

Wheat Weekly Research Report

Table of Contents

- ❖ **Review and Outlook**
- ❖ **Export/Import**
- ❖ **Weather**
- ❖ **Weekly Price Change**
- ❖ **Stocking Norms**
- ❖ **FOB Quotes**
- ❖ **NCDEX Wheat Contracts**
- ❖ **Wheat Technical Analysis**
- ❖ **Spot Price at NCDEX Delivery Centers**
- ❖ **Domestic Outlook and Spot Prices**
- ❖ **Progressive Sowing**
- ❖ **International Wheat Market**
- ❖ **IGC**
- ❖ **CBOT Future Contract**
- ❖ **CBOT Trend**
- ❖ **International FOB Trend**
- ❖ **International Weekly Outlook**



Wheat Domestic Market Fundamentals

[\(Back to Table of Contents\)](#)

All India's weekly average prices decreased by 0.67 percent to Rs. 1833.98 per quintal during the week ended 31st Dec 2020. Wheat average prices were ruling at Rs 2228.91 per quintal during 24th – 31st Dec 2019. The wheat prices are unlikely to drop and is going to be stable in coming weeks due to ample availability despite slowed demand from flour mills. The new wheat from Saurashtra region (Gujarat) will be coming to the mandis at the end of next month.

As per the latest update, the area under wheat has increased marginally by 5.06% to 313.23 lakh hectares so far in the ongoing 2020-21 Rabi season from 297.38.65 lakh hectares in the year-ago same period. The overall trend of Rabi sowing progress is excellent, with increased area coverage recorded due to favourable weather.

Wheat WPI has increased from 147.4 in October -2020 to 147.9 in November-2020. Monthly wheat inflation has increased by 0.33 percent in November-2020 compared to previous month.

According to the market sources, Indian traders are expected to export around 40,000 tonnes of wheat to Bangladesh at \$210-\$220 per tonnes FOB soon. More exports to Bangladesh are likely this financial year as prices of wheat in India have become more competitive in the past few months. Last month, Indian traders signed deals with their counterparts in Bangladesh to export around 200,000 tonnes of wheat. Higher exports from India will give support to domestic prices.

GI tag to be mandatory for some important crops including Sharbati wheat says Madhya Pradesh's, Chief Minister. Statements were made at a review meeting of various departments on Monday. Agricultural departments have been directed to educate the farmers regarding the crops to be sown. To begin with the same, Agricultural Science Centres have been asked to show a list before Rabi and Kharif crops are sown.

The government has sold 8860 tonnes of wheat in OMSS through E-Auctions in the First week of December '20. No rakes were sold. State Government bought 8860 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 exports will support the domestic market in near term.

According to traders, prices fell in Indore due to a rise in arrivals and weak demand. Arrivals were pegged at 12500 bags (1 bag = 100 kg), low from 10000 bags. Wheat prices in Jaipur also fell as arrivals rose, traders said. Arrivals were pegged at 22,000 bags against 15000 bags. However, the outlook is bullish as bulk demand is expected to pick up due to rising exports.

Outlook & Recommendation: Wheat cash market is expected to trade steady to slightly 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

(Back to Table of Contents)

