

# 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 increased by 10.55 percent to Rs. 1962.67 per quintal during the week ended 08<sup>th</sup> Feb 2021. Wheat average prices were ruling at Rs 2317.41 per quintal during 01<sup>st</sup>-08<sup>th</sup> Feb 2020. It is unlikely that any slowdown in the wheat market and prices will increase for a longer period. Prices will remain high as the wheat crop is expected to decrease this year.

As per the latest update, the area under wheat has increased marginally by 2.85% to 346.36 lakh hectares so far in the ongoing 2020-21 Rabi season from 336.43 lakh hectares year-ago same period. Rabi sowing progress's overall trend is excellent, with increased area coverage recorded due to favourable weather. Thus, 9.93 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 (0.93 lakh ha), Haryana (0.31 lakh ha), Jammu & Kashmir (0.36 lakh ha), Jharkhand (0.20 lakh ha), Chhattisgarh (0.13 lakh ha), West Bengal (0.64 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 (0.07 lakh ha), Uttarakhand (0.21 lakh ha), Gujarat (0.29 lakh ha) and Punjab (0.06 lakh ha).

Prices will go up in the wheat market in the long term, but this year the major basis has been on the fluctuation of Chicago futures. In the new season, wheat exports are expected to go from 10 lakh tonnes to 40 lakh tonnes. The export of wheat will remain the same throughout the year.

FCI has stocked up to 3 million tonnes of URS quality, which is in Punjab - Haryana but will run out in two months. After that, the market can improve.

In Kota, the price of mill quality wheat is running around Rs. 1750. Currently, the price is stable at present due to loading problems at Kandla port, lack of space in the warehouse, but as export demand comes out, there will be a recovery from this price, and there will be a rise of Rs. 100 to 150 per quintal. Export demand in wheat is expected to be good. Depending on the global market price, there will be export trade, and the market will depend on it. In Rajasthan, the old stock of wheat is no longer left. The same stock is left, which is normal.

The arrival of new wheat will increase inward after 15th February, and there is a possibility of coming up to 15 thousand sacks Gujarat, Nadiad-Tarapur line. The price of wheat is currently traded by 1810 to 1820, which has decreased more recently. In the coming days, no circumstance to go below 1800.

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. 1819 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

(Back to Table of Contents)

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
<b>Total</b>	<b>154152.84</b>	<b>238.06</b>

Source: Trade

### Wheat Import

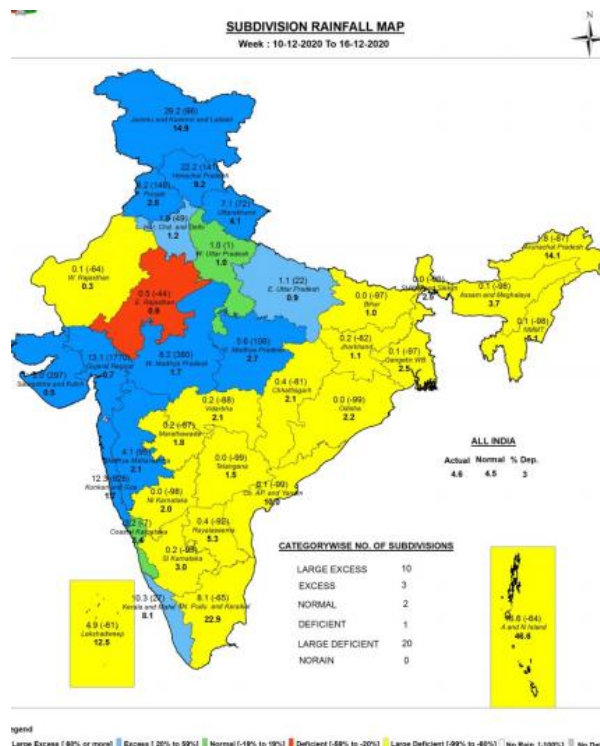
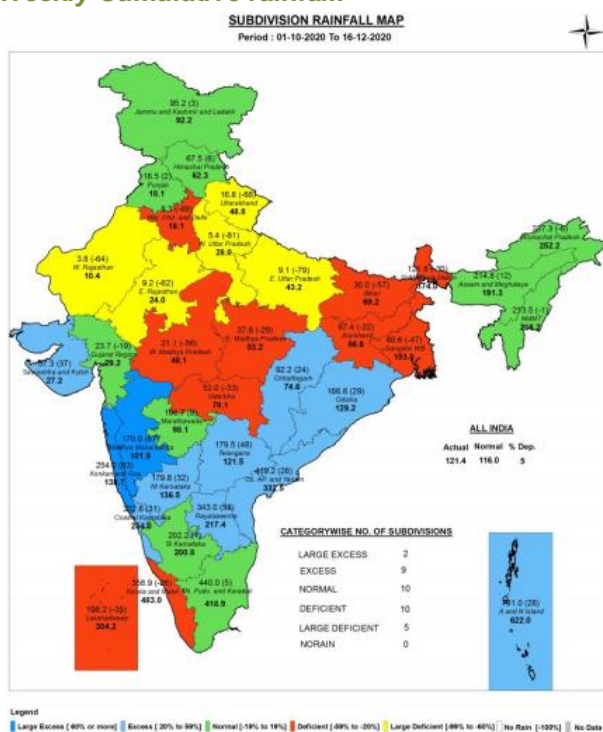
Date	Origin	Port	Quantity in MT
Oct-2020	Australia, UK	Tuticorin	4.0
	Mexico		2.3
	<b>Total</b>		<b>6.38</b>

