

Wheat Weekly Research Report

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Wheat Domestic Market Fundamentals

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All India's weekly average prices decreased by 4.38 percent to Rs. 1775.39 per quintal during the week ended 31st Jan 2021. Wheat average prices were ruling at Rs 2222.11 per quintal during 24th –31st Jan 2020. The wheat prices are unlikely to drop and is going to be steady to firm in coming weeks due to high export demand.

As per the latest update, the area under wheat has increased marginally by 3.03% to 345.14 lakh hectares so far in the ongoing 2020-21 Rabi season from 334.68 lakh hectares year-ago same period. Rabi sowing progress's overall trend is excellent, with increased area coverage recorded due to favourable weather. Thus, 10.46 lakh ha more area has been covered compared to last year. **The higher area** is reported from the states of Madhya Pradesh (8.30 lakh ha), Maharashtra (1.07 lakh ha), Haryana (0.31 lakh ha), Jammu & Kashmir (0.36 lakh ha), Jharkhand (0.23 lakh ha), Chhattisgarh (0.10 lakh ha), West Bengal (0.06 lakh ha) and Assam (0.01 lakh ha). **Less area** is reported from the States of Rajasthan (0.52 lakh ha), Bihar (0.27 lakh ha), Uttar Pradesh (1.32 lakh ha), Karnataka (0.08 lakh ha), Uttarakhand (0.21 lakh ha), Gujarat (0.29 lakh ha) and Punjab (0.07 lakh ha).

Bangladesh has also recently been a significant wheat market for Russia. However, it is beginning to shift its purchases toward India. Until recently, India's exports had been minimal with its domestic support price making it uncompetitive. But with strong global demand and tight exportable supplies from traditional exporters resulting in higher export prices, India is now relatively competitive to its nearby markets such as Bangladesh with its forecast rising to the highest in 6 years.

As per market experts, bumper production seems on the card despite lower area in Rajasthan, Punjab, Uttar Pradesh, Gujarat, and Uttarakhand. According to the Agriwatch preliminary estimate, this year, there will be a record wheat production. Wheat production during Rabi 2021-22 is estimated at 105 MMT, which is 1.70% higher than last year's production of 103.21 MMT. Production of wheat is expected to increase, followed by higher acreage amid an increase in Madhya Pradesh and Maharashtra. Secondly, prolonged cold waves and winter rainfall in certain states have contributed to the rise in wheat yield.

Yellow rust has been reported in some regions of Haryana. This might bring down the yield. However, agriculture departments are taking all possible measures to ensure the disease's spread does not go beyond control. Farmers have been suggested to adopt remedial measures to deal with the situation. In Haryana, yellow rust has been reported in a few villages of Mangoli Jattan within the district of Kurukshetra of the State of Haryana. Though the wheat disease has been reported to affect an acre, it may spread like wildfire if not controlled timely.

As per trade sources, India has exported around 1.54 lakh tonnes in the month of December-2020 at an average FOB of \$238.06 per tonnes, higher this year and the major destinations were Bangladesh, Sri Lanka, Nepal and Malaysia. 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.

Wheat WPI has increased from 147.9 in November-20 to 147.3 in December-20. Monthly wheat inflation has decreased by 0.41 percent in December -2019 compared to the previous month and increased by 12.49 percent from December-19.

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. 1850 respectively.

Weather Outlook: During next 5 days, No significant change in minimum temperatures very likely over most parts of Central India during the next 2 days and rise by 2-4°C after that. Dense to Very Dense Fog at a few places, very likely over Punjab, Haryana, Chandigarh & Delhi, and Uttar Pradesh; at isolated places over Bihar Sub-Himalayan West Bengal & Sikkim and dense fog in isolated pockets over north Rajasthan. Overall weather is favourable for wheat.

