

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 3.59 percent to Rs. 1950.55 per quintal during the week ended 15th Feb 2021. Wheat average prices were ruling at Rs 2227.17 per quintal during 09th-15th Feb 2020. It is unlikely that any slowdown in the wheat market and prices will increase for a longer period. Market is depend on the quality of standing wheat crop now.

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).

During April- December 2020 period, India's export of Wheat rose to Rs 1,870 crore (252 US\$ Million) against was Rs. 336 crores (48 US\$ Million) reported during the same phase a year back. As per the trend, there is a growth of 456.41% in Rupee term and 431.10 % Dollar terms. The share of export of wheat is 1.84 % in the total export of APEDA scheduled products. The key exports destination for wheat includes Nepal, Bangladesh, United Arab Emirates.

According to the trade source, Due to the sudden change in the weather, the temperature has started increasing gradually. Strong sunlight in the day is making you feel warm. The concern of wheat producing farmers has increased. Similarly, if the temperature increases, wheat production will decline. The late wheat crop will collapse.

In Madhya Pradesh, registration for procurement of wheat is currently in progress, which will run till February 20. All arrangements are being made in the state for timely procurement of crop in the interest of farmers. Wheat will be procured from March 22 in Indore and Ujjain divisions in MP and from April 1 in the remaining divisions. Around 4529 procurement centres are being set up across the state.

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. 1795 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
Total	154152.84	238.06

Source: Trade

Wheat Import

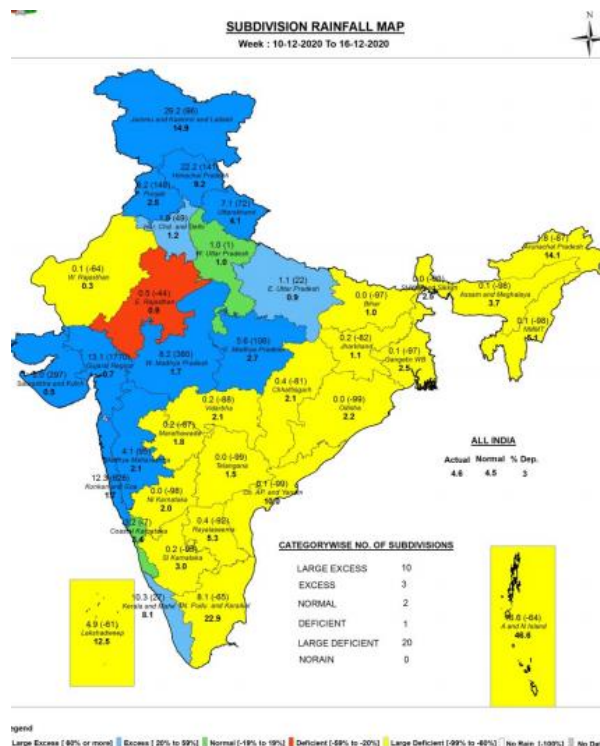
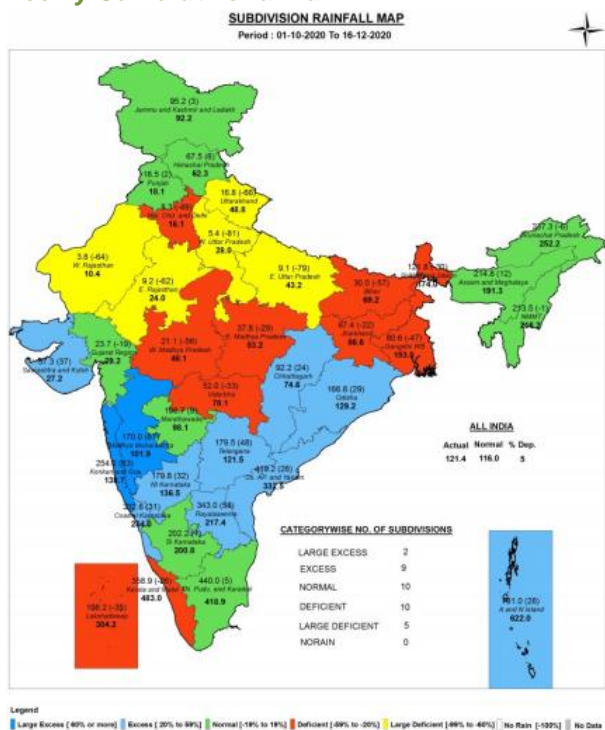
Date	Origin	Port	Quantity in MT
Oct-2020	Australia, UK	Tuticorin	4.0
	Mexico		2.3
	Total		6.38

Source: Traders

No Import in the month of Dec.

