

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 0.25 percent to Rs. 1889 per quintal during the week ended 8th Dec 2021. Wheat average prices were ruling at Rs 2254.21 per quintal during 09th – 15th Jan 2020. The wheat prices are unlikely to drop and is going to be steady to slight firm in coming weeks due to high export demand.

As per the latest update, the area under wheat has increased marginally by 2.59% to 335.46 lakh hectares so far in the ongoing 2020-21 Rabi season from 326.75 lakh hectares year-ago same period. Rabi sowing progress's overall trend is excellent, with increased area coverage recorded due to favourable weather. Thus, 11.40 lakh ha more area has been covered compared to last year. The higher area is reported from the states of Madhya Pradesh (10.32 lakh ha), Bihar (2.33 lakh ha), Maharashtra (1.59 lakh ha), Haryana (0.49 lakh ha), Jammu & Kashmir (0.46 lakh ha), Jharkhand (0.44 lakh ha), Gujarat (0.42 lakh ha), Chhattisgarh (0.41 lakh ha), West Bengal (0.13 lakh ha), Assam (0.03 lakh ha) and Uttarakhand (0.01 lakh ha). Less area is reported from the States of Rajasthan (2.87 lakh ha), Uttar Pradesh (2.10 lakh ha), Karnataka (8.27 lakh ha), and Punjab (0.01 lakh ha).

According to traders in Maharashtra, "Prices had dropped because there was no real demand for processed wheat products. Demand for biscuits and bakery products were all down in view of coronavirus pandemic. Canteens move to distribute 10 million tonnes of wheat and rice free of cost to the poorest of the poor, or the people living below poverty line, under the PMGKY also affected flour consumption from the open market."

As per market sources, wheat stock in the central pool as of 1st December'20 stood at 367.54 lakh tonnes down by 8.79% compared to last month. This quantity is higher by around 4.56% compared to last year for the same month. The government has abundant supplies this year to tackle any unexpected rise in wheat prices by selling more quantity in the open market and through high exports.

In Gujarat, The export demand for wheat is overall good, but recently it has slowed down. Due to the government shutting down free wheat, the pipeline of mills is also empty, as a result, its demand is expected to be good.

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.

The government has sold 92480 tonnes of wheat in OMSS through E-Auctions in the month of December '20. No rakes were sold. State Government bought 43800 tonnes of wheat, and 48680 tonnes purchase by bulk consumers respectively.

Outlook & Recommendation: Wheat cash market is expected to trade steady to slight firm in the coming week.

Trade Call: Stakeholders should trade in January contract taking care of lower and upper price tag of Rs. 1823 respectively.

Weather Outlook: During next 5 days, Thunderstorm accompanied with lightning at isolated places very likely over West Madhya Pradesh, Madhya Maharashtra & Karnataka. Dense to very dense fog in isolated pockets very likely over Punjab, Haryana, Chandigarh & Delhi and dense fog in isolated pockets very likely over North Madhya Pradesh. Cold Day conditions in isolated pockets very likely over Punjab, Haryana and Rajasthan