Source: Traders

No Import in the month of Dec.

### Monsoon

Weekly Cumulative rainfall:



Source: IMD

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

Wheat's average mill delivery prices remained low in all states like Delhi, Indore, and Kota expects Ahmedabad in the week ending during 26th Jan – 01st Feb 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. There is a very low possibility of a price drop in wheat due to high export demand.

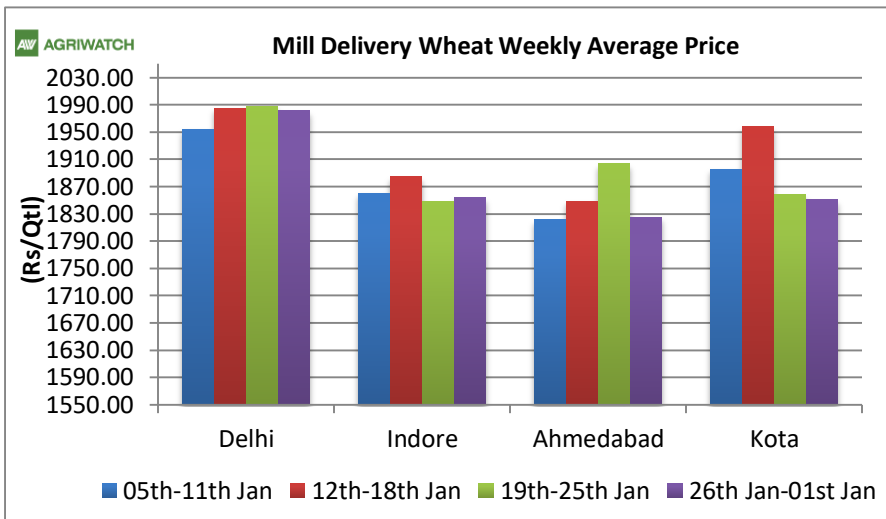

Wheat and Rice Stocking Norms
Wheat Stock Norms

Fig. In Lakh Tonne	Operational Stock			Strategic Reserve		
	Rice	Wheat	Total	Rice	Wheat	Grand Total
<b>As on</b>						
<b>1st April</b>	115.80	44.60	160.40	20.00	30.00	210.40
<b>1st July</b>	115.40	245.80	361.20	20.00	30.00	411.20
<b>1st October</b>	82.50	175.20	257.70	20.00	30.00	307.70
<b>1st January</b>	56.10	108.00	164.10	20.00	30.00	214.10
<b>Buffer Norms w.e.f. 01.07.2017</b>						