Monsoon

Weekly Cumulative rainfall:

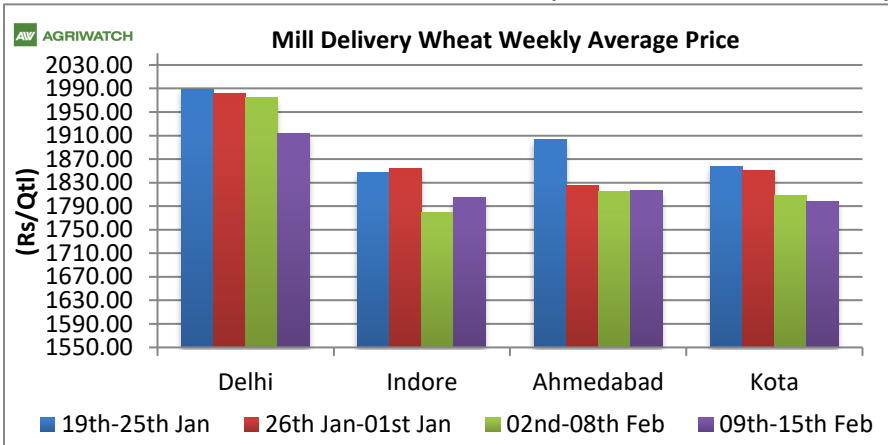


Source: IMD

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

Wheat's average mill delivery prices remained low in states like Delhi, Kota and high in Indore, Ahmedabad in the week ending during 09th – 15th 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. Rest market will depend on standing wheat crop in coming weeks.


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

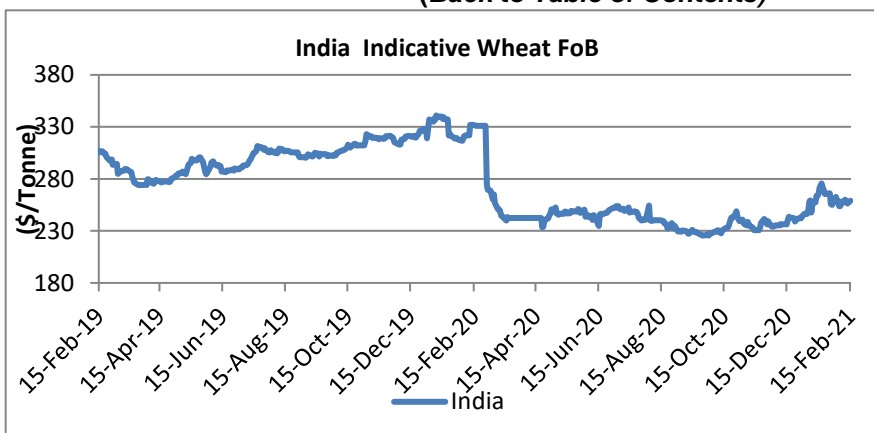
State/UTs	Procurement as of Oct-2020 (Figures in LMT)		
	FCI (A)	State Agency (B)	Total (A+B)
Punjab	14.20	112.94	127.14
Haryana	6.69	67.31	74.00
Uttar Pradesh	1.34	34.43	35.77
Madhya Pradesh	0.00	129.42	129.42
Bihar	0.00	0.05	0.05
Rajasthan	16.29	5.96	22.25
Others	0.14	1.15	0.91
All-India	38.66	351.26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

