AGRIWATCH

Wheat Weekly Research Report
01st Mar-2021

Wheat Weekly Research Report

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Wheat Domestic Market Fundamentals

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All India's weekly average prices increased by 6.87 percent to Rs. 2034.51 per quintal during the week ended 08th Mar 2021. Wheat average prices were ruling at Rs 2079.20 per quintal during 01st–08th Mar 2020.

As per the final update, wheat sowing is completed. 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).

As per trade source, Uttar Pradesh & Bihar: After pollination, the ripening stage begins in Uttar Pradesh and Bihar. The crop is in the ripening stage (soft dough stage), where the high temperature will not affect much. The late sowing wheat crop in both states is still in the milking stage, where the high temperature will affect the granule and make them thin, which will affect the production. Production will depend on the temperature of the next ten days. At present, it is difficult to say how much production will decrease. In Madhya Pradesh and Gujarat, the harvesting and Arrival started in Mandis, so the high temperature will not affect the crop, no major damage reported so far, and the crop is in good condition.

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.

Maharashtra government estimates its agricultural production in which Wheat production is likely to be 17.85 lakhs MT. In Madhya Pradesh will start its Wheat procurement from March 22.

According to 2nd Government estimate, India is likely to harvest a record 109.24 million tonnes of wheat this year. further boosting stocks at government granaries that are fast running out of storage space due to more than a decade of bumper production. Wheat output in India, the world’s second-biggest producer, is expected to go up by 1.3% in the crop year to June 2021, the Ministry of Agriculture and Farmers’ Welfare said in its second crop forecast for 2020-21. Whereas Agriwatch estimates its wheat production estimate for MY 2020-21 will be 104 MMT for now.

According to USDA latest report, India MY 2020-21 Wheat export forecast is raised 1.75 Million MT. Most wheat exports are destined for neighbouring Bangladesh, Nepal, Sri Lanka, with smaller quantities to Middle Eastern countries.

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. 1797 respectively.

Weather Outlook: Maximum temperatures were markedly above normal (5.1°C or more) at most places over Jammu & Kashmir, Uttarakhand, Punjab, Haryana, Chandigarh & Delhi, West Uttar Pradesh, West Rajasthan and Jharkhand; at many places over Himachal Pradesh; at a few places over East Uttar Pradesh; at isolated places over East Rajasthan, East Madhya Pradesh and Gangetic West Bengal; appreciably above normal (3.1°C to 5.0°C) at many places over Bihar, Odisha, West Madhya Pradesh and Vidarbha; at isolated places over Assam & Meghalaya and Gujarat state;

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

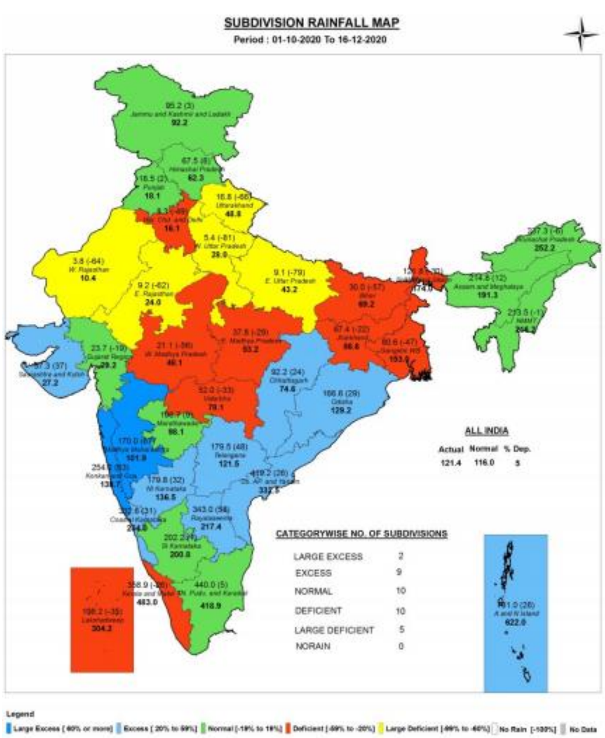
Date	Origin	Port	Quantity in MT
Oct-2020	Australia, UK	Tuticorin	4.0
	Mexico		2.3
	Total		6.38