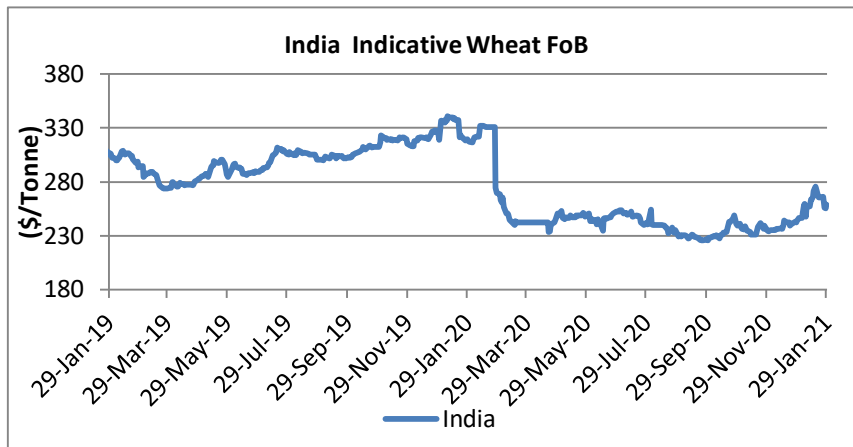
Final Procurement RMS 2019-20

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

**FOB Quote for Wheat at Kandla**

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.

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

**Indicative FOB Quotes:**

Wheat FOB	Variety	Today	Week Ago	Month Ago	Year Ago	% Change over Prev. Year
		29-Jan-21	22-Jan-21	31-Dec-20	30-Jan-20	
USA (Chicago)	2srw	287.00	281.00	280.00	254.21	12.90
France	FCW3	275.63	280.42	0.00	208.42	32.25
Australia	ASW	251.79	252.56	241.01	243.88	3.24
Russia	SRW	300.00	300.00	0.00	225.00	33.33
India	Fob	259.05	265.57	245.00	317.96	-18.53