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

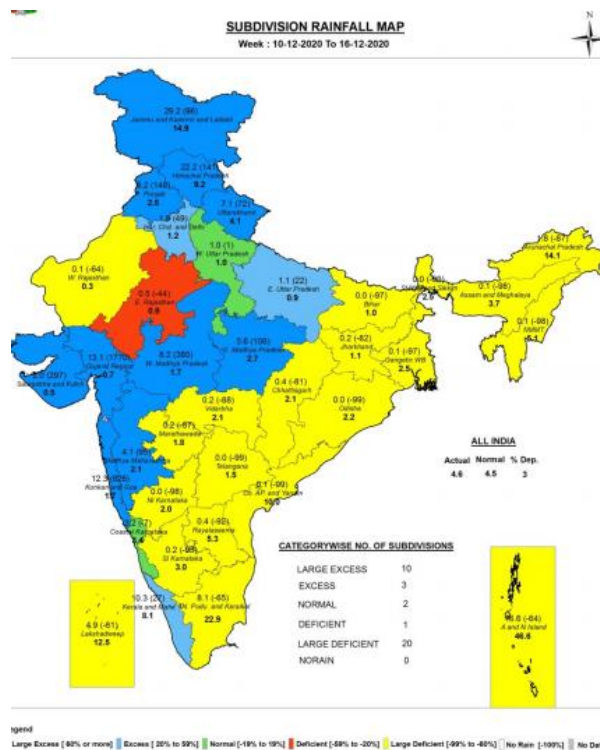
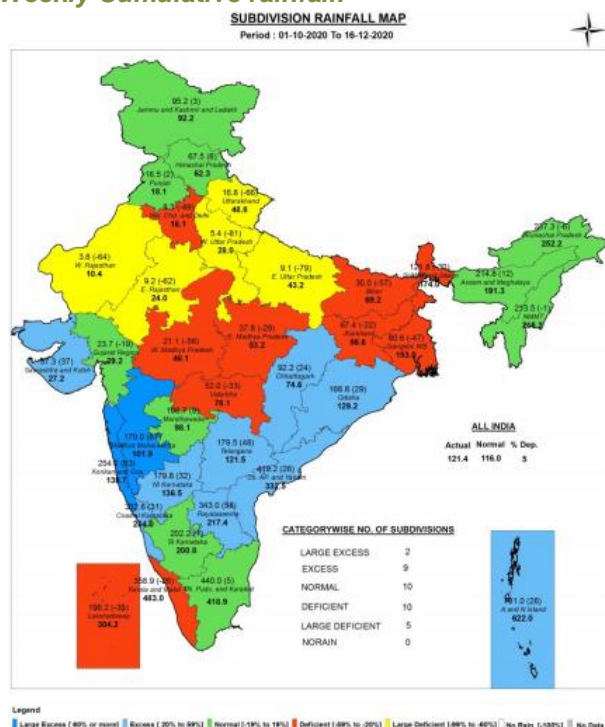
Wheat Import

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:

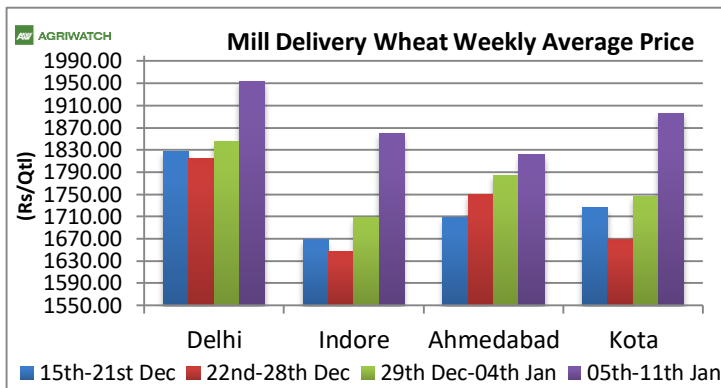


Source: IMD

Wheat Weekly Average Price Chart
[\(Back to Table of Contents\)](#)

Wheat's average mill delivery prices remained high in all states in the week ending during 05th Jan - 11th Jan 2021.

Markets had shown bullish 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 price drop in wheat due to high export and demand from private companies and less cultivation in states like Punjab, Uttar Pradesh and Rajasthan.


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

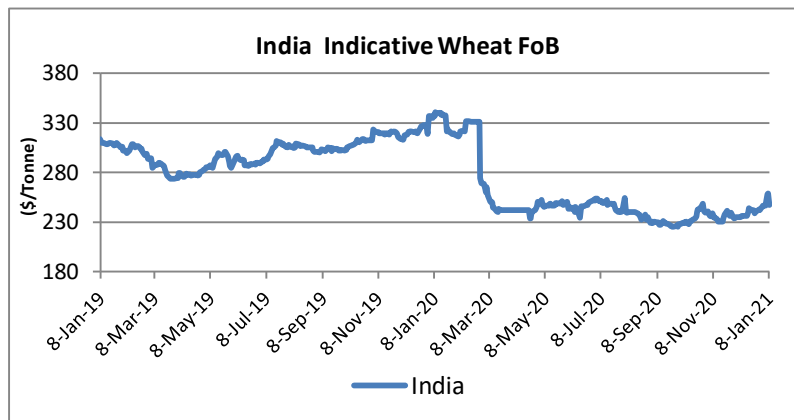
State/UTs	Procurement as of Oct-2020 (Figures in LMT)		
	FCI (A)	State Agency (B)	Total (A+B)
Punjab	14.20	112.94	127.14
Haryana	6.69	67.31	74.00
Uttar Pradesh	1.34	34.43	35.77
Madhya Pradesh	0.00	129.42	129.42
Bihar	0.00	0.05	0.05
Rajasthan	16.29	5.96	22.25
Others	0.14	1.15	0.91
All-India	38.66	351.26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

FOB Quote for Wheat at Kandla

The wheat FoB quote in India noticed a firm tone in the past week. The overall condition for Indian wheat export remains favorable, and exports continue from India due to widespread demand from neighboring countries.

