

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 decreased by 2.90 percent to Rs. 1945.58 per quintal during the week ended 31st Mar 2021. Wheat average prices were ruling at Rs 2099.53 per quintal during 23rd–31st Mar 2020. Due to the arrival of new crop in mandis and high export demand, wheat may trade steady to slightly firm in coming weeks.

Due to rising COVID-19 cases and late crop maturity, wheat procurement in Punjab has been rescheduled few days late from April 10 following the state government's request, according to the Union Food Ministry.

The Uttar Pradesh government is gearing up to purchase wheat from farmers till their stocks last. The purchase will start from April 1 on the fixed minimum support price (MSP) of Rs 1,975 per quintal for the 2021-22 season, an increase of Rs 50 per quintal than last year. Uttar Pradesh food commissioner said 6,000 procurement centres will be opened across the state by the Food Department and other purchasing agencies.

According to Chief Agriculture Officer (CAO), Punjab said the loss to wheat crops was estimated at around 25%. He said teams of the department were sent to some of the affected fields to assess crop loss. He told the hailstorm lashed certain villages. He failed to give information about the rain. According to farmers, standing wheat crops in Chamba, Ruriwala, Chola Sahib, Karmunwala, Gharka, and other villages suffered heavy losses.

In Indore and Ujjain divisions of the state, wheat procurement will now start from March 27 at the minimum support price.

As per the interactions with farmers 60-70% of wheat was harvested before bad weather hit the area. Color and shine of 30-40% crop standing in the field got deteriorated, which would lead to 30-40% losses on selling price for farmers. Secondly, logging due to rain increased the labour cost for harvest since logged and wet wheat on field cannot be harvested by thresher or combine harvester. Due to harvesting of wet wheat its grain temperature increases, which leads to allocation of less rates to farmers..

As per trade sources, India has exported around 4 lakh tonnes Wheat in the month of January-2021 at an average FOB of \$263 per tonnes, higher this year and the major destinations were Bangladesh, Sri Lanka, Qatar and Nepal. 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

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. 1865 respectively.

Weather Outlook: Rise by 4-6°C in maximum temperatures over most parts of Northwest India during next 3 days. Gradual rise in maximum temperatures by 3-5°C over most parts of Central India and by 2-4°C over most parts of East, West and peninsular India during next 3 days. No heat wave conditions very likely over the country during next 4-5 days except Saurashtra & Kutch and Konkan & Goa where heat wave conditions are very likely at isolated pockets during 1st week of April over north Gujarat region.



Wheat Weekly Export

(Back to Table of Contents)

A week-on-week Exports	Quantity in MT	Average FoB (\$/T)
01-07 Jan-2021	2080478.10	227.49
08-14 Jan-2021	33929.50	235.12
15-21 Jan-2021	4105470.19	251.16
22-31 Jan-2021	3519064.45	254.71
Total	400089	236.06

Source: Trade

Wheat Import

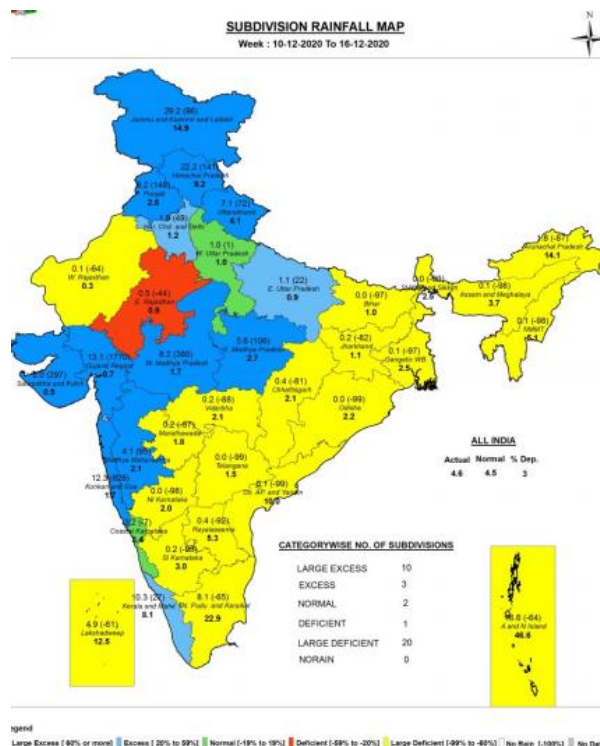
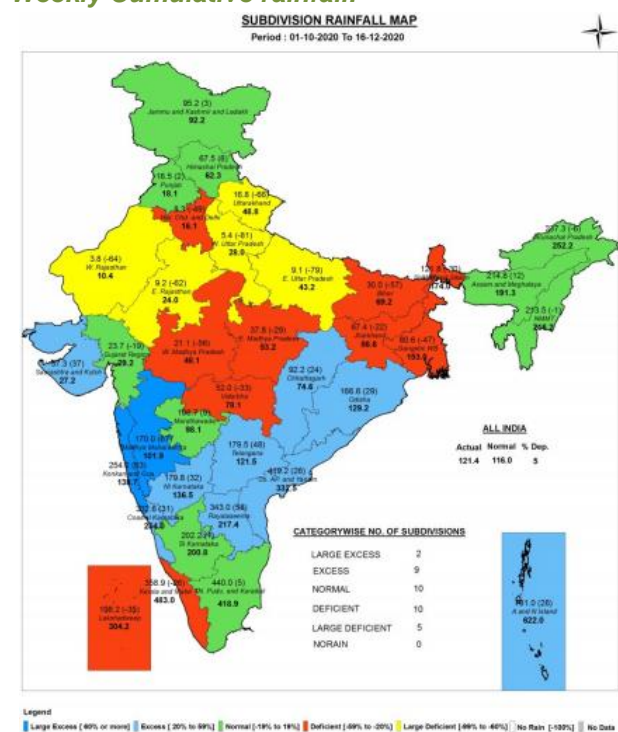
Date	Origin	Port	Quantity in MT
Oct-2020	Australia, UK	Tuticorin	4.0
	Mexico		2.3
	Total		6.38