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

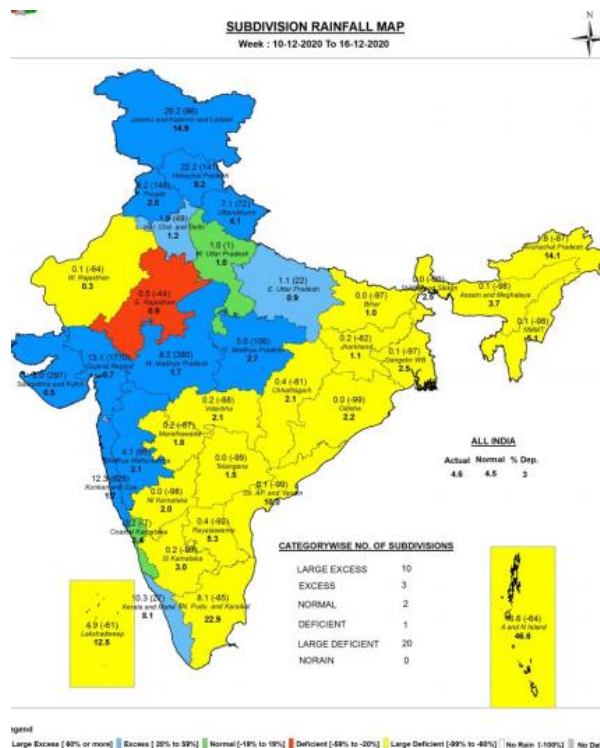
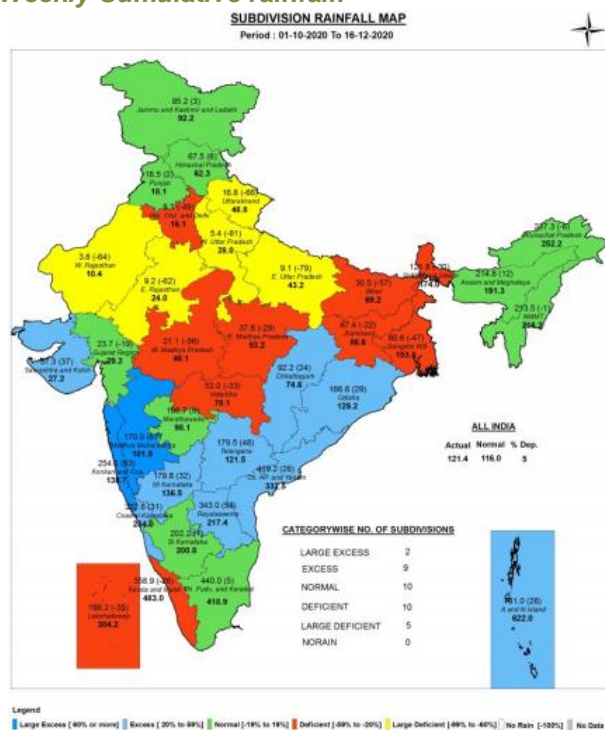
Wheat Import

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

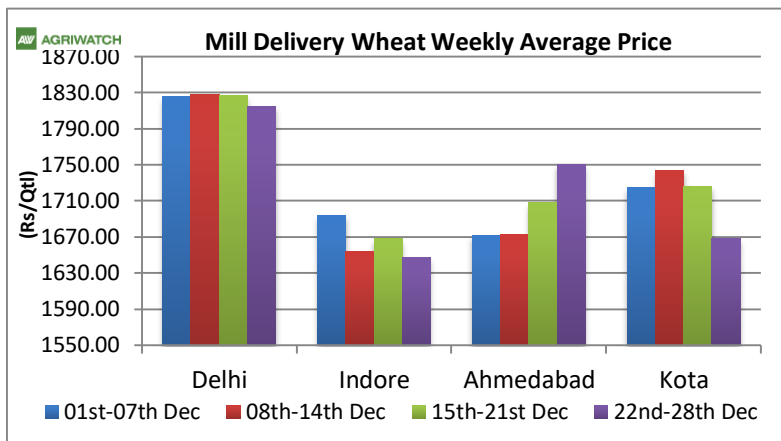
Wheat Weekly Average Price Chart

Wheat's average mill delivery prices remained low in most states in the week ending during 22nd -28th Dec 2020.

Markets had shown weak movement in prices last week and are likely to trade steady to slightly firm in upcoming weeks. At present, there is a very low possibility of any changes in wheat price due to the ample amount of stock in the domestic market.

Wheat and Rice Stocking Norms

[\(Back to Table of Contents\)](#)



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

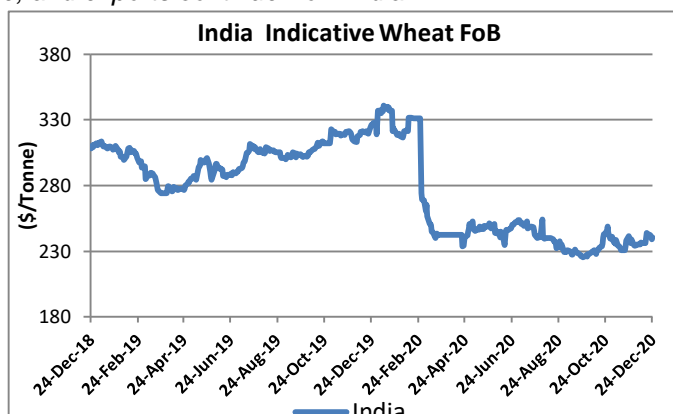
FOB Quote for Wheat at Kandla

[\(Back to Table of Contents\)](#)

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 slightly firm tone in the coming weeks and likely to hover in the range of \$230-\$250 per tonne. Furthermore, Indian traders have signed deals to export around 200,000 tonnes of wheat to Bangladesh. The traders are likely to export wheat at \$250-\$260 per ton, FOB, under the few 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
		24-Dec-20	17-Dec-20	25-Nov-20	24-Dec-19	
USA (Chicago)	2srw	274.00	270.00	0.00	245.96	11.40
France	FCW3	260.13	257.71	255.78	NA	NA
Australia	ASW	241.50	227.25	225.57	233.16	3.58
Russia	SRW	259.00	256.00	255.00	212.00	22.17
India	Fob	240.49	243.80	237.99	326.54	-26.35