Wheat Weekly Export

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A week on week Exports	Quantity in MT	Average FoB (\$/T)
01-07 Dec-2020	47208.64	227.49
08-14 Dec-2020	40859.79	235.12
15-21 Dec-2020	34985.01	251.16
22-31 Dec-2020	28662.36	254.71
Total	154152.84	238.06

Source: Trade

Wheat Import

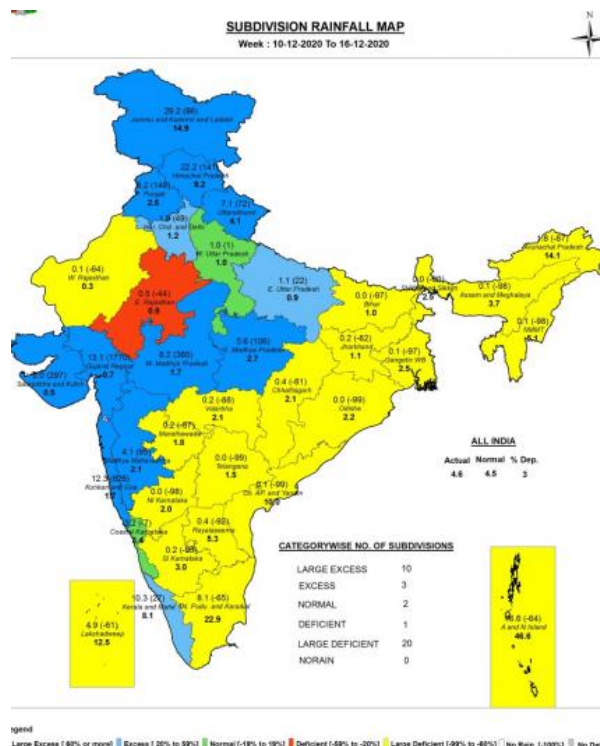
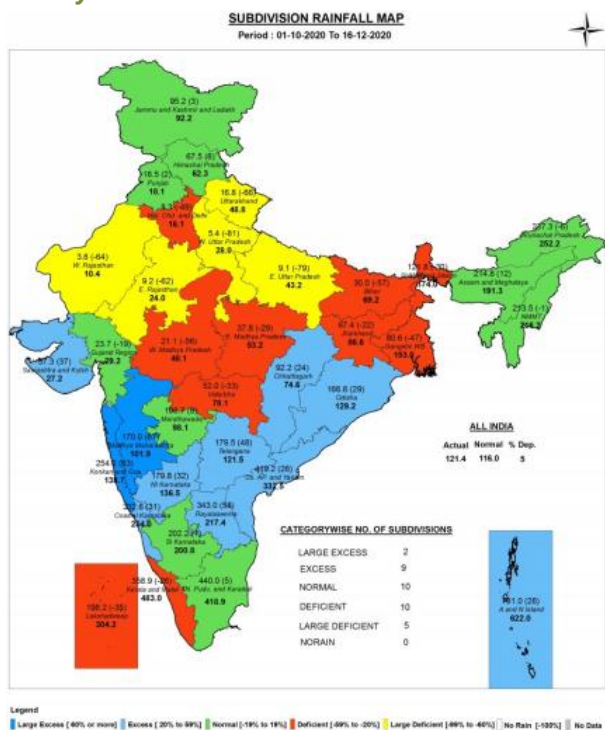
Date	Origin	Port	Quantity in MT
Oct-2020	Australia, UK	Tuticorin	4.0
	Mexico		2.3
	Total		6.38

Source: Traders

No Import in the month of Dec.

Monsoon

Weekly Cumulative rainfall:

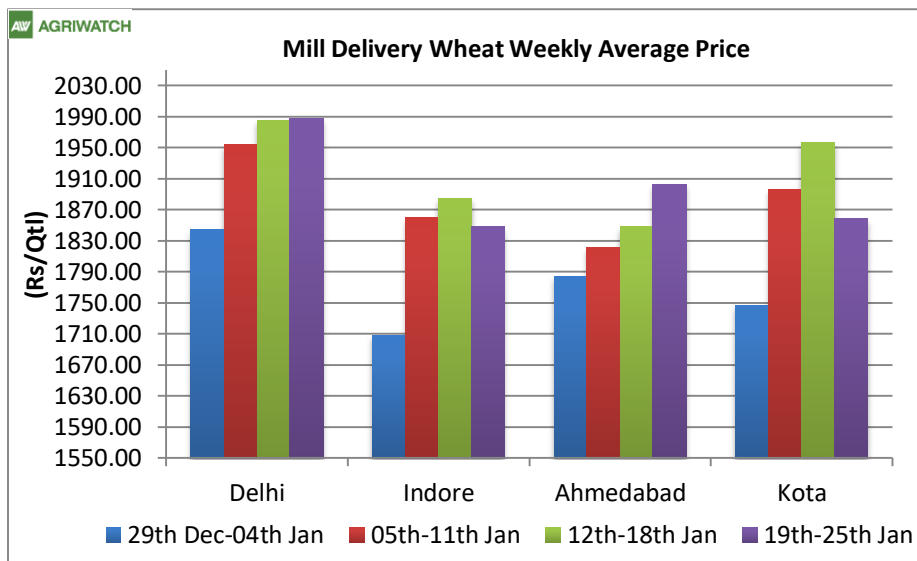


Source: IMD

Wheat Weekly Average Price Chart
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Wheat's average mill delivery prices remained high in states like Delhi, Ahmedabad and low in Indore, Kota in the week ending during 19th Jan - 25th Jan 2021.

Markets had shown steady to weak movement in prices last week due to low demand from mills and are likely to trade slightly firm in upcoming weeks. At present, there is a very low possibility of the price drop in the wheat until the first week of Feb due to delay in harvesting and high export demand.


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

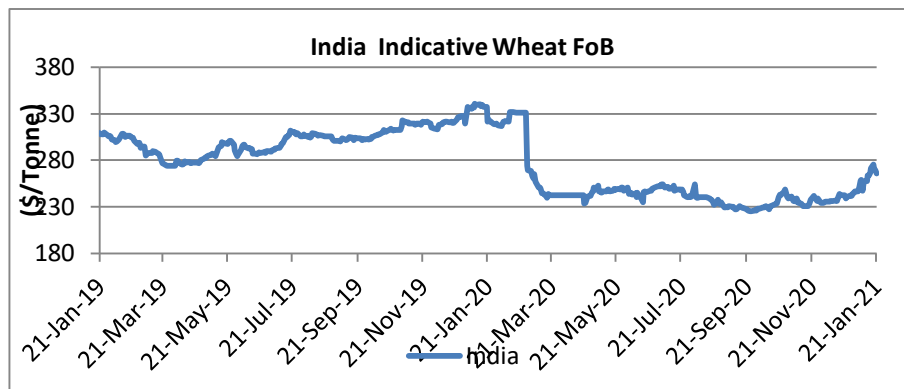
State/UTs	Procurement as of Oct-2020 (Figures in LMT)		
	FCI (A)	State Agency (B)	Total (A+B)
Punjab	14.20	112.94	127.14
Haryana	6.69	67.31	74.00
Uttar Pradesh	1.34	34.43	35.77
Madhya Pradesh	0.00	129.42	129.42
Bihar	0.00	0.05	0.05
Rajasthan	16.29	5.96	22.25
Others	0.14	1.15	0.91
All-India	38.66	351.26	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 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 \$250-\$270 per tonne.



Indicative FOB Quotes:

Wheat FOB	Variety	Today	Week Ago	Month Ago	Year Ago	% Change over Prev. Year
		22-Jan-21	15-Jan-21	24-Dec-20	23-Jan-20	
USA (Chicago)	2srw	281.00	281.00	278.00	262.90	6.88
France	FCW3	280.42	296.10	0.00	216.70	29.40
Australia	ASW	252.56	261.30	241.50	246.56	2.43
Russia	SRW	300.00	300.00	259.00	227.50	31.87
India	Fob	265.57	266.33	240.49	321.54	-17.41

International Weekly Outlook:

Prices for all major U.S. wheat classes were up since the December WASDE, mostly driven by surges in the corn and soybean markets pulling wheat prices higher. News of export restrictions in Russia and rumored export taxes in Argentina further supported upward price movement. Australia prices strengthen on stronger demand in Southeast Asia in less exportable supplies in Russia with its export restraints. The major exporters are currently all quoting prices within a very narrow range. Due to all such reasons Agriwatch expects that the International Wheat market remains bullish in coming weeks.