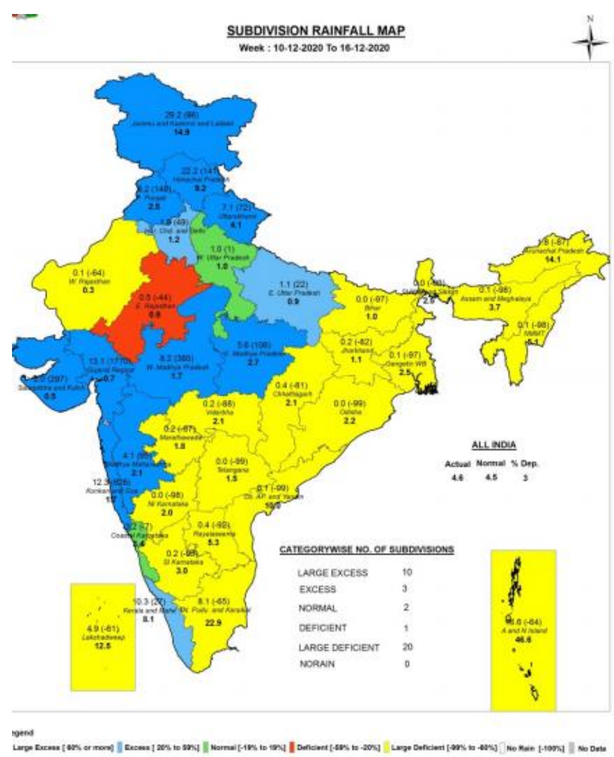
Source: Traders
No Import in the month of Dec.

Monsoon

Weekly Cumulative rainfall:

Source: IMD





Wheat Weekly Average Price Chart

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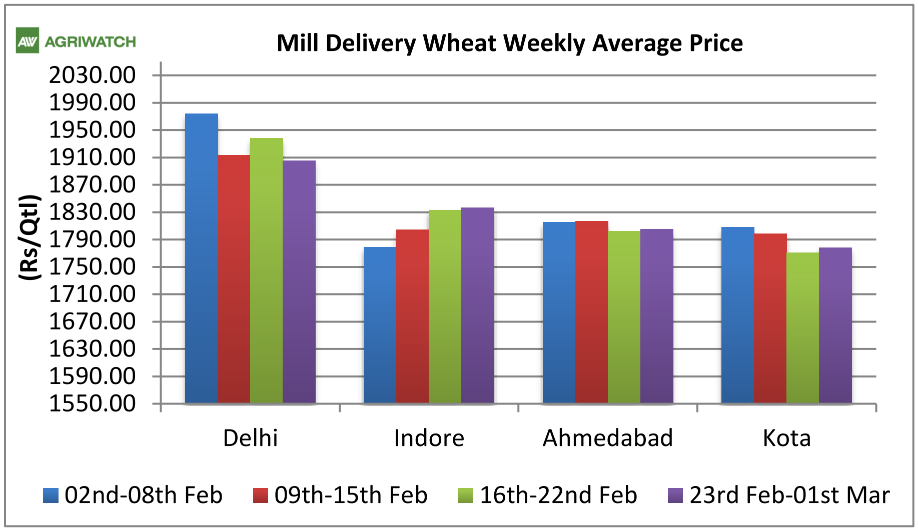

Wheat's average mill delivery prices remained high in states like Ahmedabad, Kota, Indore, and low in Delhi, in the week ending from 23rd Feb– 01st Mar 2021.

Markets had shown steady to firm movement in prices last week due to an increase in temperature may affect the standing crop in northern states. Madhya Pradesh and Gujrat have started the harvesting, and the arrival of the new crop has started in mandis. In case there is significant damage to the crop in northern states from untoward weather conditions, the prices may rise from the 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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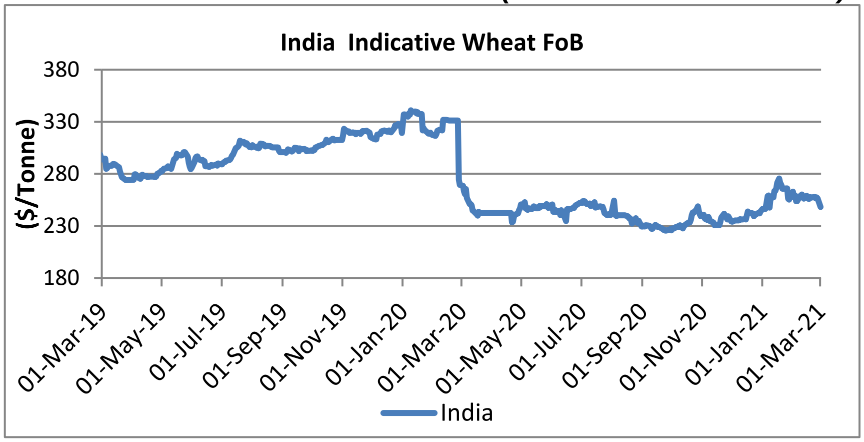