International Weekly Outlook:

Australia 75% harvested, crop expectations ~30+ MMT, some elevators sold till the end of the season. In Argentina, yields are very poor, and the crop could reach just 16.2-16.5 MMT. Russian weather is unattractive, 22% of planted wheat is in poor condition - crop 21/22 expectations now ~78 MMT (even though area increased). Egypt held a tender; they were trying to catch a gap between the previous tender and Feb 15 (Russian quota and duty), but Russian sellers included the duty to prices, and so became uncompetitive- Egypt bought Ukrainian and Romanian cargoes. The International Wheat market remains bullish in coming weeks.

	25/12/2020	18/12/2020	11/12/2020	27/11/2020
Black Sea Mill Wheat 12.5% FOB Pmax. (\$/T)	257	254	252.5	252.5
Black Sea Mill Wheat 11.5% FOB Pmax. (\$/T)	257	254	252.5	252.5

NCDEX Wheat Contracts

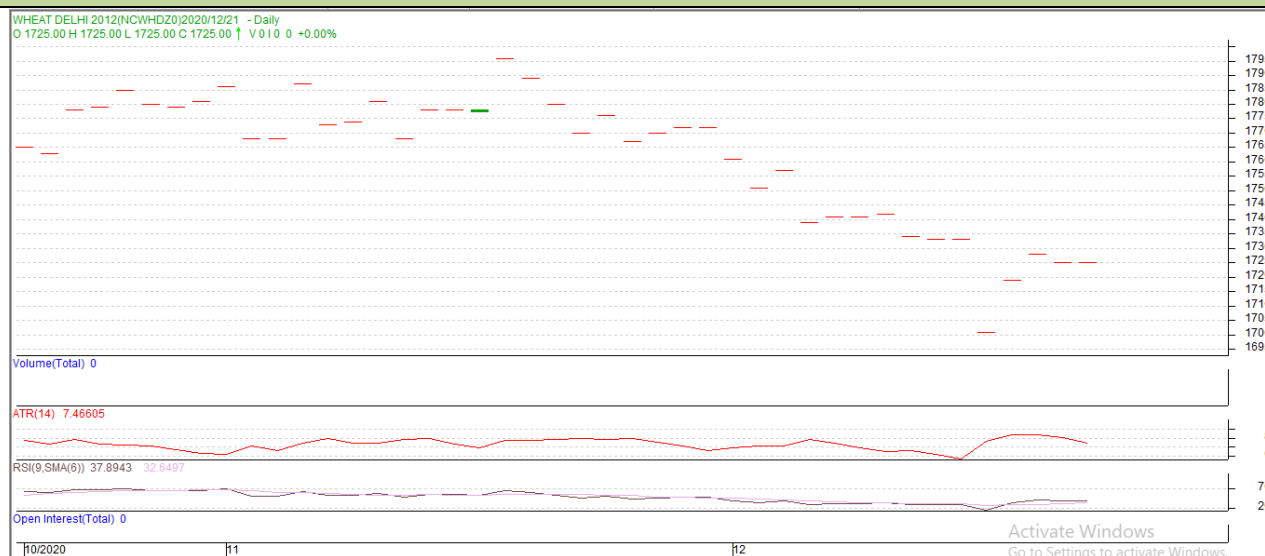
Wheat Futures Contact: NCDEX Price								Date: 28.12.2020	
Contract Month	+/-	Open	High	Low	Close	Volume	Change From previous day	Open Interest	Change From previous day
20-Jan		-	-	-	1725	-	-	-	-
21-Feb		-	-	-	-	-	-	-	-
21-Mar		-	-	-	-	-	-	-	-

Wheat Technical Analysis:

[\(Back to Table of Contents\)](#)

Wheat- Technical outlook

Contract Expiry: 20th January, 2021



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	Jan	-	-	-	-	-
Pre-Market Intraday Trade Call*			Call	Entry	T1	T2	SL
Wheat	NCDEX	Jan	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
	26-Dec-20	19-Dec-20	25-Nov-20	27-Dec-19	
Indore	1655	1645	1650	2227	-25.68
Bareilly	NA	NA	0	0	-
Delhi	1812	1830	1822	2326	-22.10
Khanna	NA	NA	0	0	-
Kanpur	1600	1610	1650	2125	-24.71
Karnal	NA	NA	0	0	-
Rajkot	1728	1718	1700	2250	-23.20
Kota	1728	1725	1771	2160	-20.00

