Wheat Weekly Research Report
22nd Feb-2021

Wheat Weekly Research Report

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Wheat Domestic Market Fundamentals

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All India's weekly average prices decreased by 1.38 percent to Rs. 1923.72 per quintal during the week ended 23rd Feb 2021. Wheat average prices were ruling at Rs 2227.72 per quintal during 16th–22nd 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, wheat sowing is almost end. 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).

Rains and hailstorms in Jabalpur, Sagar, Bhopal, Shahdol, Hoshangabad, and Indore region in MP and rains in Maharashtra, Gujarat, and West Bengal may affect the quality of standing crops ready to be harvested. Fears have increased as the weather may be wet next three days. The increase in the moisture in the soaked crops would lead to the rejection of the crops and wheat during the government's procurement at MSP. At this moment, the rains will affect the growth of the plant and affect the color of the crop.

Madhya Pradesh has increased its wheat procurement target for this rabi season to 125 lakh metric tonnes, a year after recording the highest wheat procurement of almost 130 LMT last year, as against a target of 100 lakh metric tonnes. The central Indian state now accounts for 8.30 lakh metric tonnes of the 9.93 lakh metric tonnes increase in the area under wheat crop for this year's procurement season.

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.

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 be 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. 1807 respectively.

Weather Outlook: Dense to very dense fog had occurred at most places over Haryana, Chandigarh & Delhi and Punjab on one day each; at many places over Punjab on five days and over Haryana, Chandigarh & Delhi on two days; at a few places over Haryana, Chandigarh & Delhi on two days and over Punjab, East & West Uttar Pradesh on one day each; at isolated places over West Rajasthan on four days, over Haryana, Chandigarh & Delhi and East Uttar Pradesh on two days each and over West Uttar Pradesh and Odisha on one day each during the week.

AGRIWATCH

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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***

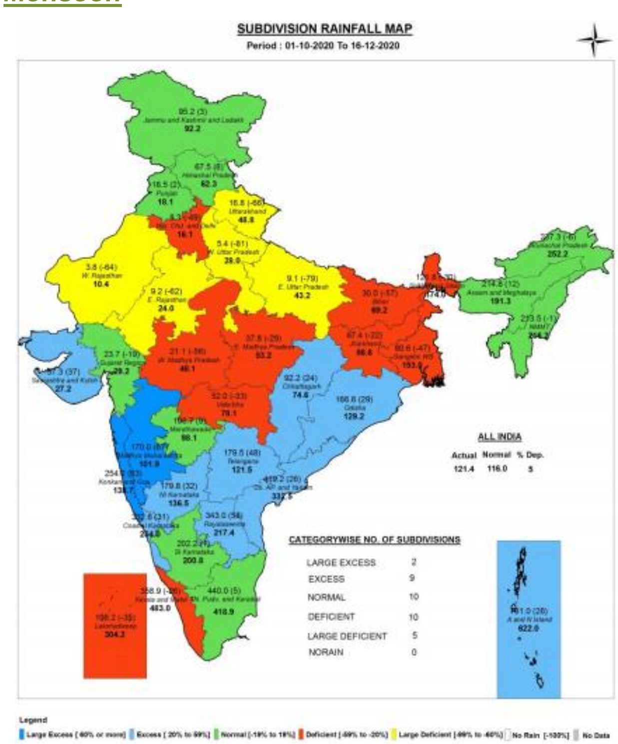
Source: Trade
January data awaited.

