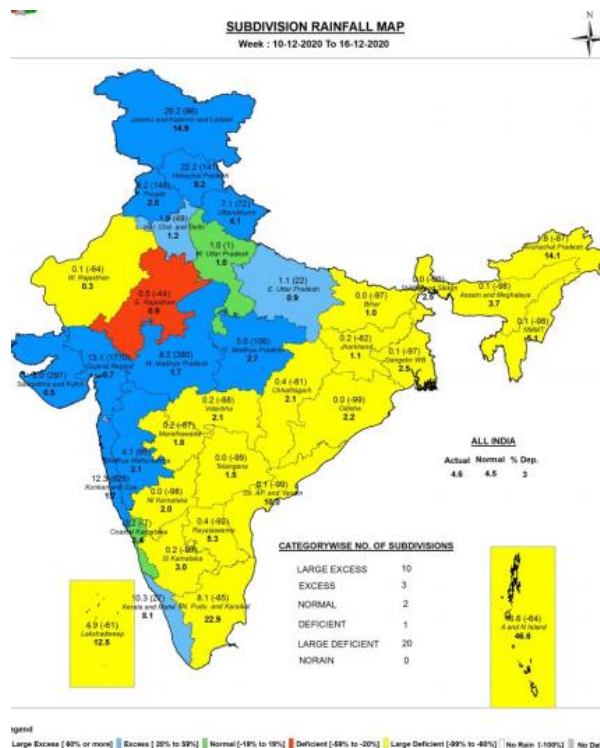
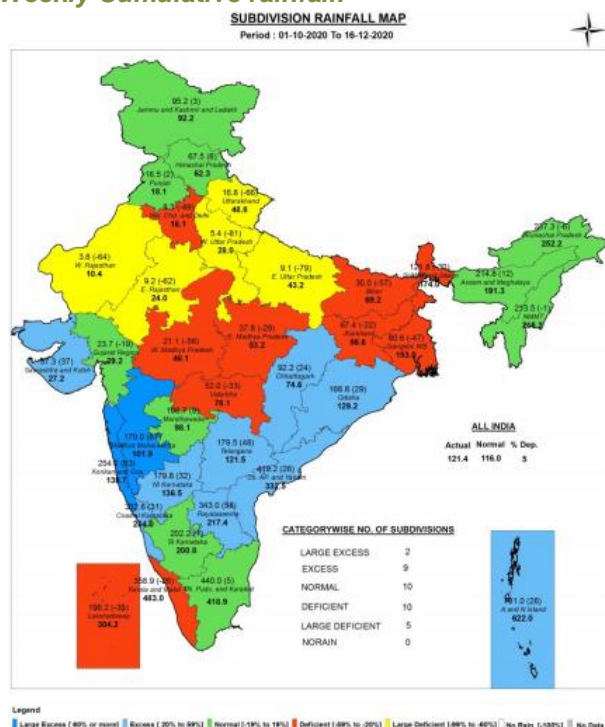
Wheat Import

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

Source: Traders

Monsoon

Weekly Cumulative rainfall:

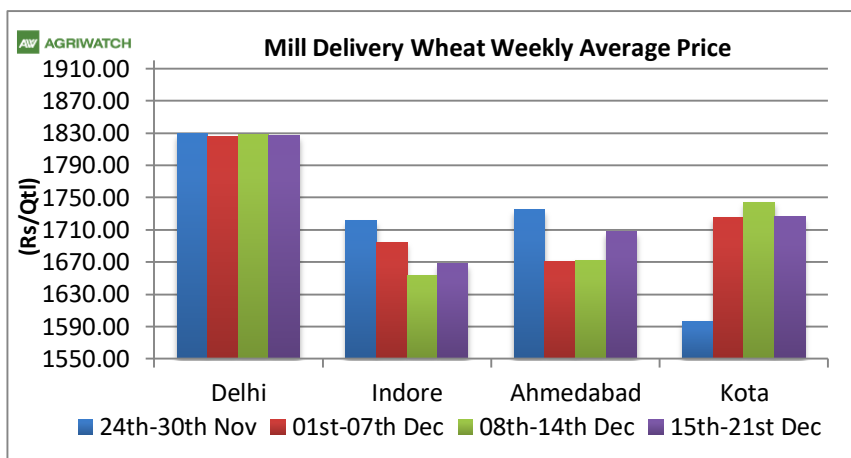


Source: IMD

Wheat Weekly Average Price Chart

Wheat's average mill delivery prices remained high in all states except Kota, in the week ending 21st Dec 2020 compared to previous week. Markets had shown steady 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, at present, the possibility of a more rapid recession is less due to ample stock in the domestic market, split demand of flour mills in South of Rajasthan's wheat.