Domestic Market Weekly Outlook:
[\(Back to Table of Contents\)](#)

The wheat market is expected to show a steady to slightly firm tone after the free distribution of wheat scheme 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
			26-Dec-20	24-Dec-20	19-Dec-20	27-Nov-20	27-Dec-19
Delhi	Lawrence Road	Mill Delivery	1820	1805	1830	1835	2325
	Narella	Mill Quality Loose	1730	1740	1720	1740	2250
	Nazafgarh	Mill Quality Loose	1710	1700	1700	1740	NA
Gujarat	Rajkot	Mill Delivery	1710	1705	1720	1700	2260
	Ahmedabad	Mill Delivery	1750-55	1750	1760	1725	2300
	Surat	Mill Delivery	1805-10	1800	1815	1800	2400
	Dhrol	Mill Delivery	NR	1645	1610	1660	2130
M.P.	Indore	Mill Delivery	1660	1650	1700	1680	Closed
	Bhopal	Mill Quality Loose	1550	1525	1520	1525	Closed
Rajasthan	Kota	Mill Quality Loose	1580	1550	1625	1570	2080
		Mill Delivery	1700	1675	1750	1695	2200
U.P.	Kanpur	Mill Delivery	1640	1650	1660	1800	2140
	Mathura	Mill Quality Loose	1600	1620	1625	1660	2030
	Kosi	Mill Quality Loose	1600	1600	1600	1700	2120
	Hathras	Mill Quality Loose	1600	1610	1590	1630	2100
	Aligarh	Mill Quality Loose	1590	1600	1600	1620	2050
Punjab	Khanna	Mill Quality Loose	Closed	Closed	1600	1700	2110
	Ludhiana (Jagraon)	Mill Delivery	NA	NA	0	0	0
Haryana	Sirsa	Mill Delivery loose	1750	1750	1750	1750	2150
	Hodal	Mill Delivery	NA	NA	NA	0	0
	Bhiwani	Mill Quality Loose	1750	1720	1730	1760	2210
	Karnal	Mill Delivery	NA	NA	0	0	0
	Panipat	Mill Quality Loose	NA	NA	0	0	0
Tamil Nadu	Chennai	Mill Quality	2000	2000	2000	2000	2450
	Madurai	Mill Quality	2057	2200	2200	2200	2575



	Coimbatore	Mill Quality	2057	2250	2250	2250	2625
Bihar	Khagariya	Mill Delivery	1900	1880	1900	2050	2200
	Muzaffarpur	Mill Delivery	1675	1650	1700	1750	2000

Current Sowing Status 2020-21:

[\(Back to Table of Contents\)](#)

State Wise Wheat Sowing in Lakh Hectares					
State	Normal area (2021)	2019	2020	2021	% Change 2021 vs. 2020
Bihar	21.25	22.87	15.98	17.05	6.70
Chhattisgarh	1.05	1.68	0.88	1.32	50.00
Gujarat	9.62	8.07	11.06	12.53	13.29
Haryana	25.45	25.16	24.87	24.87	0.00
Himachal Pradesh	3.31	3.5	3.4	3.4	0.00
J&K	2.95	2.44	1.98	2.4	21.21
Jharkhand	1.84	1.87	1.45	1.93	33.10
Karnataka	1.76	1.5	1.51	1.59	5.30
Madhya Pradesh	57.55	60	70.69	82.5	16.71
Maharashtra	10.21	5.69	6.04	8.21	35.93
Punjab	35.08	35.02	34.82	34.7	-0.34
Rajasthan	29.89	28.25	30.68	28.57	-6.88
Uttar Pradesh	97.87	99.13	89.67	89.23	-0.49
Uttarakhand	3.38	3.45	3.23	3.22	-0.31
West Bengal	2.45	1.05	1.38	1.52	10.14
Others	0.35	0.23	0.08	0.12	50.00
All-India	303.27	299.68	297.39	313.24	5.33

Source: Ministry of Agriculture
As on 24-12-2020



International Market Update:

[\(Back to Table of Contents\)](#)

In the **US**, 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 realised.

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.

The U.S. sold 393,700 tonnes of 2020/2021 wheat for export in the week ending December 17, down 27 percent from the previous week and 34 percent from the prior 4-week average. Russia will more than double its output of durum wheat, used in pasta and couscous production, to 1.8 million tonnes by 2025, its agriculture ministry said.

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. Russia will export 40.0 MMT of wheat in 2020/21, 16% more than last year and 21% more than the 5-year average.