The wheat FoB quote in India noticed a weak tone in the past week. The overall condition for Indian wheat export remains favorable, and exports continue from India due to widespread demand from neighboring countries. After Nov 2019 Australian Wheat prices are less now compare to Indian wheat.

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 $240-$250 per tonne.

Indicative FOB Quotes:

Wheat FOB	Variety	Today	Week Ago	Month Ago	Year Ago	% Change over Prev. Year
		1-Mar-21	22-Feb-21	28-Jan-21	2-Mar-20	
USA (Chicago)	2srw	285.00	289.00	283.00	238.20	19.65
France	FCW3	240.25	287.61	278.83	201.26	19.37
Australia	ASW	246.48	256.75	249.28	229.14	7.57
Russia	SRW	290.00	285.00	300.00	211.00	37.44
India	Fob	248.09	257.56	255.10	268.55	-7.62

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.

	28/02/2021	19/02/2021	15/02/2021	29/01/2021
Black Sea Mill Wheat 12.5% FOB Pmax. ($/T)	282	282	281	295
Black Sea Mill Wheat 11.5% FOB Pmax. ($/T)	282	281	281	292

NCDEX Wheat Contracts

Wheat Futures Contact: NCDEX Price									Date: 01.03.2021
Contract Month	+/-	Open	High	Low	Close	Volume	Change From previous day	Open Interest	Change From previous day
21-Feb	-	-	-	-	1797	-	-	-	-
21-Mar	-	-	-	-	1803	-	-	-	-
21-Apr	-	-	-	-	1808	-	-	-	-

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	1797	-	-	-

*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**
	1-Mar-21	**22-Feb-21**	**30-Jan-21**	**29-Feb-20**	
Indore	1789	1778	1752	2050	-12.73
Bareilly	#N/A	#N/A	#N/A	0	-
Delhi	1850	1894	1942	2200	-15.91
Khanna	#N/A	#N/A	#N/A	0	-
Kanpur	1700	1730	1750	2031	-16.30
Karnal	#N/A	#N/A	#N/A	0	-
Rajkot	1836	1830	1840	1931	-4.92
Kota	1800	1801	1815	2161	-16.71

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
			01-Mar-21	27-Feb-21	22-Feb-21	29-Jan-21	02-Mar-20
Delhi	Lawrence Road	Mill Delivery	1900	1865	1930	1980	2210
	Narella	Mill Quality Loose	1750	1780	1780	1840	2100
	Nazafgarh	Mill Quality Loose	1700	1750	1750	1830	2100
Gujarat	Rajkot	Mill Delivery	1820	1810	1800	1825	1875
	Ahmedabad	Mill Delivery	1865	1875	1875	1870	2050
	Surat	Mill Delivery	1940	1940	1950	1925	2075
	Dhrol	Mill Delivery	NR	0	1795	NR	2080
M.P.	Indore	Mill Delivery	1800	1800	1850	1840	2100
	Bhopal	Mill Quality Loose	1700	1700	1675	1650	2000
Rajasthan	Kota	Mill Quality Loose	1625	1640	1640	1740	2000
		Mill Delivery	1750	1765	1765	1865	2100
U.P.	Kanpur	Mill Delivery	1760	1760	1750	1750	2090
	Mathura	Mill Quality Loose	1745	1745	1735	1760	1990
	Kosi	Mill Quality Loose	1800	1780	1720	1700	2010
	Hathras	Mill Quality Loose	1640	1710	1720	1825	2030
	Aligarh	Mill Quality Loose	1725	1725	1740	1750	2050
Punjab	Khanna	Mill Quality Loose	1780	1780	1800	1725	1980
	Ludhiana (Jagraon)	Mill Delivery	NA	NA	0	0	0
Haryana	Sirsa	Mill Delivery loose	1810	1800	1800	1785	2060
	Hodal	Mill Delivery	NA	NA	0	0	0
	Bhiwani	Mill Quality Loose	1800	1800	1800	1860	2090
	Karnal	Mill Delivery	NA	NA	0	0	0
	Panipat	Mill Quality Loose	NA	NA	0	0	0
Tamil Nadu	Chennai	Mill Quality	2100	2125	2125	2050	2450
	Madurai	Mill Quality	2157	2250	2250	2150	2500
	Coimbatore	Mill Quality	2157	2300	2300	2200	2550
Bihar	Khagariya	Mill Delivery	1800	1800	1800	1800	2000
	Muzaffarpur	Mill Delivery	1700	1750	1800	1800	2050

