

Wheat Weekly Research Report

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Wheat Domestic Market Fundamentals

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All India's weekly average prices increased by 13.95 percent to Rs. 2023.09 per quintal during the week ended 08th Feb 2021. Wheat average prices were ruling at Rs 2317.41 per quintal during 01st-08th Feb 2020. It is unlikely that any slowdown in the wheat market and prices will increase for a longer period. Second week prices not updated on agmarknet website.

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. 1680. 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 1900, 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. 1815 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

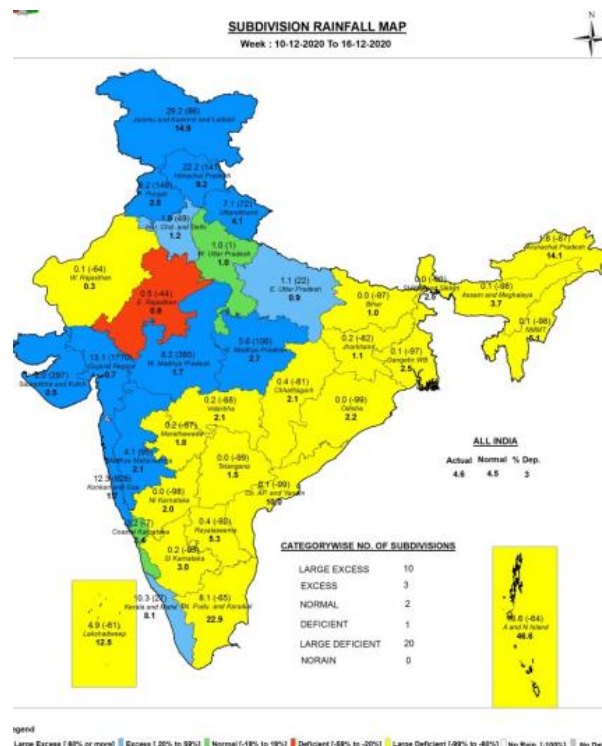
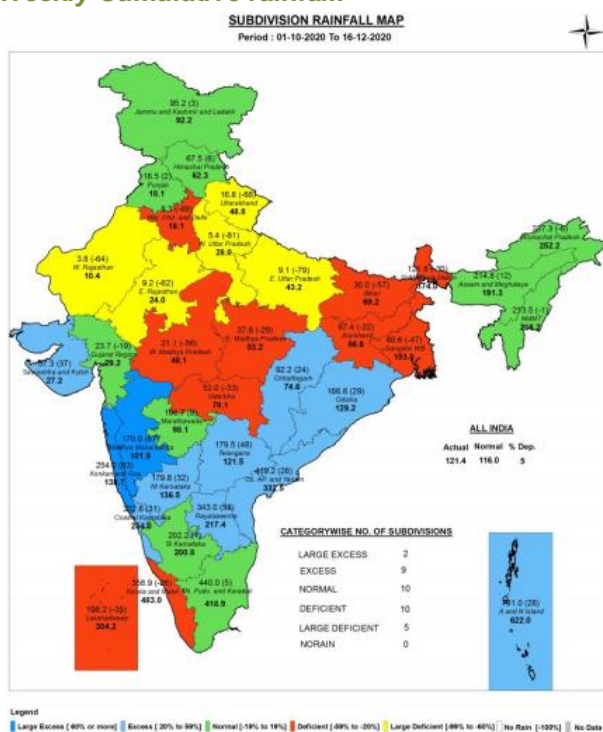
Date	Origin	Port	Quantity in MT
Oct-2020	Australia, UK	Tuticorin	4.0
	Mexico		2.3
	Total		6.38

Source: Traders

No Import in the month of Dec.

Monsoon

Weekly Cumulative rainfall:



Source: IMD

Wheat Weekly Average Price Chart

Wheat's average mill delivery prices remained low in all states like Delhi, Indore, Kota and Ahmedabad in the week ending during 02nd – 08th 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 in coming weeks.