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 second lowest 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:
[\(Back to Table of Contents\)](#)

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
	26-Dec-20	18-Dec-20	26-Nov-20	18-Sep-20	29-Jun-20	27-Dec-19	
Mar-21	229.90	223.84	180.39	214.10	0.00	205.19	12.04
May-21	226.23	221.82	183.61	215.57	178.37	205.65	10.00
Jul-21	226.96	222.92	186.36	214.10	178.74	207.49	9.38
Sep-21	229.53	225.49	188.38	215.57	181.31	193.16	18.83
Dec-21	231.55	228.06	189.95	218.51	184.16	196.65	17.75
Mar-22	229.44	228.06	192.52	218.51	212.45	198.86	15.38

CBOT Mar-21

[\(Back to Table of Contents\)](#)

1st Support: 622.42

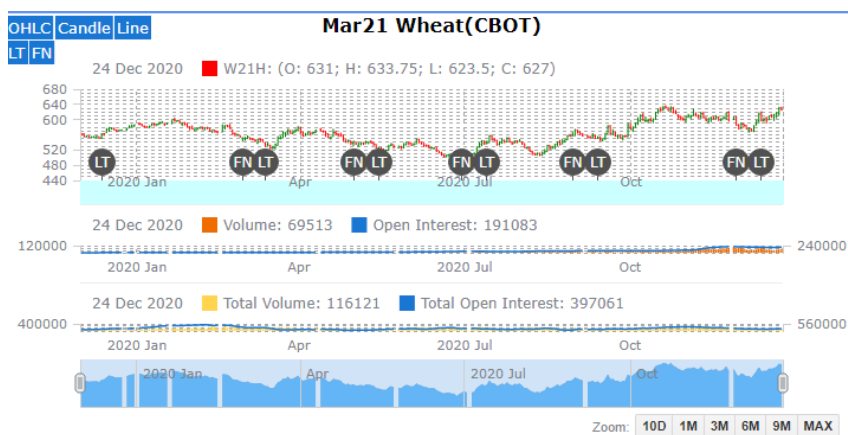
2nd Support: 617.83

1st Resistance: 632.67

2nd Resistance: 638.33

(\$ per tonne)

CBOT March soft red winter wheat settled up 12-3/4 cents at \$6.29-3/4 per bushel. 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.

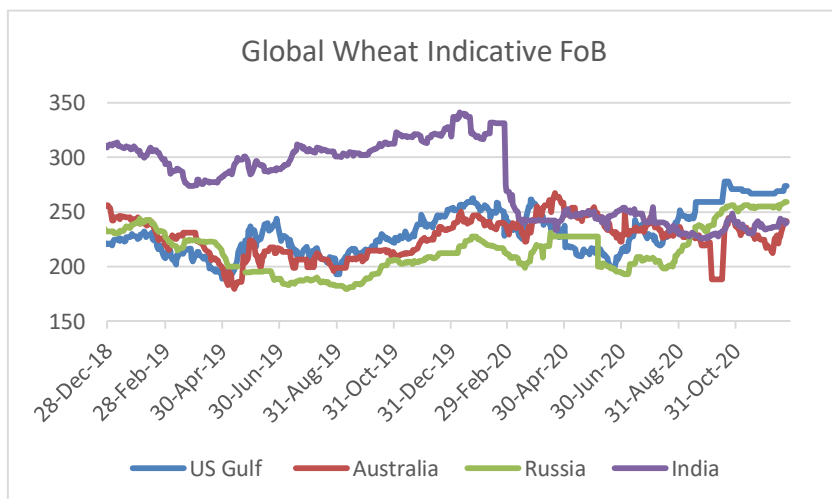


International FOB Weekly Price Movement

Indian FoB quote is based on local prices. Indian FoB quote is being quoted at \$241.02 per tonne. US and Russian quotes are hovering in the range of \$273.20 and \$258.75 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.



Disclaimer: The information and opinions contained in the document have been compiled from sources believed to be reliable. The company does not warrant its accuracy, completeness and correctness. Use of data and information contained in this report is at your own risk. This document is not, and should not be construed as, an offer to sell or solicitation to buy any commodities. This document may not be reproduced, distributed or published, in whole or in part, by any recipient hereof for any purpose without prior permission from the Company. IASL and its affiliates and/or their officers, directors and employees may have positions in any commodities mentioned in this document (or in any related investment) and may from time to time add to or dispose of any such commodities (or investment). Please see the detailed disclaimer at <http://www.agriwatch.com/disclaimer.php> © 2020 Indian Agribusiness Systems Ltd.