Source: Traders

No Import in the month of Dec.

Monsoon

Weekly Cumulative rainfall:

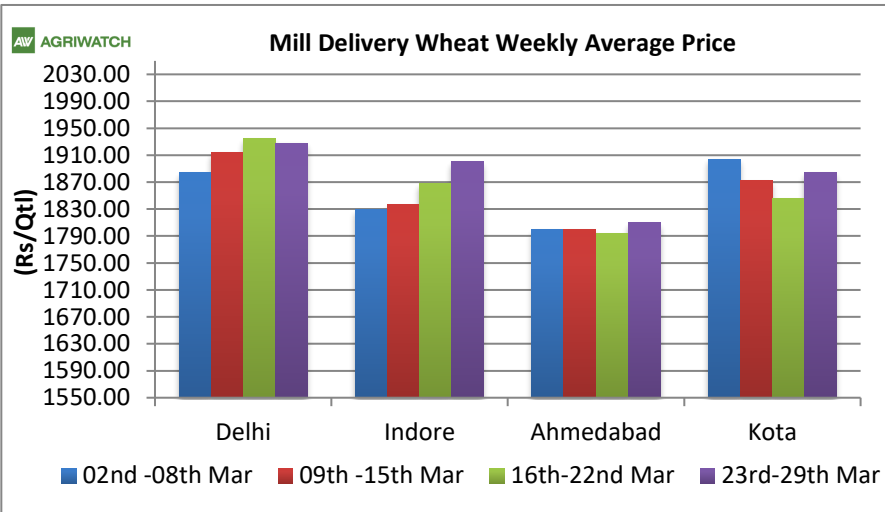


Source: IMD

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

Wheat's average mill delivery prices remained high in all market except Delhi, in the week ending during 23rd – 29th Mar 2021.

Markets had shown firm movement in prices last week due to loss by rain. Wheat is likely to trade steady to slightly firm in upcoming weeks. The weather conditions in northern India are likely to have a pronounced influence on wheat prices. In case there is significant damage to the crop from untoward weather conditions, the prices may rise from the current level.


Wheat and Rice Stocking Norms

<u>Wheat Stock Norms</u>						
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