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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						

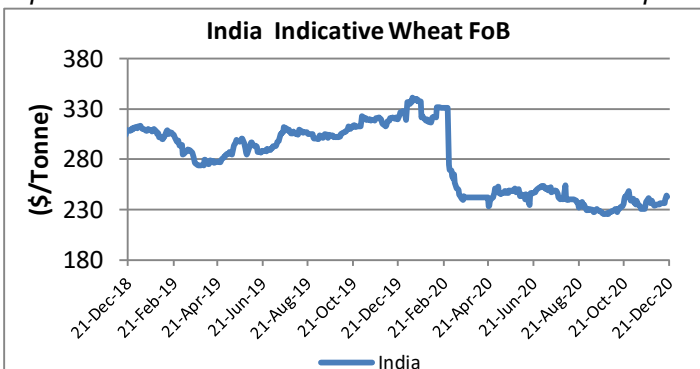
Final Procurement RMS 2019-20

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

The wheat FoB quote in India noticed a steady 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 \$230-\$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

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Indicative FOB Quotes:

Wheat FOB	Variety	Today	Week Ago	Month Ago	Year Ago	% Change over Prev. Year
		18-Dec-20	11-Dec-20	19-Nov-20	19-Dec-19	
USA (Chicago)	2srw	268.00	NA	0.00	245.10	9.34
France	FCW3	260.13	256.29	251.83	206.42	26.02
Australia	ASW	230.25	225.00	229.98	234.50	-1.81
Russia	SRW	257.00	255.00	255.00	212.00	21.23
India	Fob	242.76	234.18	233.58	320.11	-24.16

International Weekly Outlook:

Despite strong global demand, wheat prices fell slightly in most major exporting countries since last month's WASDE due to larger supply projections. Australia's production forecast was revised further upwards by ABARES following news of an improving harvest, Canada edged up its 2020 production estimate and an expected rebound in France's 2021 wheat crop harvest all weighed on prices. Furthermore, news of Russia possibly raising its yet to be announced grain export quota for the spring contributed to dampening global prices. Argentine prices, meanwhile, continued trending upwards following further estimates of lower 2020/21 production due to drought.

	18/12/2020	11/12/2020	27/11/2020	20/11/2020
Black Sea Mill Wheat 12.5% FOB Pmax. (\$/T)	254	252.5	252.5	252.5
Black Sea Mill Wheat 11.5% FOB Pmax. (\$/T)	254	252.5	252.5	251.5