FOB Quote for Wheat at Kandla

The wheat FoB quote in India noticed a steady 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
		15-Feb-21	8-Feb-21	14-Jan-21	17-Feb-20	
USA (Chicago)	2srw	289.00	289.00	286.00	283.00	2.12
France	FCW3	223.50	274.68	280.05	209.19	6.84
Australia	ASW	255.06	251.79	261.30	233.83	9.08
Russia	SRW	285.00	290.00	290.00	217.50	31.03
India	Fob	258.92	258.72	263.59	331.14	-21.81

International Weekly Outlook:

Global production is up this month with a larger crop in Kazakhstan more than offsetting lower crops in Argentina, Pakistan, and South Africa. Global consumption is boosted on higher feed consumption in China and increased food, seed, and industrial use in India. Global trade is also higher with exports raised for Kazakhstan, the European Union, and India, more than offsetting lower exports for Argentina. Higher imports for China and Pakistan, meanwhile, more than offset lower imports for Indonesia, Saudi Arabia, and Sudan. The projected U.S. season-average farm price is raised \$0.15 per bushel to \$5.00.

	15/02/2021	29/01/2021	22/01/2021	15/01/2021
Black Sea Mill Wheat 12.5% FOB Pmax. (\$/T)	281	295	295	294
Black Sea Mill Wheat 11.5% FOB Pmax. (\$/T)	281	292	295	293

NCDEX Wheat Contracts

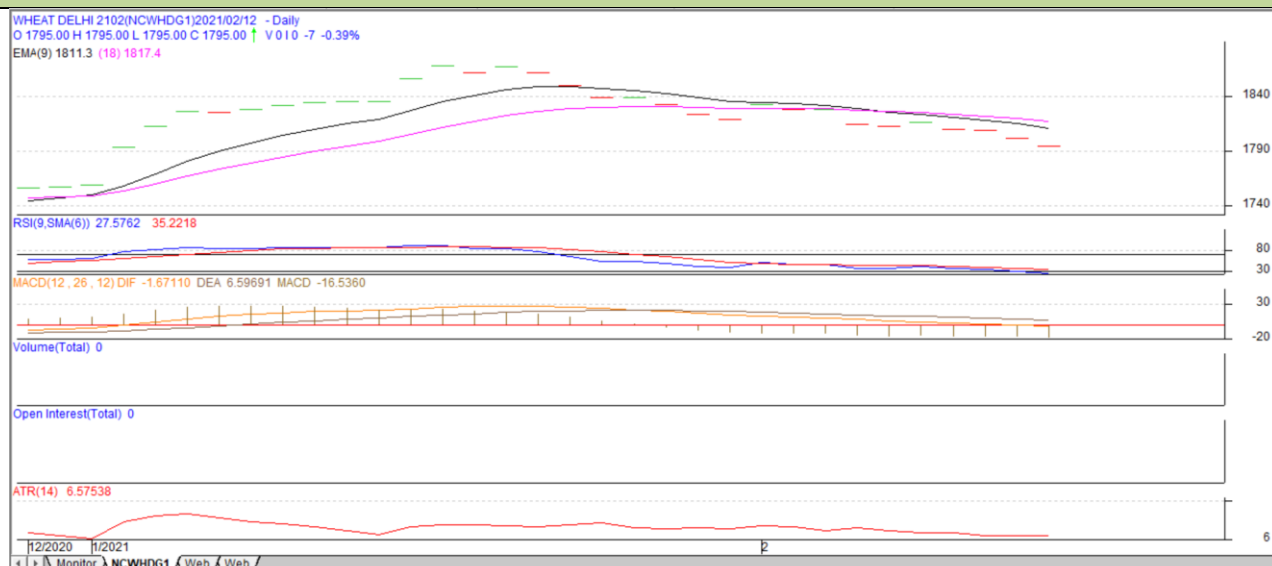
Wheat Futures Contract: NCDEX Price								Date: 15.02.2021	
Contract Month	+/-	Open	High	Low	Close	Volume	Change From previous day	Open Interest	Change From previous day
21-Feb	-	-	-	-	1795	-	-	-	-
21-Mar	-	-	-	-	1800	-	-	-	-
21-Apr	-	-	-	-	1806	-	-	-	-

Wheat Technical Analysis:

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

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	1795	-	-	-

*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
	15-Feb-21	8-Feb-21	15-Jan-21	15-Feb-20	
Indore	1754	1745	1835	2180	-19.54
Bareilly	#N/A	#N/A	#N/A	0	-
Delhi	1897	1941	1951	2200	-13.77
Khanna	#N/A	#N/A	#N/A	0	-
Kanpur	1740	1730	1730	2112	-17.61
Karnal	#N/A	#N/A	#N/A	0	-
Rajkot	1840	1848	1892	2212	-16.82
Kota	1746	1811	1847	2164	-19.32

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
			15-Feb-21	13-Feb-21	08-Feb-21	15-Jan-21	17-Feb-20
Delhi	Lawrence Road	Mill Delivery	1920	1930	1985	1985	2210
	Narella	Mill Quality Loose	1800	1800	1830	1820	2150
	Nazafgarh	Mill Quality Loose	1770	1780	1810	1800	2125
Gujarat	Rajkot	Mill Delivery	1815	1820	1820	1860	2300
	Ahmedabad	Mill Delivery	1875	1880	1885	1950	2315
	Surat	Mill Delivery	1920	1925	1930	2020	2340
	Dhrol	Mill Delivery	1735	1705	1725	1840	2280
M.P.	Indore	Mill Delivery	1850	1830	1740	1860	2190
	Bhopal	Mill Quality Loose	1650	1650	1640	1700	2025
Rajasthan	Kota	Mill Quality Loose	1625	1660	1670	1825	2025
		Mill Delivery	1750	1800	1800	1950	2125
U.P.	Kanpur	Mill Delivery	1725	1750	1740	1750	2100
	Mathura	Mill Quality Loose	1740	1760	1745	1650	0
	Kosi	Mill Quality Loose	1740	1740	1800	1680	2050
	Hathras	Mill Quality Loose	1660	1680	1790	1725	2150
	Aligarh	Mill Quality Loose	1690	1730	1800	1720	2070
Punjab	Khanna	Mill Quality Loose	1800	1800	1760	1620	1875
	Ludhiana (Jagraon)	Mill Delivery	NA	NA	0	0	0
Haryana	Sirsa	Mill Delivery loose	1800	1800	1800	1775	2050
	Hodal	Mill Delivery	NA	NA	0	0	0
	Bhiwani	Mill Quality Loose	1800	1825	1860	1815	2050
	Karnal	Mill Delivery	NA	NA	0	0	0
	Panipat	Mill Quality Loose	NA	NA	0	0	0
Tamil Nadu	Chennai	Mill Quality	2100	2000	2050	1980	2500
	Madurai	Mill Quality	2157	2100	2150	2080	2600
	Coimbatore	Mill Quality	2157	2150	2200	2130	2650
Bihar	Khagariya	Mill Delivery	1800	1850	1900	1900	2000



	Muzaffarpur	Mill Delivery	1775	1750	1800	1800	2080
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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 05-02-2021



International Market Update:

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

In the US This week's commercial sales of 591,000 MT for delivery in 2020/21 were down 5% from last week's 643,000 MT but well above trade expectations of 200,000 MT to 450,000 MT. Year-to-date commercial sales now total 23.0 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.

USDA now expects the United States will export 10.1 MMT of HRW, 7.76 MMT of HRS, 2.04 MMT of SRW, 6.12 MMT of white wheat (soft and hard) and 820,000 metric tons (MT) of durum.

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 USDA now forecasts domestic Chinese wheat consumption will reach a record 140 MMT in 2020/21, up 5.0 MMT from the January estimate and 15% higher than the 5-year average on increased feed usage as wheat competes with domestic corn as a cheaper feed staple as Chinese producers work to rebuild hog herds. Chinese wheat imports are expected to reach 10.0 MMT this year, up 86% from 2019/20 and more than double the 5-year average.

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 On Feb 9, the French Ministry of Agriculture increased the country's winter wheat planted area estimate to 12.1 million acres (4.90 million hectares), up 15% from the winter wheat planted area for harvest in 2020 and 1% more than the 5-year average on beneficial planting conditions.