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, 1.5 lakh tonnes of Wheat will get exported from Gujarat port in two months, and around 90 thousand tonnes of Wheat will get shipped in January

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



Indicative FOB Quotes:

Wheat FOB	Variety	Today	Week Ago	Month Ago	Year Ago	% Change over Prev. Year
		8-Jan-21	30-Dec-20	10-Dec-20	9-Jan-20	
USA (Chicago)	2srw	268.00	263.00	260.00	256.20	4.61
France	FCW3	268.18	212.50	254.02	212.64	26.12
Australia	ASW	253.50	240.24	215.34	243.88	3.94
Russia	SRW	280.00	259.00	254.00	218.50	28.15
India	Fob	247.51	244.24	236.25	340.99	-27.41

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. Due to all such reasons agriwatch expects that the International Wheat market remains bullish in coming weeks.

	06/12/2020	30/12/2020	25/12/2020	18/12/2020
Black Sea Mill Wheat 12.5% FOB Pmax. (\$/T)	273	257	257	254
Black Sea Mill Wheat 11.5% FOB Pmax. (\$/T)	273	257	257	254

NCDEX Wheat Contracts

Wheat Futures Contact: NCDEX Price								Date: 09.12.2020	
Contract Month	+/-	Open	High	Low	Close	Volume	Change From previous day	Open Interest	Change From previous day
21-Jan	+2	1821	-	-	1823	-	-	-	-
21-Feb	+2	1826	-	-	1828	-	-	-	-
21-Mar	+2	1831	-	-	1833	-	-	-	-

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	1823	-	-	-

*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
	9-Jan-21	02-Jan-21	7-Dec-20	7-Jan-20	
Indore	1791	1666	1675	2325	-22.97
Bareilly	NA	NA	NA	NA	-
Delhi	1922	1815	1805	2370	-18.90
Khanna	NA	NA	NA	NA	-
Kanpur	1720	1620	1590	2190	-21.46
Karnal	NA	NA	NA	NA	-
Rajkot	1856	1740	1689	2355	-21.19
Kota	1820	1740	1741	2277	-20.07

Domestic Market Weekly Outlook:

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

The wheat market is expected to show a steady to firm tone after the free distribution of wheat scheme ended in November and high demand from export will give support to prices in domestic market.

Spot Market Price:							
Centre	Market	Variety	Prices (Rs/Qtl)				
			Today	Yesterday	Week Ago	Month Ago	Year Ago
			9-Jan-21	8-Jan-21	2-Jan-21	11-Dec-20	10-Jan-20
Delhi	Lawrence Road	Mill Delivery	1965	1950	1840	1835	2350
	Narella	Mill Quality Loose	1825	1750	1720	1690	2280
	Nazafgarh	Mill Quality Loose	1800	1750	1700	1670	2240
Gujarat	Rajkot	Mill Delivery	1820	1825	1735	1650	2350
	Ahmedabad	Mill Delivery	1945	1940	1810	1725	2450
	Surat	Mill Delivery	2000	2000	1875	1775	2500
	Dhrol	Mill Delivery	NR	1810	1705	1680	2490
M.P.	Indore	Mill Delivery	1900	1900	1640	1630	2375
	Bhopal	Mill Quality Loose	1700	1700	1615	1480	2225
Rajasthan	Kota	Mill Quality Loose	1770	1780	1630	1625	2200
		Mill Delivery	1895	1900	1770	1745	2325
U.P.	Kanpur	Mill Delivery	1710	1715	1670	1630	2240
	Mathura	Mill Quality Loose	1650	1630	1625	1635	2155
	Kosi	Mill Quality Loose	1625	1620	1630	1640	2200
	Hathras	Mill Quality Loose	1740	1740	1610	1580	2200
	Aligarh	Mill Quality Loose	1725	1740	1630	1600	2175
Punjab	Khanna	Mill Quality Loose	1650	1650	1600	1650	2150
	Ludhiana (Jagraon)	Mill Delivery	NA	NA	0	0	0
Haryana	Sirsa	Mill Delivery loose	1775	1775	1750	1740	2200
	Hodal	Mill Delivery	NA	NA	0	0	0
	Bhiwani	Mill Quality Loose	1790	1790	1760	1720	2250
	Karnal	Mill Delivery	NA	NA	0	0	0
	Panipat	Mill Quality Loose	NA	NA	0	0	0
Tamil Nadu	Chennai	Mill Quality	1980	1980	1980	2000	2600
	Madurai	Mill Quality	2037	2080	2080	2200	2700