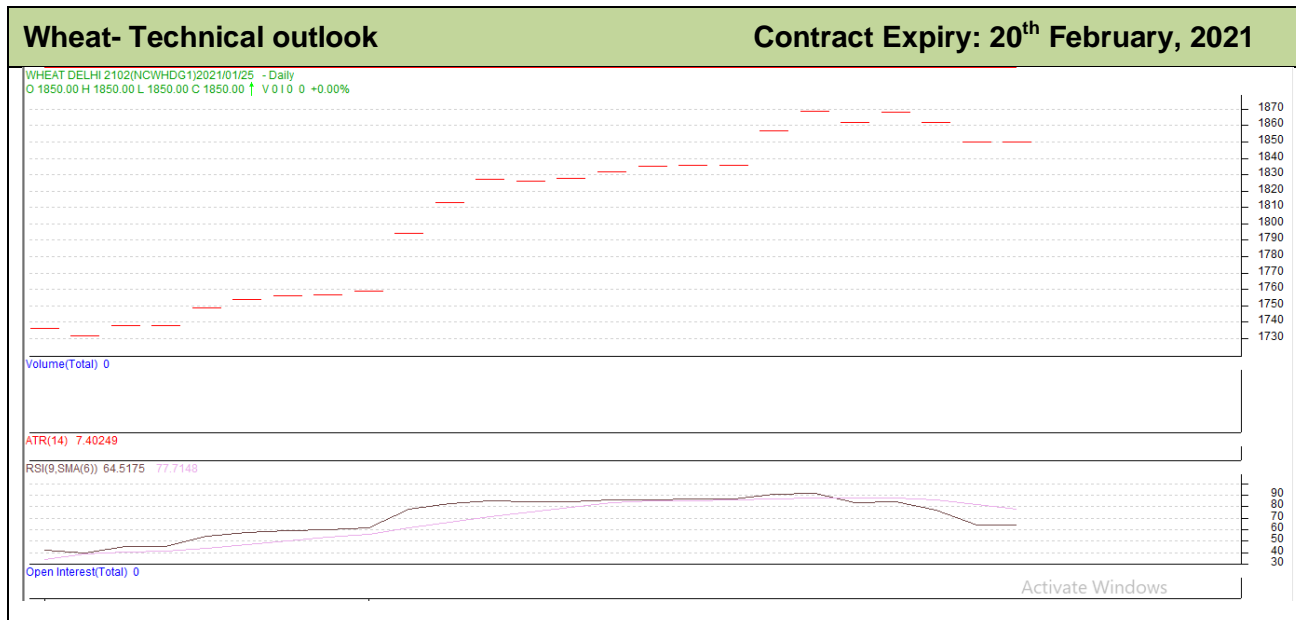
	22/01/2021	15/01/2021	06/12/2020	30/12/2020
Black Sea Mill Wheat 12.5% FOB Pmax. (\$/T)	295	294	273	257
Black Sea Mill Wheat 11.5% FOB Pmax. (\$/T)	295	293	273	257

NCDEX Wheat Contracts

Wheat Futures Contract: NCDEX Price								Date: 25.01.2021	
Contract Month	+/-	Open	High	Low	Close	Volume	Change From previous day	Open Interest	Change From previous day
21-Jan	-	-	-	-	1850	-	-	-	-
21-Feb	-	-	-	-	1855	-	-	-	-
21-Mar	-	-	-	-	1861	-	-	-	-

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	Feb	-	-	-	-	-
Pre-Market Intraday Trade Call*			Call	Entry	T1	T2	SL
Wheat	NCDEX	Feb	WAIT	1850	-	-	-