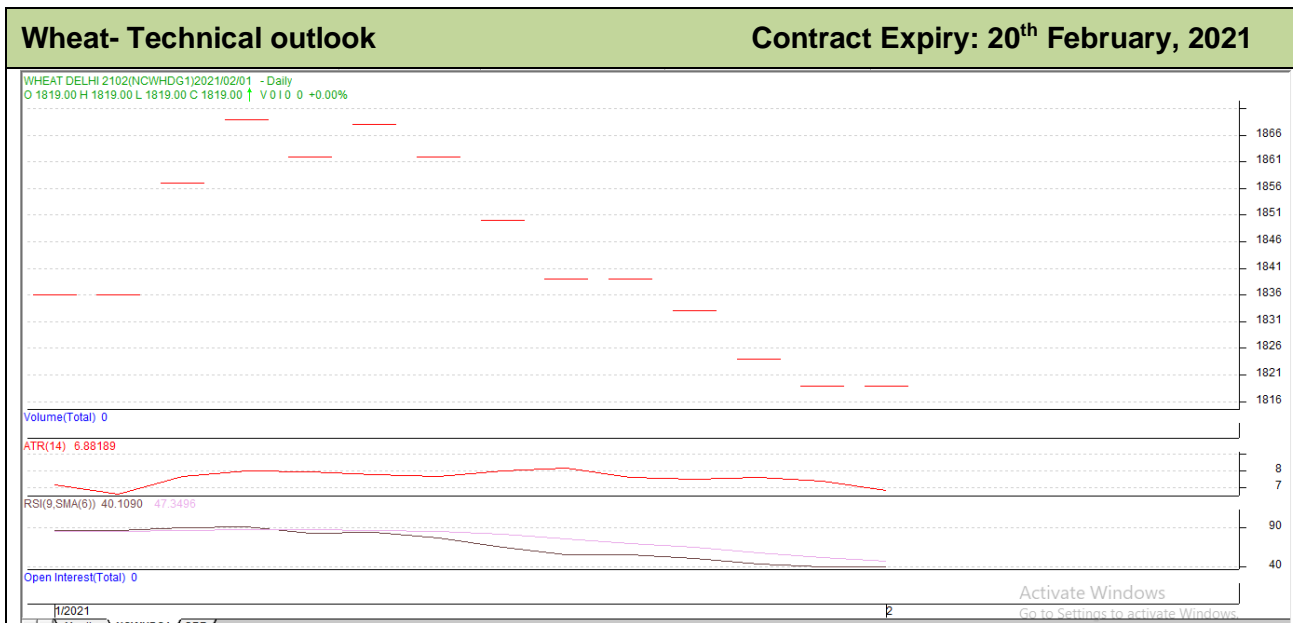
**International Weekly Outlook:**

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.

	29/01/2021	22/01/2021	15/01/2021	06/12/2020
Black Sea Mill Wheat 12.5% FOB Pmax. (\$/T)	295	295	294	273
Black Sea Mill Wheat 11.5% FOB Pmax. (\$/T)	292	295	293	273

**NCDEX Wheat Contracts**

Wheat Futures Contract: NCDEX Price								Date: 31.02.2021	
Contract Month	+/-	Open	High	Low	Close	Volume	Change From previous day	Open Interest	Change From previous day
21-Feb	-	-	-	-	1819	-	-	-	-
21-Mar	-	-	-	-	1824	-	-	-	-
21-Apr	-	-	-	-	1830	-	-	-	-

**Wheat Technical Analysis:**
[\(Back to Table of Contents\)](#)

**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	1819	-	-	-

\*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
	28-Jan-21	21-Jan-21	28-Dec-20	29-Jan-20	
Indore	1754	1822	1648	2195	-20.09
Bareilly	NA	NA	0	0	-
Delhi	1945	1972	1823	2210	-11.99
Khanna	NA	NA	0	0	-
Kanpur	1750	1800	1615	2105	-16.86
Karnal	NA	NA	0	0	-
Rajkot	1840	1911	1742	2212	-16.82
Kota	1821	1856	1736	2170	-16.08

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

Spot Market Price:							
Centre	Market	Variety	Prices (Rs/Qtl)				
			Today	Yesterday	Week Ago	Month Ago	Year Ago
			30-Jan-21	29-Jan-21	23-Jan-21	1-Jan-21	31-Jan-20
Delhi	Lawrence Road	Mill Delivery	1970	1980	1990	1850	2210
	Narella	Mill Quality Loose	1820	1840	1840	1720	2140
	Nazafgarh	Mill Quality Loose	1825	1830	1830	1700	2150
Gujarat	Rajkot	Mill Delivery	1850	1825	1870	1735	2200
	Ahmedabad	Mill Delivery	1950	1870	1960	1810	2260
	Surat	Mill Delivery	1970	1925	2015	1875	2300
	Dhrol	Mill Delivery	NR	NR	1835	1640	2490
M.P.	Indore	Mill Delivery	1825	1840	1850	1640	2200
	Bhopal	Mill Quality Loose	1660	1650	1750	1600	2070
Rajasthan	Kota	Mill Quality Loose	1680	1740	1700	1625	2060
		Mill Delivery	1805	1865	1825	1775	2125
U.P.	Kanpur	Mill Delivery	1750	1750	1725	1660	2110
	Mathura	Mill Quality Loose	1765	1760	1700	1620	0
	Kosi	Mill Quality Loose	1800	1700	1650	1640	2150
	Hathras	Mill Quality Loose	1820	1825	1725	1590	2200
	Aligarh	Mill Quality Loose	1760	1750	1780	1620	2040
Punjab	Khanna	Mill Quality Loose	1750	1725	1750	1600	2000
	Ludhiana (Jagraon)	Mill Delivery	NA	NA	0	0	0
Haryana	Sirsa	Mill Delivery loose	1800	1785	1775	1750	2100
	Hodal	Mill Delivery	NA	NA	NA	0	0
	Bhiwani	Mill Quality Loose	1880	1860	1870	1750	2100
	Karnal	Mill Delivery	NA	0	0	0	0
	Panipat	Mill Quality Loose	NA	0	0	0	0
Tamil Nadu	Chennai	Mill Quality	2050	2050	2050	1980	2550
	Madurai	Mill Quality	2107	2150	2150	2080	2650
	Coimbatore	Mill Quality	2107	2200	2200	2130	2700
Bihar	Khagariya	Mill Delivery	1800	1800	1825	1880	2100