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 15.8 MMT of soft (non-durum) wheat outside the bloc so far in 2020/21, down 16% on the year due to lower production. USDA forecasts the EU will export 27.0 MMT of wheat in 2020/21, down 30% on the year and 8% 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:
[\(Back to Table of Contents\)](#)

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
	14-Feb-21	07-Feb-21	13-Jan-21	15-Nov-20	13-Aug-20	13-Feb-20	
Mar-21	233.94	240.92	242.67	222.19	188.66	199.96	17.00
May-21	235.60	242.30	242.94	223.56	190.68	200.14	17.71
Jul-21	231.46	236.24	237.89	222.83	192.24	200.05	15.70
Sep-21	231.37	235.69	238.08	223.75	194.91	205.38	12.66
Dec-21	233.57	237.52	240.19	226.41	198.95	209.42	11.54
Mar-22	235.60	239.45	241.84	228.52	212.45	212.27	10.99

CBOT Mar-21

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

1st Support: 631.35

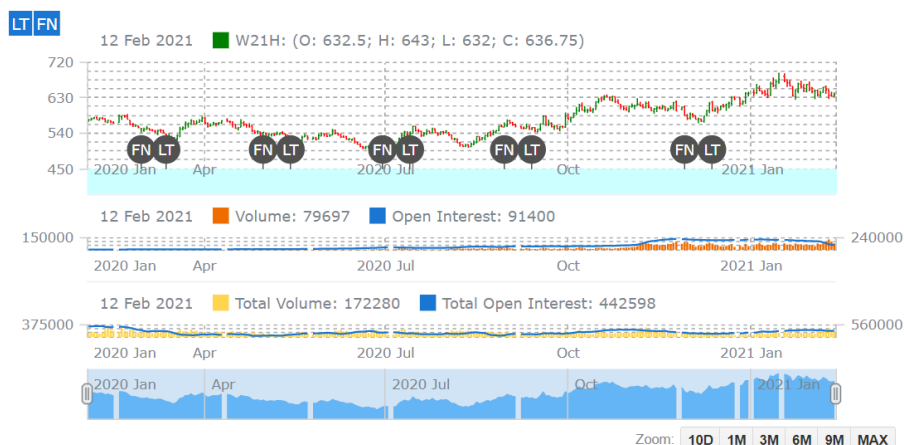
2nd Support: 626.25

1st Resistance: 642.50

2nd Resistance: 648.25

(\$ per tonne)

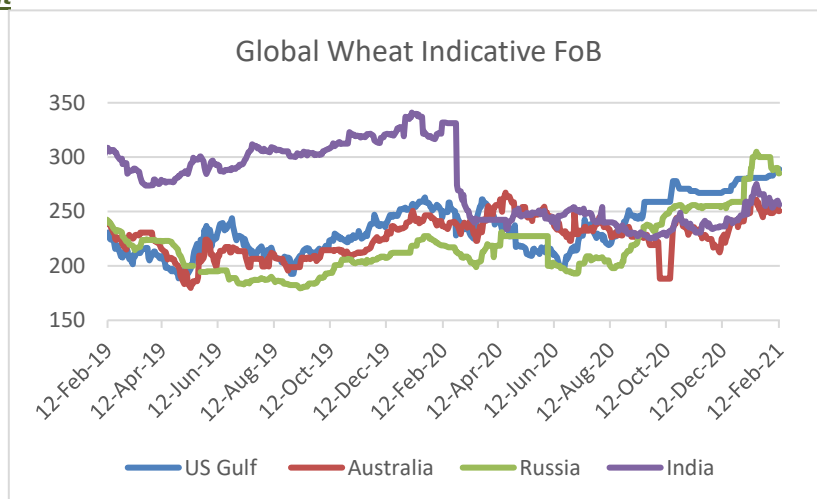
The Mar'21 contract closed lower by the end of the week and remained steady to weak during the week. Candlesticks pattern denotes a steady trend in the chart. Decrease in price and in open interest compared to last week, interprets long liquidation in market. We expect wheat prices to remain steady to 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 \$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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