NCDEX Wheat Contracts

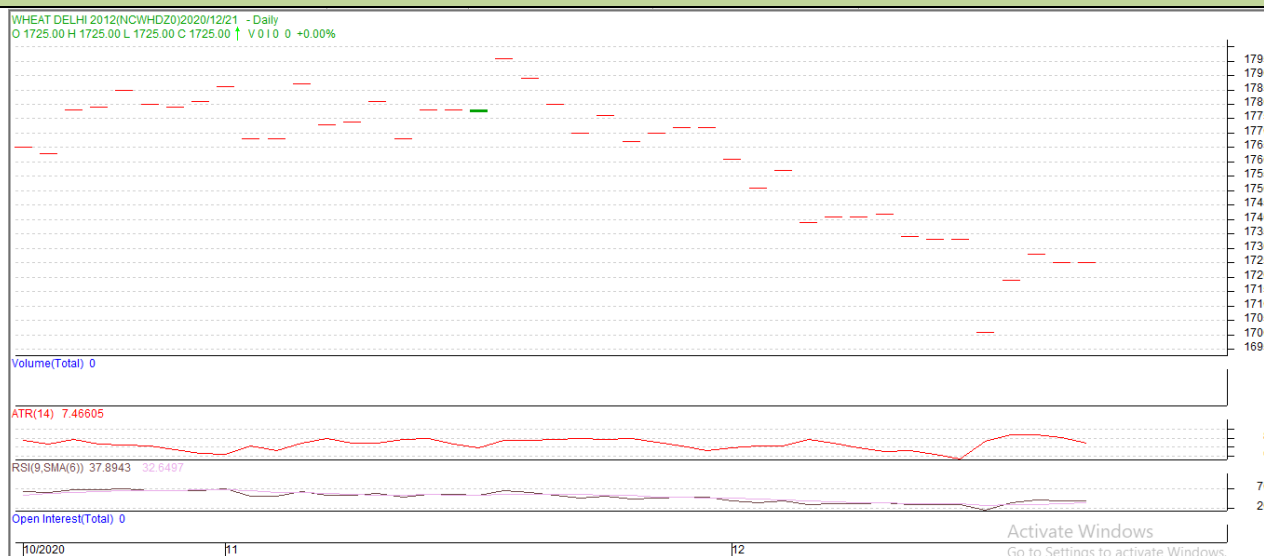
Wheat Futures Contract: NCDEX Price							Date: 21.12.2020		
Contract Month	+/-	Open	High	Low	Close	Volume	Change From previous day	Open Interest	Change From previous day
20-Dec		-	-	-	1725				
21-Jan		-	-	-	2249				
21-Feb		-	-	-	2206				

Wheat Technical Analysis:

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Wheat- Technical outlook

Contract Expiry: 20th December, 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	Dec	-	-	-	-	-
Pre-Market Intraday Trade Call*			Call	Entry	T1	T2	SL
Wheat	NCDEX	Dec	WAIT	1725	-	-	-

*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
	19-Dec-20	12-Dec-20	18-Nov-20	20-Dec-19	
Indore	1645	1672	1692	0	NA
Bareilly	NA	NA	0	0	-
Delhi	1830	1831	1854	2271	-19.42
Khanna	NA	NA	0	0	-
Kanpur	1610	1580	1680	2110	-23.70
Karnal	NA	NA	0	0	-
Rajkot	1718	1705	0	2190	-21.55
Kota	1725	1731	1790	2144	-19.54

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	Yesterday	Week Ago	Month Ago	Year Ago
			19-Dec-20	18-Dec-20	12-Dec-20	20-Nov-20	20-Dec-19
Delhi	Lawrence Road	Mill Delivery	1830	1840	1835	1870	2270
	Narella	Mill Quality Loose	1720	1720	1680	1755	2190
	Nazafgarh	Mill Quality Loose	1700	1700	1660	1750	NA
Gujarat	Rajkot	Mill Delivery	1720	1720	1660	1700	2210
	Ahmedabad	Mill Delivery	1760	1765	1740	1795	2280
	Surat	Mill Delivery	1815	1815	1780	1850	2370
	Dhrol	Mill Delivery	1610	1565	1590	1590	2465
M.P.	Indore	Mill Delivery	1700	1700	1640	1740	Closed
	Bhopal	Mill Quality Loose	1520	1500	1500	1550	Closed
Rajasthan	Kota	Mill Quality Loose	1625	1600	1600	1630	2030
		Mill Delivery	1750	1725	1725	1720	2150
U.P.	Kanpur	Mill Delivery	1660	1660	1630	1720	2100
	Mathura	Mill Quality Loose	1625	1620	1620	1670	2040
	Kosi	Mill Quality Loose	1600	1640	1600	1700	2150
	Hathras	Mill Quality Loose	1590	1580	1600	1650	2050
	Aligarh	Mill Quality Loose	1600	1600	1580	1650	2050
Punjab	Khanna	Mill Quality Loose	1600	1600	1650	1630	2120
	Ludhiana (Jagraon)	Mill Delivery	NA	NA	NA	0	0
Haryana	Sirsa	Mill Delivery loose	1750	1750	1740	1750	2150
	Hodal	Mill Delivery	NA	NA	NA	0	0
	Bhiwani	Mill Quality Loose	1730	1740	1740	1740	2200
	Karnal	Mill Delivery	NA	NA	NA	0	0
	Panipat	Mill Quality Loose	NA	NA	NA	0	0
Tamil Nadu	Chennai	Mill Quality	2000	1950	2000	2000	2450
	Madurai	Mill Quality	2057	2150	2200	2150	2575