	Coimbatore	Mill Quality	2037	2130	2130	2250	2750
Bihar	Khagariya	Mill Delivery	1900	1900	1880	1900	2200
	Muzaffarpur	Mill Delivery	1800	1780	1670	1725	2200

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	20.85	19.57	21.25	8.58
Chhattisgarh	1.05	1.35	1.38	1.6	15.94
Gujarat	9.62	8.07	13.33	13.26	-0.53
Haryana	25.45	25.16	24.77	25.2	1.74
Himachal Pradesh	3.31	3.5	3.4	3.4	0.00
J&K	2.95	2.44	2.11	2.48	17.54
Jharkhand	1.84	1.87	1.8	2.21	22.78
Karnataka	1.76	1.5	1.97	1.89	-4.06
Madhya Pradesh	57.55	60	78.07	87.98	12.69
Maharashtra	10.21	5.69	8.61	10.03	16.49
Punjab	35.08	35.02	35.12	35.06	-0.17
Rajasthan	29.89	28.25	32.74	29.33	-10.42
Uttar Pradesh	97.87	99.13	98.58	96.38	-2.23
Uttarakhand	3.38	3.45	3.25	3.26	0.31
West Bengal	2.45	1.05	1.86	1.93	3.76
Others	0.35	NA.23	0.09	0.08	-11.11
All-India	303.27	299.68	326.75	335.46	2.67

Source: Ministry of Agriculture
As on 07-01-2021



International Market Update:

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

In the US, This week's U.S. wheat commercial sales of 275,000 metric tons (MT) were down 47 percent from last week's 521,000 MT, but in line with trade expectations of 250,000 MT to 500,000 MT. Year-to-date commercial sales for delivery in 2019/20 total 20.8 million metric tons (MMT), 10% ahead from last year's pace. USDA expects 2019/20 U.S. wheat exports will reach 26.8 MMT, 2% higher than last year, if realized.

The USDA estimates that Indian wheat production will reach 107.6 MMT this marketing year, an 8 percent increase over three years. The USDA forecasts exports to nearly double to 1.0 MMT as stocks jump 30 percent.

CBOT soft red winter (SRW) futures gained 20 cents to close at \$6.38/bu. KCBT hard red winter (HRW) futures gained 24 cents to end at \$5.93/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 January 6, total Ukrainian grain exports are 26.41 MMT, down 16% from this time last year, of which 12.51 MMT is wheat. In October, Ukraine implemented a 17.5 MMT wheat export quota for the 2020/21 marketing year and current sales account for slightly more than 71% of the quota.*

Australia *Argentina 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.*

Russian *wheat production for 2021/22 is expected to be around 78.4 MMT. Despite the lowest level of accumulated rainfall and soil moisture in five years, above average temperatures have benefited the wheat crop. A lack of snow accumulation however, leaves dormant wheat plants more vulnerable to cold damage, though no severe winter weather is predicted over the next ten days.*

SovEcon cut their 2020/21 Russian wheat export forecast to 36.3 MMT, down from 40.8 predicted in November. The USDA in its December WASDE predicted 40.0 MMT. SovEcon said the export tax which will begin February 15 and last until June 30, the end of the Russian export calendar, was to blame.

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 Buenos Aires Grain Exchange (BAGE) reported the Argentine wheat harvest at 98.4percent complete and estimated production to be 17.0 MMT, following better than expected yields.*

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 was slightly up from the December 18 close of 90.02 to close at 90.12.