Final 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 29-01-2021

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

This week's commercial sales of 168,000 metric tons (MT) for delivery in 2020/21, a marketing year low, were down 58% from last week's 399,000 MT and well below trade expectations of 250,000 MT to 700,000 MT. Year-to-date sales of 23.6 MMT are 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.

The International Grains Council (IGC) increased its 2020/21 global wheat production estimate by 7.0 MMT on bigger than expected crops in Australia, Russia and Kazakhstan. IGC and USDA estimates are both 773 MMT, 1% more than last year.

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 According to Ukraine's Ministry of Agriculture, the country has now exported 13.6 MMT of wheat, 20% behind last year's pace on reduced production due to extremely dry conditions.

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 On Feb. 25, the European Commission (EC) increased its 2020/21 European Union (EU) non-durum wheat export forecast by 1.0 MMT to 27.0 MMT, in line with USDA's estimate. If realized, EU exports would come in 30% lower than last year on significantly reduced production during 2020.

The U.S. Dollar Index increased from last week to close at 90.97.

The Baltic Dry Index increased slightly from last week to close at 1,700.

IGC Wheat Balance Sheet:

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IGC Forecast (Fig-In MMT)	2017-18	2018-19	2019-20 est.	2020-21 (Forecast)	
				14.01.2021	25.02.2021
Production	762	733	763	768	773
Trade	176	169	184	187	188
Consumptions	739	739	746	753	756
Carryover stocks	271	265	279	294	294
Y-O-Y change	22	-7	17	15	16
Major Export	83	70	64	63	64

- IGC has estimated global wheat production at 773 MMT for 2020-21, 5 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 188 MMT. It is 34 MMT higher compared to the estimate for last year and higher by 19 MMT compared to 2018-19.
- Consumption has been increased to 756 MMT for 2020-21. The forecast is higher by 3 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
	28-Feb-21	21-Feb-21	27-Jan-21	29-Nov-20	27-Aug-20	27-Feb-20	
Mar-21	240.65	239.09	241.84	222.64	204.92	194.35	23.82
May-21	242.58	240.83	241.66	223.84	206.30	196.93	23.18
Jul-21	238.81	236.33	235.32	222.92	206.30	200.69	18.99
Sep-21	237.43	235.78	234.58	223.65	208.13	205.38	15.61
Dec-21	238.81	237.80	235.87	226.23	211.71	209.42	14.04
Mar-22	240.46	239.54	237.62	228.61	212.45	212.27	13.28

CBOT Mar-21

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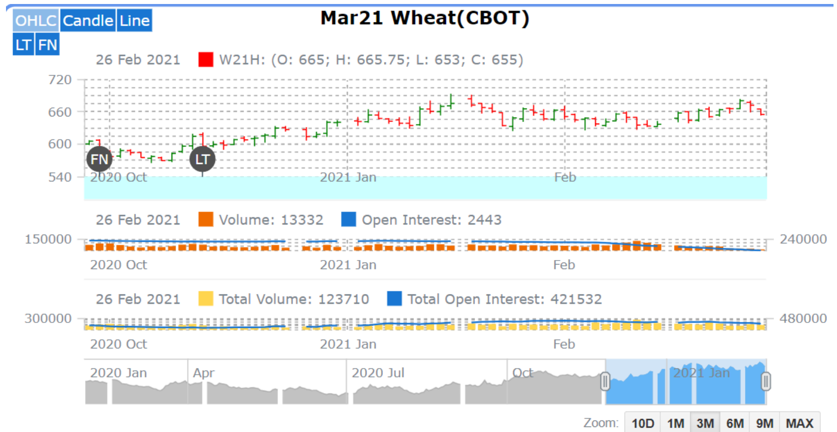
1st Support: 650.08
2nd Support: 645.17
1st Resistance: 662.83
2nd Resistance: 670.67
($ per tonne)



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 as Australia Fob prices are low compare to Indian wheat Fob.