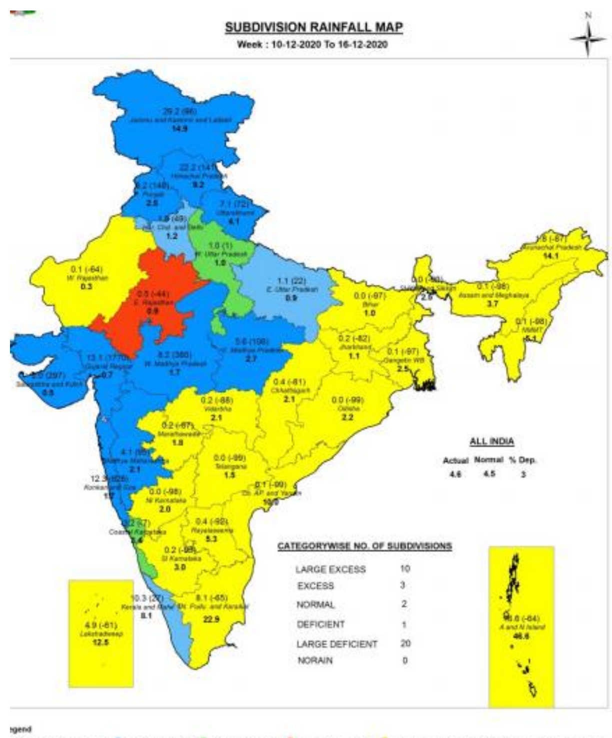
Wheat Import

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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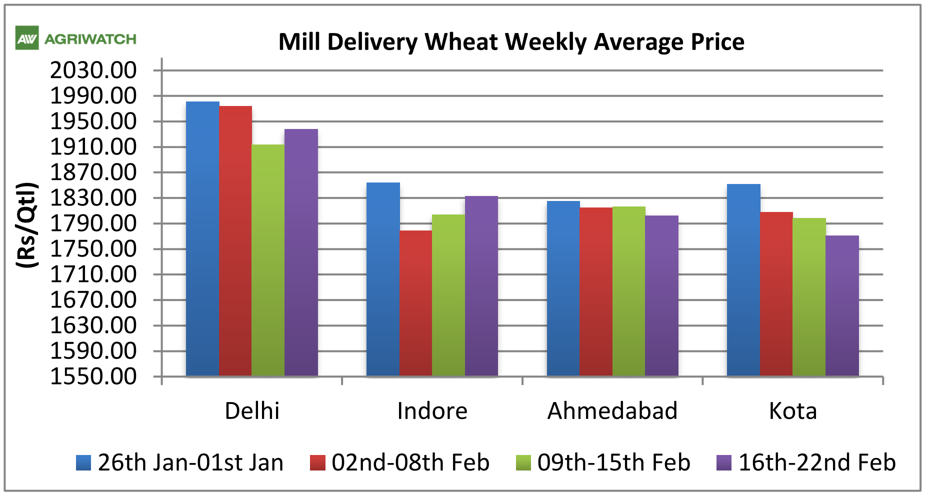

Wheat's average mill delivery prices remained low in states like Ahmedabad, Kota and high in Delhi, Indore, in the week ending during 16th – 22nd Feb 2021.

Markets had shown steady to weak movement in prices last week due to increased area in wheat and are likely to trade slightly firm in upcoming weeks. Until the crop is harvested and marketed, the weather conditions in northern India are likely to have a pronounced influence on the wheat prices. In case there is significant damage to crop from untoward weather conditions, the prices may rise from current level.

Wheat and Rice Stocking Norms

Wheat Stock Norms						
Fig. In Lakh Tonne	Operational Stock			Strategic Reserve		
As on	Rice	Wheat	Total	Rice	Wheat	Grand Total
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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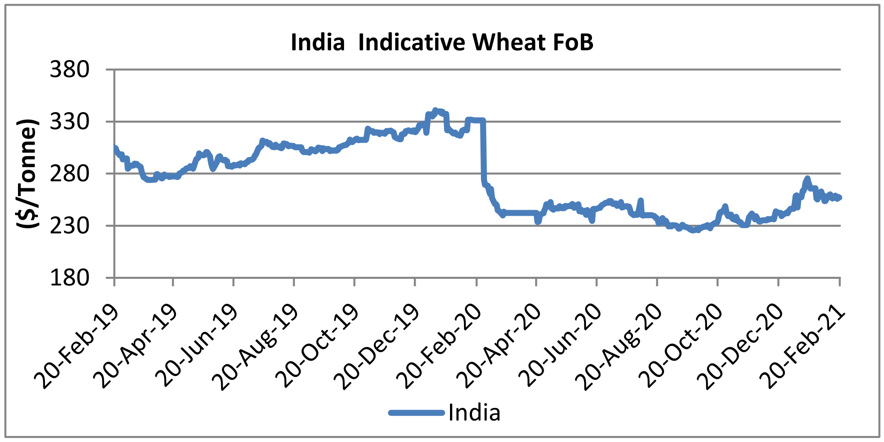
The wheat FoB quote in India noticed a steady tone in the past week. The overall condition for Indian wheat export remains favorable, and exports continue from India due to widespread demand from neighboring countries.
Wheat FoB quotes for Kandla are likely to witness steady to firm tone in the coming weeks and likely to hover in the range of $250-$270 per tonne.



Indicative FOB Quotes:

Wheat FOB	Variety	Today	Week Ago	Month Ago	Year Ago	% Change over Prev. Year
		19-Feb-21	12-Feb-21	18-Jan-21	20-Feb-20	
USA (Chicago)	2srw	289.00	289.00	281.00	253.40	14.05
France	FCW3	287.23	271.00	285.14	207.31	38.56
Australia	ASW	262.86	250.25	258.72	239.86	9.59
Russia	SRW	285.00	285.00	300.00	217.00	31.34
India	Fob	257.10	256.22	271.60	Closed	NA

International Weekly Outlook:

Wheat prices rose in most major exporting countries since last month's WASDE due to higher global consumption and lower ending stocks, coupled with the continued strengthening of corn and soybean prices. Russia witnessed the most significant climb based on policy announcements affecting grain exports. Canada and U.S. remain the most expensive origins, partly due to lower forecast ending stocks and strong exports.