	Muzaffarpur	Mill Delivery	1800	1800	1800	1670	2130
--	-------------	---------------	------	------	------	------	------

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	22.88	22.71	22.299	-1.81
Chhattisgarh	1.05	1.68	1.88	2.01	6.91
Gujarat	9.62	8.07	13.95	13.66	-2.08
Haryana	25.45	25.16	24.9	25.21	1.24
Himachal Pradesh	3.31	3.0	3.4	3.4	0.00
J&K	2.95	2.43	2.21	2.5	13.12
Jharkhand	1.84	2.15	2.11	2.31	9.48
Karnataka	1.76	2.04	1.96	1.89	-3.57
Madhya Pradesh	57.55	60	79.68	87.98	10.42
Maharashtra	10.21	5.6	10.71	11.64	8.68
Punjab	35.08	35.2	35.16	35.1	-0.17
Rajasthan	29.89	28.25	33.14	32.62	-1.57
Uttar Pradesh	97.87	99.13	99.05	99.04	-0.01
Uttarakhand	3.38	3.45	3.48	3.27	-6.03
West Bengal	2.45	1.02	2.52	1.88	-25.40
Others	NA.35	NA.23	0.09	0.1	11.11
All-India	303.27	300.35	336.42	346.35	2.95

Source: Ministry of Agriculture  
As on 28-01-2021

International Market Update:

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





**In the US** This week's commercial sales of 380,000 metric tons (MT) for delivery in 2020/21 were up 15% from last week's 330,000 MT and in line with trade expectations of 250,000 MT to 600,000 MT. Year-to-date commercial sales now total 21.8 million metric tons (MMT), 4% 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.

**Canada's** Ministry of Agriculture predicts the country's wheat production will drop 4% in 2021/22 on lower expected yield and reduced planted area. Total Canadian wheat exports are forecast to fall 5% from 2020/21 to 20.0 MMT.

**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** Reuters reported total Ukrainian wheat exports as of Jan. 29 totaled 13.0 MMT, down significantly from last year on reduced production. USDA forecasts Ukraine will export 17.5 MMT of wheat in 2020/21, down 17% from last year and 3% less than the 5-year average.

**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** On Jan. 26, the Russian government announced it would increase the country's wheat export tax from €25/MT to €50/MT for March 1 to June 30 deliveries in an attempt to secure domestic food supplies and stabilize domestic prices. "We hope in the near future the price situation will stabilize and we will be able to switch to a permanent mechanism of export duties," Minister of Economic Development Maxim Reshetnikov said after the government approved the tax increase.

**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** The European Commission (EC) increased its European wheat export forecast between December and January from 24.0 MMT to 26.0 MMT on reduced domestic feed wheat estimates. USDA forecasts the European Union (EU) will export 26.5 MMT in 2020/21, down 31% on the year and 10% less than the 5-year average on reduced production.

The U.S. Dollar Index increased from last week's 90.24 to end at 90.54.