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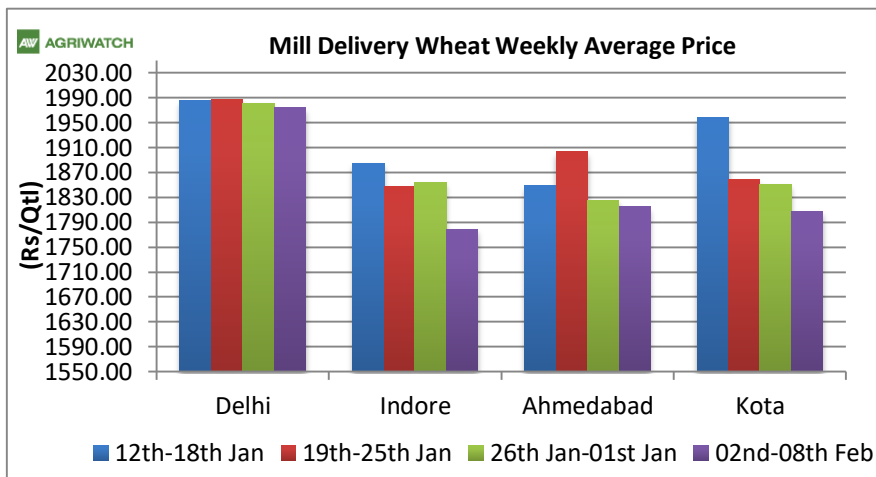

Wheat and Rice Stocking Norms
Wheat Stock Norms

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						

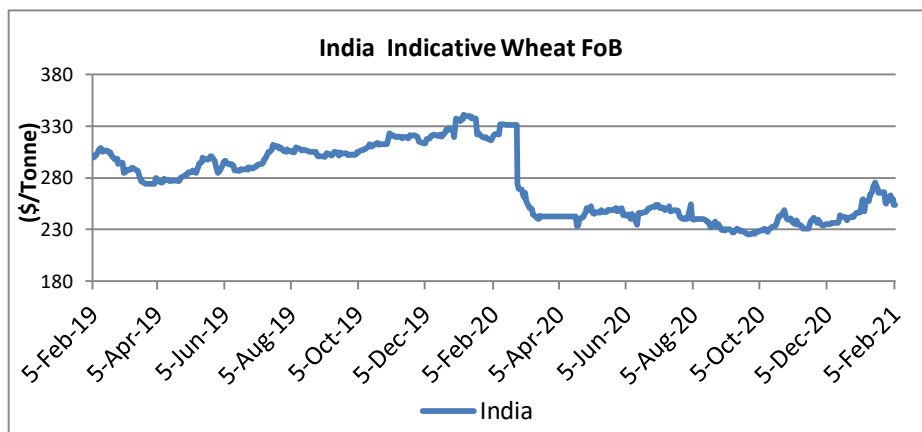
Final Procurement RMS 2019-20

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
		06-Feb-21	28-Jan-21	05-Jan-20	30-Jan-20	
USA (Chicago)	2srw	283.00	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

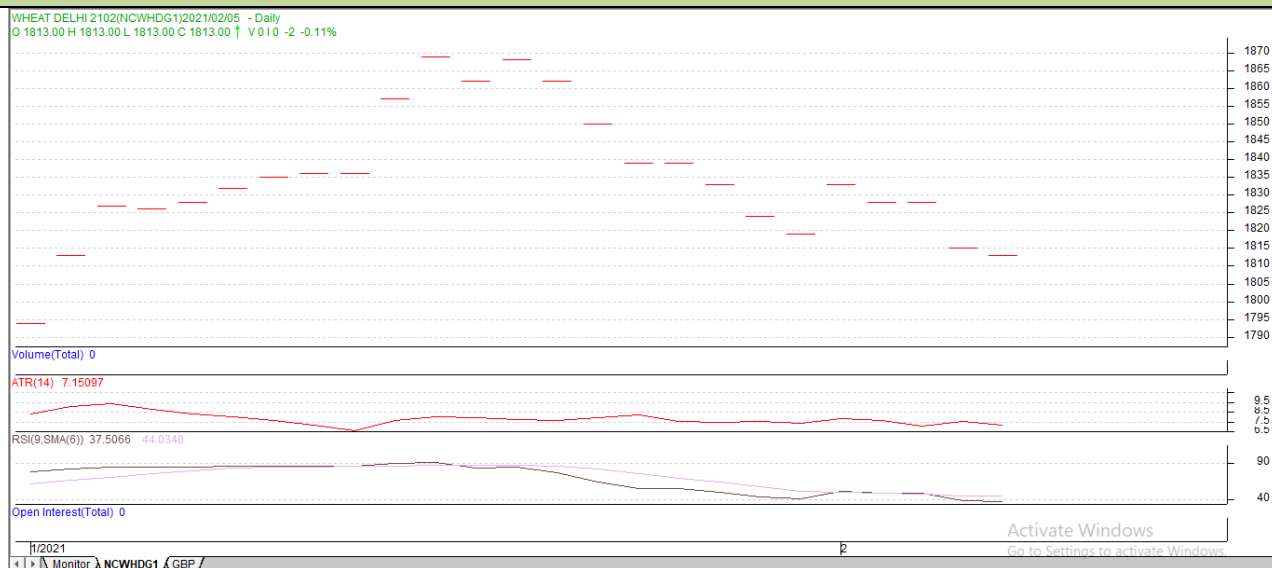
International Weekly Outlook:

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 Contact: NCDEX Price								Date: 06.02.2021	
Contract Month	+/-	Open	High	Low	Close	Volume	Change From previous day	Open Interest	Change From previous day
21-Feb	-	-	-	-	1813	-	-	-	-
21-Mar	-	-	-	-	1819	-	-	-	-
21-Apr	-	-	-	-	1824	-	-	-	-

Wheat Technical Analysis:
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Wheat- Technical outlook
Contract Expiry: 20th February, 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	Feb	-	-	-	-	-
Pre-Market Intraday Trade Call*			Call	Entry	T1	T2	SL
Wheat	NCDEX	Feb	WAIT	1813	-	-	-

*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
	06-Feb-21	28-Jan-21	06-Dec-20	06-Feb-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:
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Spot Market Price:							
Centre	Market	Variety	Prices (Rs/Qtl)				
			Today	Yesterday	Week Ago	Month Ago	Year Ago
			5-Feb-21	4-Feb-21	29-Jan-21	7-Jan-21	6-Feb-20
Delhi	Lawrence Road	Mill Delivery	1980	1970	1980	1965	2210
	Narella	Mill Quality Loose	1825	1830	1840	1760	2150
	Nazafgarh	Mill Quality Loose	1800	1800	1830	1750	2150
Gujarat	Rajkot	Mill Delivery	1800	1810	1825	1830	2225
	Ahmedabad	Mill Delivery	1890	1890	1870	1910	2265
	Surat	Mill Delivery	1930	1930	1925	1980	2325
	Dhrol	Mill Delivery	1725	1765	NR	1790	2465
M.P.	Indore	Mill Delivery	1750	1760	1840	1850	2215
	Bhopal	Mill Quality Loose	1650	1650	1650	1700	2030
Rajasthan	Kota	Mill Quality Loose	1680	1675	1740	1760	2060
		Mill Delivery	1800	1800	1865	1885	2180
U.P.	Kanpur	Mill Delivery	1780	1790	1750	1700	2115
	Mathura	Mill Quality Loose	1750	1735	1760	1625	0
	Kosi	Mill Quality Loose	1800	1800	1700	1600	2100
	Hathras	Mill Quality Loose	1810	1810	1825	1700	2150
	Aligarh	Mill Quality Loose	1800	1800	1750	1700	2000
Punjab	Khanna	Mill Quality Loose	1750	1750	1725	1600	1975
	Ludhiana (Jagraon)	Mill Delivery	NA	NA	NA	0	0
Haryana	Sirsa	Mill Delivery loose	1800	1800	1785	1750	2070
	Hodal	Mill Delivery	NA	NA	NA	0	0
	Bhiwani	Mill Quality Loose	1865	1840	1860	1770	2080
	Karnal	Mill Delivery	NA	NA	0	0	0
	Panipat	Mill Quality Loose	NA	NA	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	1900	1900	1800	1900	2100



	Muzaffarpur	Mill Delivery	1800	1775	1800	1780	2125
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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	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:

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In the US This week's commercial sales of 643,000 metric tons (MT) for delivery in 2020/21 were up 69% from last week's 380,000 MT and on the high end of trade expectations of 250,000 MT to 700,000 MT. Year-to-date commercial sales now total 22.4 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.

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.

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 According to AgriCensus, Argentina's monthly grain exports in January 2021 were up 33% from the same period in 2020 after labor strikes were lifted and global prices surged. A total of \$2.14 billion of farm products were exported in January, up 27% from December 2020.