	19/02/2021	15/02/2021	29/01/2021	22/01/2021
Black Sea Mill Wheat 12.5% FOB Pmax. ($/T)	282	281	295	295
Black Sea Mill Wheat 11.5% FOB Pmax. ($/T)	281	281	292	295

NCDEX Wheat Contracts

Wheat Futures Contact: 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:

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Wheat- Technical outlook **Contract Expiry: 20th March, 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	March	-	-	-	-	-
Pre-Market Intraday Trade Call*			**Call**	**Entry**	**T1**	**T2**	**SL**
Wheat	NCDEX	March	WAIT	1807	-	-	-

*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**
	20-Feb-21	**13-Feb-21**	**20-Jan-21**	**20-Feb-20**	
Indore	1770	1756	1835	2193	-19.29
Bareilly	#N/A	#N/A	#N/A	0	-
Delhi	1889	1885	1942	2200	-14.14
Khanna	#N/A	#N/A	#N/A	0	-
Kanpur	1730	1720	1800	2090	-17.22
Karnal	#N/A	#N/A	#N/A	0	-

Rajkot	1830	1842	1923	2165	-15.47
Kota	1801	1793	1861	2168	-16.93

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**
			20-Feb-21	**19-Feb-21**	**13-Feb-21**	**20-Jan-21**	**22-Feb-20**
Delhi	Lawrence Road	Mill Delivery	1930	1935	1930	1980	2210
	Narella	Mill Quality Loose	1790	1800	1800	Closed	2140
	Nazafgarh	Mill Quality Loose	1750	1750	1780	Closed	2100
Gujarat	Rajkot	Mill Delivery	1800	1800	1820	1920	Closed
	Ahmedabad	Mill Delivery	1880	1880	1880	1980	Closed
	Surat	Mill Delivery	1940	1925	1925	2040	Closed
	Dhrol	Mill Delivery	1795	NR	1705	1835	2480
M.P.	Indore	Mill Delivery	1830	1825	1830	1825	2215
	Bhopal	Mill Quality Loose	1700	1650	1650	1700	2020
Rajasthan	Kota	Mill Quality Loose	1650	1630	1660	1730	2075
		Mill Delivery	1775	1750	1800	1840	2175
U.P.	Kanpur	Mill Delivery	1760	1800	1750	1780	2105
	Mathura	Mill Quality Loose	1740	1750	1760	1780	0
	Kosi	Mill Quality Loose	1740	1800	1740	1725	2050
	Hathras	Mill Quality Loose	1735	1720	1680	1720	2020
	Aligarh	Mill Quality Loose	1720	1720	1730	Closed	1960
Punjab	Khanna	Mill Quality Loose	1800	1800	1800	1760	1920
	Ludhiana (Jagraon)	Mill Delivery	NA	NA	NA	0	0
Haryana	Sirsa	Mill Delivery loose	1800	1800	1800	1780	2050
	Hodal	Mill Delivery	NA	NA	NA	0	0
	Bhiwani	Mill Quality Loose	1800	1815	1825	1850	Closed
	Karnal	Mill Delivery	NA	NA	NA	0	0
	Panipat	Mill Quality Loose	NA	NA	NA	0	0
Tamil Nadu	Chennai	Mill Quality	2100	2100	2000	2050	2500
	Madurai	Mill Quality	2157	2250	2100	2150	2650
	Coimbatore	Mill Quality	2157	2300	2150	2200	2700
Bihar	Khagariya	Mill Delivery	1800	1800	1850	1800	2000
	Muzaffarpur	Mill Delivery	1780	1780	1750	1800	2060

Final 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 29-01-2021

International Market Update: **(Back to Table of Contents)**

In the This week's commercial sales of 399,000 metric tons (MT) for delivery in 2020/21 were down 33% from last week's 591,000 MT but in line with trade expectations of 250,000 MT to 650,000 MT. Year-to-date sales of 23.4 MMT are 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.

Russia SovEcon, a Russian agriculture consultancy, reduced its 2021 Russian wheat production forecast from 77.7 MMT in January to 76.2 MMT in February due to unfavorable dryness. "Russia could produce a substantially lower wheat crop in 2021. The main issue is that plants entered the current winter in the worst shape in a decade after an abnormally dry autumn. January was generally favorable for the new winter wheat crop but February weather is not," SovEcon said on Feb. 18.