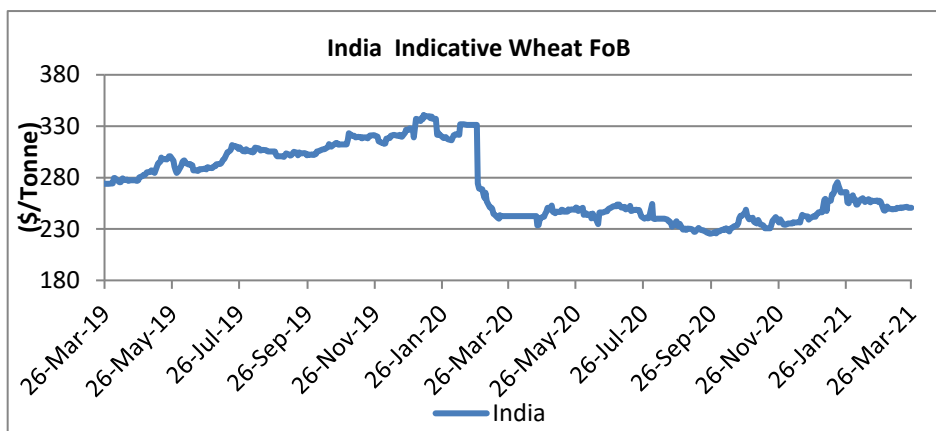
State/UTs	Procurement as of Oct-2020 (Figures in LMT)		
	FCI (A)	State Agency (B)	Total (A+B)
Punjab	14.20	112.94	127.14
Haryana	6.69	67.31	74.00
Uttar Pradesh	1.34	34.43	35.77
Madhya Pradesh	0.00	129.42	129.42
Bihar	0.00	0.05	0.05
Rajasthan	16.29	5.96	22.25
Others	0.14	1.15	0.91
All-India	38.66	351.26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

FOB Quote for Wheat at Kandla

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

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 \$245-\$265 per tonnes.



Indicative FOB Quotes:

Wheat FOB	Variety	Today	Week Ago	Month Ago	Year Ago	% Change over Prev. Year
		30-Mar-21	23-Mar-21	26-Feb-21	31-Mar-20	
USA (Chicago)	2srw	285.00	289.00	283.00	255.17	11.69
France	FCW3	240.25	262.93	292.09	216.34	11.05
Australia	ASW	235.60	242.55	255.84	251.93	-6.48
Russia	SRW	290.00	272.00	290.00	220.00	31.82
India	Fob	250.61	250.61	256.57	242.42	3.38

International Weekly Outlook:

Wheat prices rose in most major exporting countries since last month's WASDE amid the implementation of Russia's export policies and concerns with winter wheat conditions in the United States and Black Sea, combined with strong import demand from several major markets. Black sea prices are coming down due to no demand and crop is also in good condition. Most major exporter quotes are trading within a narrow range, though over the past month Argentine quotes have fallen, reflecting abundant supplies after its recent harvest. Despite new supplies also available in Australia, quotes there have trended up on strong demand from Asian markets.

	19/03/2021	22/03/2021	05/03/2021	05/03/2021
Black Sea Mill Wheat 12.5% FOB Pmax. (\$/T)	246	276.5	281.5	283.5
Black Sea Mill Wheat 11.5% FOB Pmax. (\$/T)	247	275.5	281.5	283.5

NCDEX Wheat Contracts

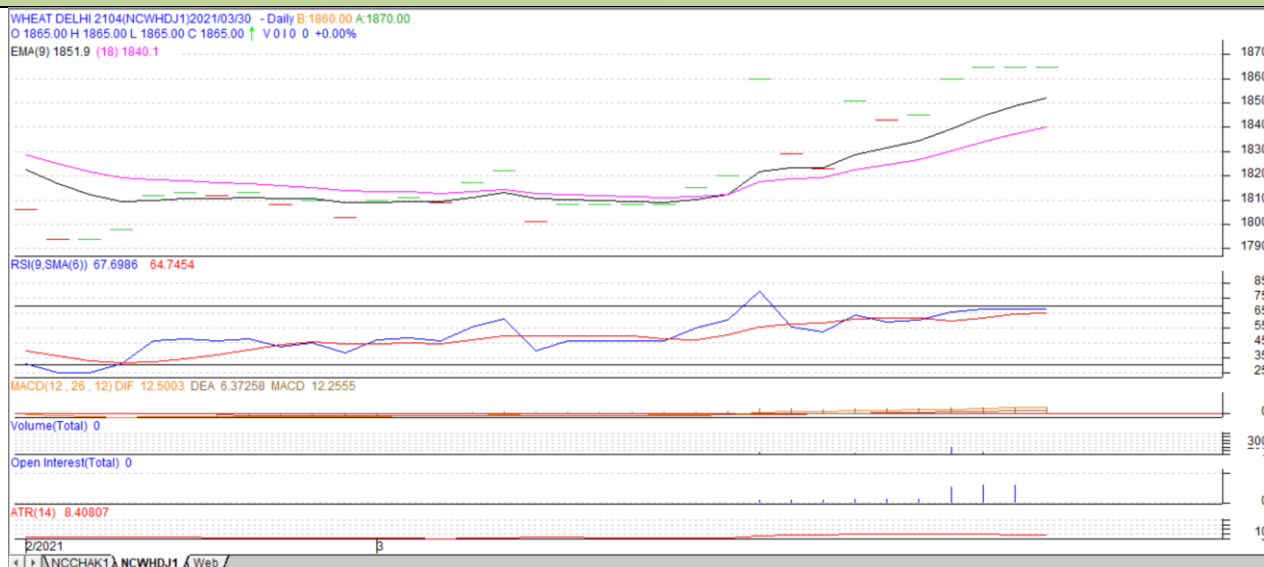
Wheat Futures Contact: NCDEX Price								Date: 29.03.2021	
Contract Month	+/-	Open	High	Low	Close	Volume	Change From previous day	Open Interest	Change From previous day
21-Mar	-	-	-	-	1865	-	-	-	-
21-Apr	-	-	-	-	1846	-	-	-	-
21-May	-	-	-	-	1852	-	-	-	-