	Coimbatore	Mill Quality	2057	2200	2250	2200	2625
Bihar	Khagariya	Mill Delivery	1900	1900	1900	Closed	2200
	Muzaffarpur	Mill Delivery	1700	1700	1700	Closed	1980

Current 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	14.39	-36.64
Chhattisgarh	1.05	1.85	1.68	1.82	1.03	-43.41
Gujarat	10.92	10.76	8.07	13.95	11.26	-19.28
Haryana	25.35	25.26	25.16	24.9	23.28	-6.51
Himachal Pradesh	3.39	3.6	3.5	3.4	3.4	0.00
J&K	2.96	2.93	2.44	2.21	1.92	-13.12
Jharkhand	1.76	2.31	1.87	2.12	1.46	-31.13
Karnataka	1.88	2.09	1.5	1.97	1.52	-22.84
Madhya Pradesh	57.27	53.16	60	79.68	78.62	-1.33
Maharashtra	10.74	9.4	5.69	10.71	6.71	-37.35
Punjab	35.06	35.1	35.02	35.08	34.26	-2.34
Rajasthan	29.75	30.2	28.25	33.15	27.1	-18.25
Uttar Pradesh	97.48	98.67	99.13	99.05	84.32	-14.87
Uttarakhand	3.42	3.58	3.45	3.48	3.2	-8.05
West Bengal	2.89	1.36	1.05	1.76	1.18	-32.95
Others	NA.20	NA.75	NA.23	NA.11	0.25	NA
All-India	305.58	304.29	299.68	336.18	294.01	-12.54

Source: Ministry of Agriculture
As on 17-12-2020



International Market Update:

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USDA This week's commercial sales of 540,000 metric tons (MT) for delivery in 2020/21 were down 12% from last week's 616,000 MT but within trade expectations of 250,00 MT to 650,000 MT. Year-to-date commercial sales now total 19.6 million metric tons (MMT), 10% ahead of last year's pace. USDA forecasts total U.S. wheat exports will reach 26.8 MMT in 2020/21, 2% ahead of last year, if realized.

USDA forecasts total global wheat consumption in 2020/21 will jump to a record 758 MMT, 1% more than last year and 4% more than the 5-year average on higher feed and residual use in China, Australia and the European Union. December's world wheat ending stocks estimate fell commensurately to 316 MMT, still 5% more than last year and 14% more than the 5-year average on significantly larger harvests in Canada, Russia and Australia.

CBOT soft red winter (SRW) futures lost 6 cents to close at \$6.08/bu. KCBT hard red winter (HRW) futures fell 12 cents to end at \$5.69/bu. MGE hard red spring (HRS) futures lost 1 cent to close at \$5.68/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 As of Dec. 16, total Ukrainian grain exports are down 14% from this time last year at 23.8 MMT, 12.2 MMT of which is wheat. In October, Ukraine implemented a 17.5 MMT wheat export quota for the 2020/21 marketing year and current sales account for 70% of the quota.

Australia Argentine wheat harvest was pegged at 53.5pc complete late last week by Bolsa, the Argentine Agricultural Exchange, reporting slightly better yields in recently cut areas but still predicting an overall crop under 17Mt in their estimate.

Russia According to AgriCensus, the Russian government has officially imposed a €25.0/MT (\$30.6/MT) tax on all wheat exports from Feb. 15 to June 30, 2021 in an effort to stabilize domestic food prices. USDA still expects Russia will export 40.0 MMT of wheat in 2020/21, 16% more than last year and 21% more than the 5-year average, if realized.