Europe European Commission (EC) data confirmed the European Union (EU) has now exported 15.0 MMT of wheat outside the block so far in 2020/21, down 17% on the year due to lower production. USDA forecasts the EU will export 26.5 MMT of wheat in 2020/21, down 31% on the year and 10% less than the 5-year average.

The Food and Agriculture Organization (FAO) Food Price Index, which tracks changes in the global prices of commonly traded foods, increased 4% from December 2020 to January 2021 to 113, the highest since July 2014. Higher corn prices on substantial Chinese demand and reduced U.S. supplies and strong global demand for wheat led the jump in prices.

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

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:

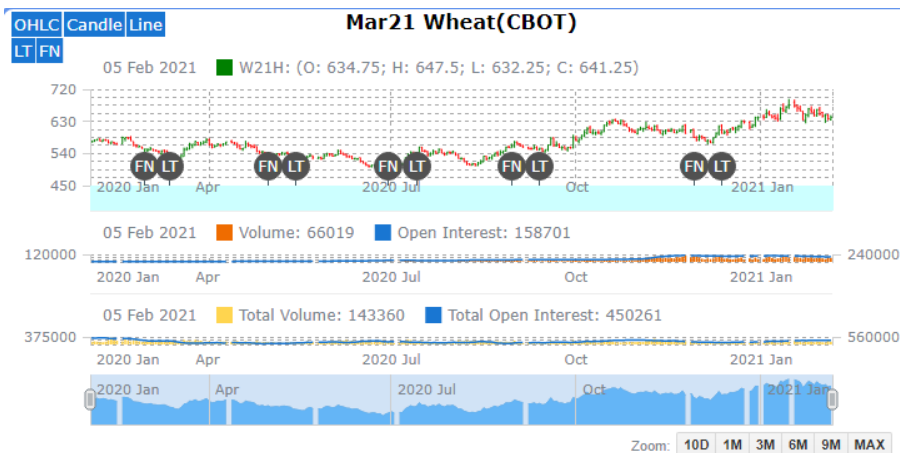
CBOT Futures Prices:(USD/T)							
CONTRACT MONTH	Today	Week Ago	Month Ago	3 Month Ago	6 Month Ago	Year Ago	% Change over prev. year
	4-Feb-21	28-Jan-21	5-Jan-21	29-Oct-20	6-Aug-20	5-Feb-20	
Mar-21	237.89	233.67	180.39	227.88	200.51	202.99	17.19
May-21	232.01	229.26	183.61	227.05	201.98	202.99	14.30
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

CBOT Mar-21

1st Support: 649.08
2nd Support: 635.37
1st Resistance: 670.83
2nd 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.

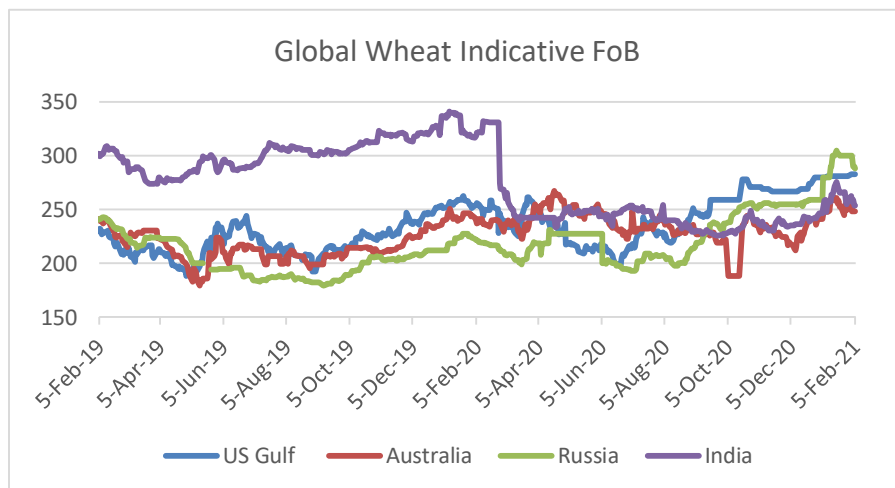
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International FOB Weekly Price Movement

Indian FoB quote is based on local prices. Indian FoB quote is being quoted at \$253.65 per tonne. US and Russian quotes are hovering in the range of \$285 and \$288 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.



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