Wheat Technical Analysis:

(Back to Table of Contents)

Wheat- Technical outlook

Contract Expiry: 20th April, 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	April	-	-	-	-	-
Pre-Market Intraday Trade Call*			Call	Entry	T1	T2	SL
Wheat	NCDEX	April	WAIT	1865	-	-	-

*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
	30-Mar-21	23-Mar-21	28-Feb-21	8-Apr-20	
Indore	1789	1778	1752	1887	-5.19
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	2070	-17.87
Karnal	#N/A	#N/A	#N/A	0	-
Rajkot	1836	1830	1840	1831	0.27
Kota	1800	1801	1815	2056	-12.45

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-Mar-21	27-Mar-21	23-Mar-21	27-Feb-21	31-Mar-20
Delhi	Lawrence Road	Mill Delivery	1940	1900	1950	1865	0
	Narella	Mill Quality Loose	1760	1800	1840	1780	0
	Nazafgarh	Mill Quality Loose	1750	1735	1755	1750	0
Gujarat	Rajkot	Mill Delivery	Closed	Closed	1810	1810	Closed
	Ahmedabad	Mill Delivery	Closed	Closed	1850	1875	Closed
	Surat	Mill Delivery	Closed	Closed	1950	1940	Closed
	Dhrol	Mill Delivery	NA	NA	0	0	Closed
M.P.	Indore	Mill Delivery	Closed	Closed	1880	1800	Closed
	Bhopal	Mill Quality Loose	Closed	Closed	1760	1700	Closed
Rajasthan	Kota	Mill Quality Loose	1725	1700	1700	1640	Closed
		Mill Delivery	1875	1850	1850	1765	Closed
U.P.	Kanpur	Mill Delivery	1700	1700	1710	1760	0
	Mathura	Mill Quality Loose	1780	1725	1700	1745	0
	Kosi	Mill Quality Loose	1700	1700	1780	1780	0
	Hathras	Mill Quality Loose	1650	1680	1700	1710	0
	Aligarh	Mill Quality Loose	1700	1720	1700	1725	0
Punjab	Khanna	Mill Quality Loose	Closed	Closed	1750	1780	Closed
	Ludhiana (Jagraon)	Mill Delivery	NA	NA	0	0	0
Haryana	Sirsa	Mill Delivery loose	1850	1840	1825	1800	Closed
	Hodal	Mill Delivery	0	0	0	0	Closed
	Bhiwani	Mill Quality Loose	Closed	Closed	1850	1800	Closed
	Karnal	Mill Delivery	NA	NA	0	0	0
	Panipat	Mill Quality Loose	NA	NA	0	0	0
Tamil Nadu	Chennai	Mill Quality	2125	2125	2125	2125	Closed
	Madurai	Mill Quality	2182	2250	2250	2250	Closed
	Coimbatore	Mill Quality	2182	2300	2300	2300	Closed
Bihar	Khagariya	Mill Delivery	1775	1825	1800	1800	Closed
	Muzaffarpur	Mill Delivery	1700	1775	1800	1750	Closed

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

International Market Update:**[\(Back to Table of Contents\)](#)**

This week's U.S. wheat commercial sales of 344,000 metric tons (MT) were down 12% from last week's 390,000 MT but within trade expectations of 150,000 MT to 500,000 MT. Year-to-date commercial sales for delivery in 2020/21 total 24.9 million metric tons (MMT), 1% higher than last year. USDA expects total 2020/21 U.S. wheat exports will reach 26.8 MMT, 2% higher than last year, if realized.

On March 5, the United Nations (UN) Food and Agriculture Organization (FAO) predicted global wheat production in 2021 would reach a record 780 MMT on a return to trendline production in the European Union (EU).

Russia's complicated export tax is throwing a wrench in traders' ability to sell Russian wheat for future delivery. The current flat tax will change to a floating tax this summer and will be assessed once cargos sail, not when they are sold, making it risky to book advance sales of Russian wheat. Analysts warn that the uncertainty could lead to a higher risk premium on Russian wheat. **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.