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

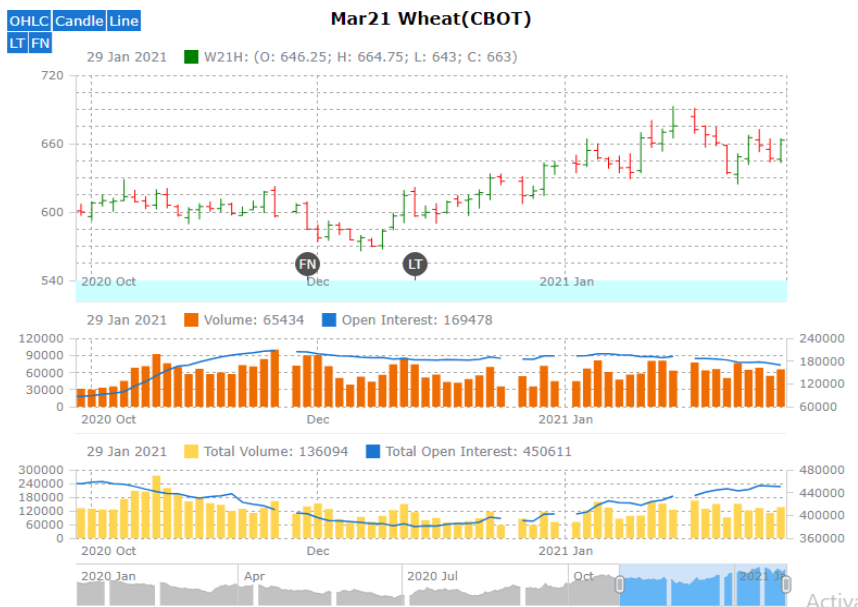
- IGC has estimated global wheat production at 768 MMT for 2020-21, 3 MMT higher compared to last month's estimate. According to estimates by IGC the 2019-20 global wheat production was around 763 MMT and 733 MMT for 2018-19.
- The trade estimates for 2020-21 has increased to 187 MMT. It is 33 MMT higher 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
	29-Jan-21	22-Jan-21	30-Dec-20	23-Oct-20	31-Jul-20	30-Jan-20	
Mar-21	237.89	233.67	180.39	227.88	200.51	202.99	17.19
May-21	232.01	229.26	183.61	227.05	201.98	202.99	14.30
Jul-21	231.55	229.63	186.36	227.88	201.70	205.38	12.75
Sep-21	232.93	231.65	188.38	230.08	203.54	193.16	20.59
Dec-21	234.68	233.76	189.95	230.82	206.57	196.65	19.34
Mar-22	231.28	233.76	192.52	230.82	212.45	198.86	16.30

**1<sup>st</sup> Support: 649.08**  
**2<sup>nd</sup> Support: 635.37**  
**1<sup>st</sup> Resistance: 670.83**  
**2<sup>nd</sup> Resistance: 678.70**  
**(\$ 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 trend in the chart. Decrease in price and in open interest compared to last week, interprets long liquidation in market. We expect wheat prices to remain steady to firm in the coming week.

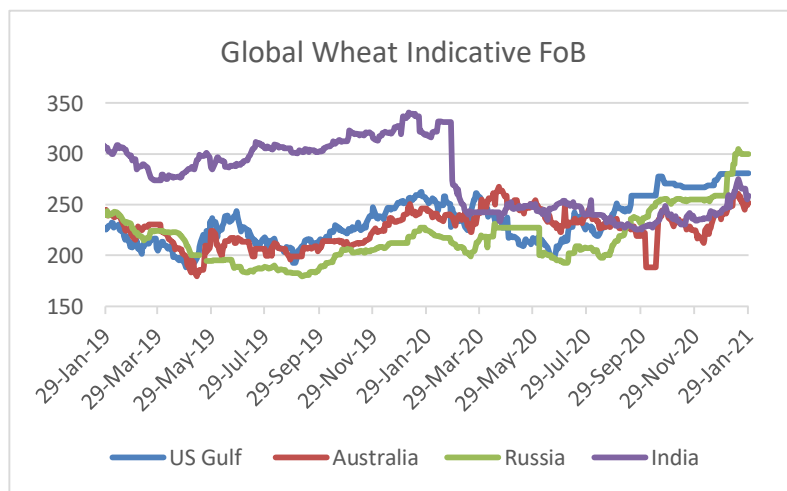


### International FOB Weekly Price Movement

Indian FoB quote is based on local prices. Indian FoB quote is being quoted at \$259.57 per tonne. US and Russian quotes are hovering in the range of \$285 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.

The demand for Indian wheat will increase due to Russia's imposition of export duty, but if there are many exports quickly, such coincidences are less visible. Exports will increase on an average compared to last year. Export to the surrounding countries will be good, but it does not seem to be exported in all the countries.



**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> © 2021 Indian Agribusiness Systems Ltd.