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 The Rosario Board of Trade (BCR) forecasts total Argentinian wheat production will fall 15% on the year to 16.5 MMT, the secondlowest output in a decade on extreme drought. The Buenos Aires Grain Exchange (BAGE) predicts production will total 16.9 MMT and USDA pegs the 2020/21 harvest at 18.0 MMT.

Europe Stratégie Grains, a French agriculture consultancy, forecasts European Union (EU) soft (non-durum) wheat production will reach 130 MMT in 2021, 9% more than last year on improved planting conditions through fall 2020. The United Kingdom (UK), not included in the EU forecast, is expected to produce 15.0 MMT of soft wheat next year.

The U.S. Dollar Index fell from last week's 90.98 to close at 90.02.

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
	18-Dec-20	11-Dec-20	18-Nov-20	11-Sep-20	19-Jun-20	19-Dec-19	
Mar-21	220.90	223.47	180.39	196.10	0.00	201.61	9.57
May-21	223.47	225.77	183.61	0.00	176.81	202.35	10.44
Jul-21	223.84	225.58	186.36	196.10	178.28	204.18	9.63
Sep-21	221.82	223.20	188.38	199.13	181.59	193.16	14.84
Dec-21	222.92	223.93	189.95	202.35	185.08	196.65	13.36
Mar-22	225.49	223.93	192.52	202.35	212.45	198.86	13.39

CBOT Mar-21

1st Support: 603.58

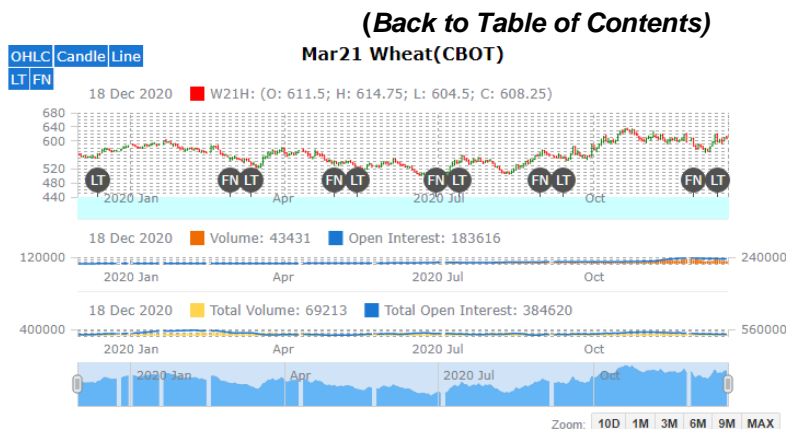
2nd Support: 598.92

1st Resistance: 613.83

2nd Resistance: 619.42

(\$ 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.

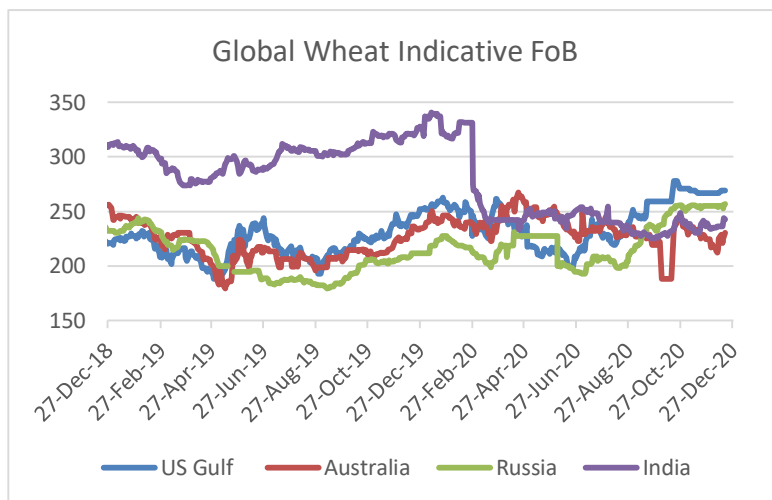


International FOB Weekly Price Movement

Indian FoB quote is based on local prices. Indian FoB quote is being quoted at \$240.72 per tonne. US and Russian quotes are hovering in the range of \$268.20 and \$255.50 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 8 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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