*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
	23-Jan-21	16-Jan-21	23-Dec-20	24-Jan-20	
Indore	1822	1832	1641	2205	-17.37
Bareilly	#N/A	#N/A	#N/A	#N/A	-
Delhi	1975	1950	1813	2200	-10.23
Khanna	#N/A	#N/A	0	0	-
Kanpur	1815	1730	1620	2105	-13.78
Karnal	#N/A	#N/A	#N/A	#N/A	-
Rajkot	1901	1893	1730	2225	-14.56

Kota	1844	1850	1721	2186	-15.65
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Domestic Market Weekly Outlook:
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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
			23-Jan-21	22-Jan-21	16-Jan-21	24-Dec-20	24-Jan-20
Delhi	Lawrence Road	Mill Delivery	1990	2000	1995	1805	2200
	Narella	Mill Quality Loose	1840	1850	1830	1740	2150
	Nazafgarh	Mill Quality Loose	1830	1830	1810	1700	2180
Gujarat	Rajkot	Mill Delivery	1870	1875	1880	1705	2225
	Ahmedabad	Mill Delivery	1960	1960	1965	1750	2320
	Surat	Mill Delivery	2015	2015	2050	1800	2350
	Dhrol	Mill Delivery	1835	1835	1835	1645	2470
M.P.	Indore	Mill Delivery	1850	1840	1920	1650	Closed
	Bhopal	Mill Quality Loose	1750	1765	1750	1525	Closed
Rajasthan	Kota	Mill Quality Loose	1700	1725	1875	1550	2100
		Mill Delivery	1825	1850	2000	1675	2125
U.P.	Kanpur	Mill Delivery	1725	1720	1800	1650	2110
	Mathura	Mill Quality Loose	1700	1710	1700	1620	2170
	Kosi	Mill Quality Loose	1650	1660	1750	1600	2100
	Hathras	Mill Quality Loose	1725	1760	1775	1610	2100
	Aligarh	Mill Quality Loose	1780	1780	1770	1600	2110
Punjab	Khanna	Mill Quality Loose	1750	1760	1700	Closed	2050
	Ludhiana (Jagraon)	Mill Delivery	NA	NA	NA	0	0
Haryana	Sirsa	Mill Delivery loose	1775	1775	1790	1750	2100
	Hodal	Mill Delivery	NA	NA	NA	0	0
	Bhiwani	Mill Quality Loose	1870	1870	1850	1720	2100
	Karnal	Mill Delivery	NA	NA	NA	0	0
	Panipat	Mill Quality Loose	NA	NA	NA	0	0
	Chennai	Mill Quality	2050	2050	1980	2000	2600



Tamil Nadu	Madurai	Mill Quality	2107	2150	2080	2200	2700
	Coimbatore	Mill Quality	2107	2200	2130	2250	2750
Bihar	Khagariya	Mill Delivery	1825	1825	1900	1880	2000
	Muzaffarpur	Mill Delivery	1800	1800	1800	1650	2125

Current Sowing Status 2020-21:

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State Wise Wheat Sowing in Lakh Hectares					
State	Normal area (2021)	2019	2020	2021	% Change 2021 vs. 2020
Bihar	21.25	21.91	22.13	22.97	3.80
Chhattisgarh	1.05	1.58	1.88	1.98	5.32
Gujarat	9.62	8.02	13.9	13.61	-2.09
Haryana	25.45	25.08	24.9	25.21	1.24
Himachal Pradesh	3.31	3	3.4	3.4	0.00
J&K	2.95	2.43	2.14	2.5	16.82
Jharkhand	1.84	2.15	2.08	2.31	11.06
Karnataka	1.76	2.04	1.96	1.89	-3.57
Madhya Pradesh	57.55	59	79.68	87.98	10.42
Maharashtra	10.21	5.47	10.04	11.11	10.66
Punjab	35.08	35.2	35.16	35.09	-0.20
Rajasthan	29.89	28.25	33.14	32.62	-1.57
Uttar Pradesh	97.87	99.13	98.7	99.04	0.34
Uttarakhand	3.38	3.45	3.48	3.27	-6.03
West Bengal	2.45	0.96	1.88	1.94	3.19
Others	NA.35	NA.23	0.09	0.1	11.11
All-India	303.27	299.68	334.67	345.13	3.13