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 Total Ukrainian grain exports for 2020/21 now total 30.1 MMT, down 20% on the year due to reduced production. So far, the country has exported 13.2 MMT of wheat. USDA predicts total Ukrainian wheat exports will reach 17.5 MMT this year, down 17% from 2019/20.

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

IGC Wheat Balance Sheet:

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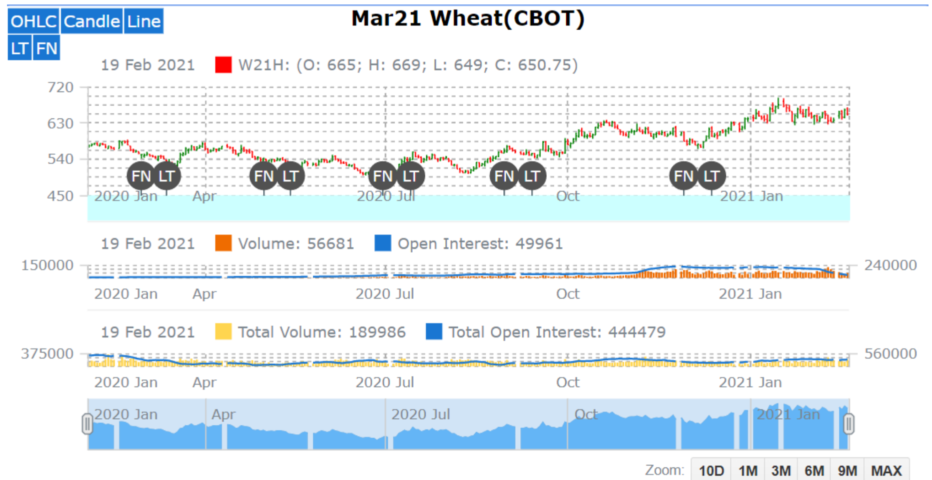
IGC Forecast (Fig-In MMT)	2017-18	2018-19	2019-20 est.	2020-21 (Forecast)	
				26.11.2020	14.01.2021
Production	762	733	763	769	768
Trade	176	169	184	187	187
Consumptions	739	739	746	752	753
Carryover stocks	271	265	279	295	294
Y-O-Y change	22	-7	17	-	15
Major Export	83	70	64	64	63

- 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 have 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
	21-Feb-21	14-Feb-21	20-Jan-21	22-Nov-20	20-Aug-20	20-Feb-20	
Mar-21	239.09	233.94	245.33	222.09	196.56	205.74	#REF!
May-21	240.83	235.60	245.42	223.01	198.12	205.47	17.21
Jul-21	236.33	231.46	238.99	221.08	198.95	205.28	15.12
Sep-21	235.78	231.37	238.90	221.91	201.24	205.38	14.80
Dec-21	237.80	233.57	240.65	224.57	205.19	209.42	13.55
Mar-22	239.54	235.60	242.30	226.59	212.45	212.27	12.85



CBOT Mar-21

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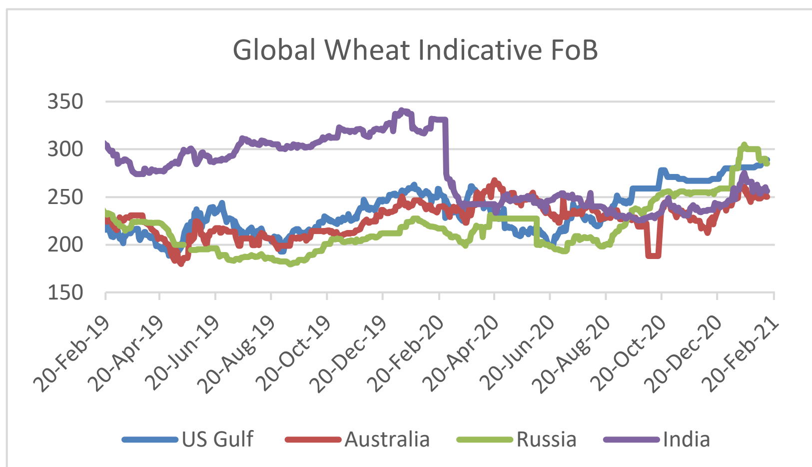
1st Support: 643.50
2nd Support: 636.25
1st Resistance: 663.50
2nd Resistance: 676.25
($ per tonne)

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. Increase in price and decrease in open interest compared to last week, interprets short covering 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 $257.65 per tonne. US and Russian quotes are hovering in the range of $289 and $285 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,. 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.