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
	8-Jan-21	1-Jan-21	9-Dec-20	7-Oct-20	10-Jul-20	9-Jan-20	
Mar-21	235.41	234.95	180.39	215.48	198.03	207.67	13.36
May-21	234.68	230.82	183.61	213.92	199.50	208.41	12.60
Jul-21	235.41	231.55	186.36	215.48	200.05	210.70	11.73
Sep-21	232.10	233.94	188.38	218.33	197.94	193.16	20.16
Dec-21	232.93	231.55	189.95	221.17	200.32	196.65	18.45
Mar-22	235.78	231.55	192.52	221.17	212.45	198.86	18.57

CBOT Mar-21

1st Support: 632.00

2nd Support: 625.25

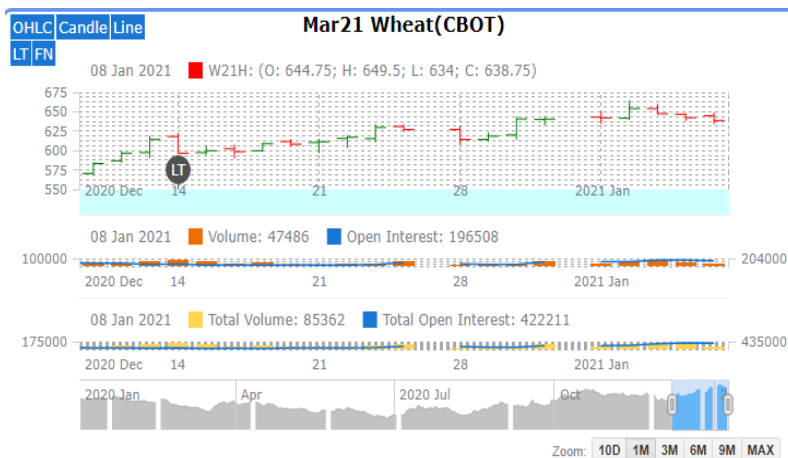
1st Resistance: 647.50

2nd Resistance: 656.25

(\$ per tonne)

Wheat CBOT March soft red winter wheat settled up 12-3/4 cents at \$6.29-3/4 per bushel. The Mar'21 contract closed lower by the end of the week and remained steady to weak during the week. Candlesticks pattern denotes a steady to bearish trend in the chart. The total volume decreased and open interest increased compared to last week, which interpret short build up in the market. We expect wheat prices to remain firm in the coming week.

(Back to Table of Contents)

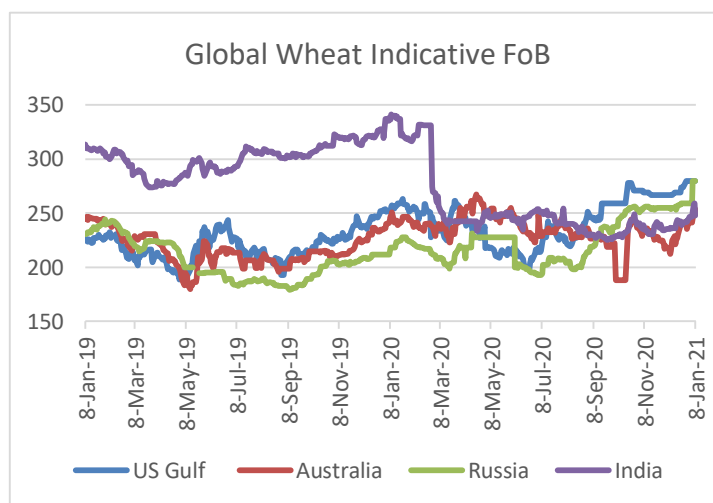


International FOB Weekly Price Movement

Indian FoB quote is based on local prices. Indian FoB quote is being quoted at \$254.02 per tonne. US and Russian quotes are hovering in the range of \$280.20 and \$280.75 per tonne.

There is a lot of demand for wheat in the international market, and prices are up. The recent price in China is \$350 per tonne, and India's wheat export price is low. Russia has been applying an export tax of \$30.40 per tonne on wheat exports since February 15, due to which the Indian wheat demand will also increase.

There is a widespread export demand for Indian wheat recently. By the end of this January, if exports are taken into consideration, then the export of 1 MMT of wheat will be done this year. After March, the new season will start, then there is a possibility of exporting about 2 MMT of wheat, most of which is expected from Gujarat.



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