Source: Ministry of Agriculture
As on 21-01-2021



International Market Update:

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In the US, This week's commercial sales of 330,000 metric tons (MT) for delivery in 2020/21 were up 49% from last week's 222,000 MT and in line with trade expectations of 250,000 MT to 600,000 MT. Year-to-date commercial sales now total 21.4 million metric tons (MMT), 5% 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

According to USDA, total U.S. winter wheat planted area for harvest in 2021 is expected to reach 32.0 million acres, up 5% from last year on strong prices during fall planting. HRW acreage is pegged at 22.3 million acres, up slightly from last year. The SRW planted area forecast hit 6.23 million acres, up 12% from the year prior. Soft white (SW) planted area is up slightly from 2020 at 3.48 million acres.

In its January Grain Stocks report, USDA reduced its total 2020/21 global wheat ending stocks estimate by 3.30 MMT to 313 MMT, below industry expectations, on reduced supplies and increased consumption. Despite a significant reduction month-over-month, record global ending stocks would still be 4% more than last year and 13% more than the 5-year average.

China According to Reuters, China imported a record 8.38 MMT of wheat in calendar year (CY) 2020, up 40% from 2019. Domestic Chinese corn prices remain high. "We will continue to buy alternatives [for feed] including imported corn, wheat and barley," said a manager with a major feed and pig producer in southern China. As of Jan. 14, Chinese imports of U.S. wheat total 2.45 MMT, more than 12 times greater than this time last year.

***Ukraine** As of Jan. 15, Ukrainian wheat exports total 12.7 MMT, down 17% from this time last year on significantly lower production. The 2020 Ukrainian wheat harvest fell 13% on the year to 25.5 MMT on substantial dryness through the growing season.*

***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** SovEcon, a Russian agriculture consultancy, raised its 2021-22 Russian wheat production forecast from 76.8 MMT in December to 77.7 MMT in January on improved weather conditions through the winter. "Heavy snowfall in recent weeks is likely to boost moisture reserves, which were abnormally low after a dry autumn," SovEcon reported on Jan. 22.*

***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** As of Jan. 21, Argentina's 2020/21 wheat harvest is complete at 17.0 MMT, reported the Buenos Aires Grain Exchange (BAGE). This is 14% less than last year's final volume on sustained dryness through the growing season. USDA expects Argentina's total wheat exports will fall to 12.5 MMT this marketing year, down 7% on the year. AgriCensus reported on Jan. 22 that a prolonged strike by many of the country's truckers could cut off the supply of exportable commodities in the near future.*

***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 slightly from last week's 90.76 to close at 90.23

IGC Wheat Balance Sheet:
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IGC Forecast (Fig-In MMT)	2017-18	2018-19	2019-20 est.	2020-21 (Forecast)	
				26.11.2020	14.01.2020
Production	762	733	763	765	768
Trade	176	169	184	186	187
Consumptions	739	739	746	752	753
Carryover stocks	271	265	279	292	294
Y-O-Y change	22	-7	17	13	15
Major Export	83	70	64	61	63

- IGC has estimated global wheat production at 768 MMT for 2020-21, 3 MMT higher compared to last month's estimate. According to estimates by IGC the 2019-20 global wheat production was around 763 MMT and 733 MMT for 2018-19.
- The trade estimates for 2020-21 has increased to 187 MMT. It is 33 MMT higher compared to the estimate for last year and higher by 18 MMT compared to 2018-19.
- Consumption has been increased to 753 MMT for 2020-21. The forecast is higher by 7 MMT compared to 2019-20.
- Carryout for 2020-21 is forecast at 294 MMT compared to an estimate of 279 MMT last year. It is higher by around 15 MMT compared to 2019-20.

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
	22-Jan-21	15-Jan-21	23-Dec-20	16-Oct-20	24-Jul-20	23-Jan-20	
Mar-21	233.67	248.55	180.39	223.75	181.50	212.72	9.84
May-21	229.26	241.66	183.61	222.83	184.80	212.63	7.82
Jul-21	229.63	241.57	186.36	223.75	187.01	214.38	7.11
Sep-21	231.65	243.31	188.38	226.41	188.11	193.16	19.92
Dec-21	233.76	244.87	189.95	228.52	190.50	196.65	18.87
Mar-22	229.99	244.87	192.52	228.52	212.45	198.86	15.66

CBOT Mar-21

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1st Support: 625.27

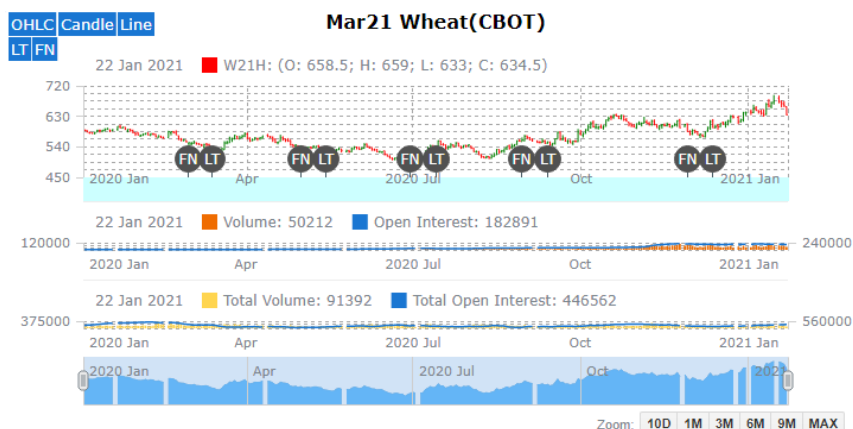
2nd Support: 616.13

1st Resistance: 651.27

2nd Resistance: 668.13

(\$ per tonne)

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. Decrease in price and in total volume and open interest compared to last week, interprets long liquidation in market. We expect wheat prices to remain steady to firm in the coming week.



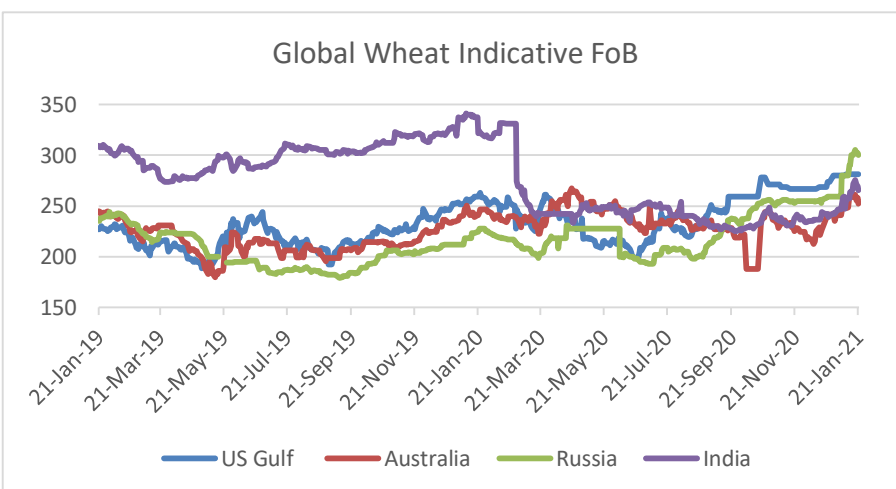
International FOB Weekly Price Movement

Indian FoB quote is based on local prices. Indian FoB quote is being quoted at \$265.57 per tonne. US and Russian quotes are hovering in the range of \$281 and \$300 per tonne.

There is a lot of demand for wheat in the international market, and prices are up, 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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