IKAR, A Russian consultancy forecast Russia's wheat crop in 2021/22 to be 79.8 MMT compared to 78.0 MMT in 2020/21. Exports are predicted at 39.5 MMT.

China An executive with COFCO, China's state affiliated trading company, this week said that French wheat would be more competitive in the Chinese market if it were higher quality wheat, reported Reuters. The lower-protein wheat commonly grown in France is similar to domestic Chinese wheat. France sold a record amount of wheat to China in 2020, 2.5 MMT.

Ukraine's new agriculture minister said there is no reason to curb crop exports and that Ukraine plays a crucial role in the global supply chain. Despite his remarks, grain traders agreed to a 17.5 MMT export quota for the 2020/21 season, of which approximately 80% has already been sold.

Australian farmers, following their largest ever wheat crop in 2020, are seeing the cost of farm inputs such as fertilizer and machinery climb higher, and supplies may not be available say many growers. Farmers are betting on back-to-back bumper crops. The Australian Bureau of Agricultural and Resource Economics and Sciences predicts wheat production for 2021/22 to be 25.0 MMT, down 25 percent from 2020/21.

France FranceAgriMer estimates that France's soft wheat crop is 87 percent rated good or excellent. The updated rating is a decline from the previous week but an improvement to the 63 percent good or excellent rating reported last year.

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 The European Commission forecast production of common wheat in the European Union at 126.7 MMT for 2021/22 compared to 117.1 MMT in 2020/21. The Commission expects exports to reach 30.0 MMT.

The U.S. Dollar Index increased from last week's 91.93 to close at 92.76

IGC Wheat Balance Sheet:
[\(Back to Table of Contents\)](#)

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	15
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 10 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.

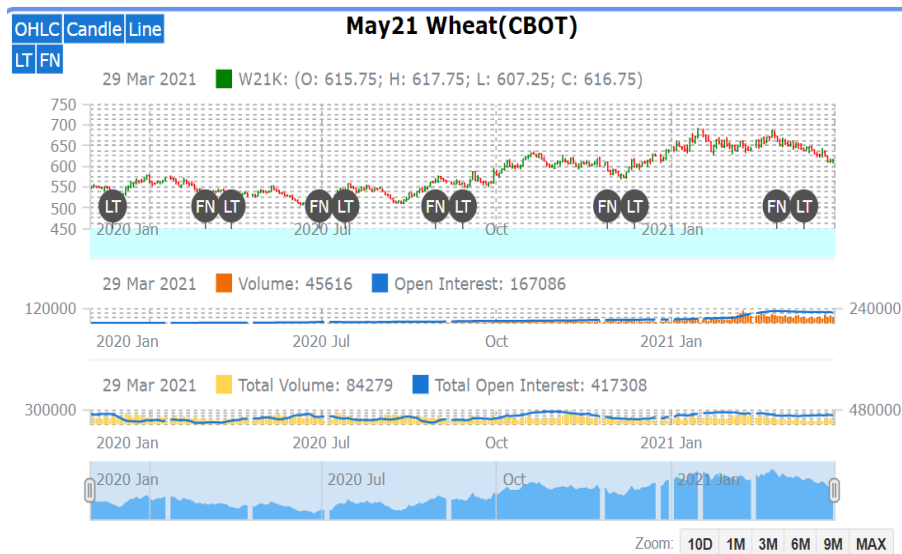
CBOT FUTURES CONTRACT:

CBOT Futures Prices:(USD/T)							
CONTRACT MONTH	Today	Week Ago	Month Ago	3 Month Ago	6 Month Ago	Year Ago	% Change over prev. year
	26-Mar-21	19-Mar-21	22-Feb-21	25-Dec-20	22-Sep-20	24-Mar-20	
May-21	225.31	227.51	246.07	229.90	209.60	200.78	12.21
Jul-21	223.84	227.60	241.38	226.23	208.68	206.30	8.50
Sep-21	224.11	230.18	240.28	226.96	210.61	204.00	9.86
Dec-21	226.59	232.01	242.02	229.53	214.01	205.38	10.33
Mar-22	228.61	232.20	243.59	231.55	216.67	209.42	9.17
May-22	229.53	224.57	241.38	229.44	212.45	212.27	8.14

CBOT May-21
[\(Back to Table of Contents\)](#)

1st Support: 635.75
2nd Support: 634.25
1st Resistance: 631.25
2nd Resistance: 628.25
(\$ per tonne)

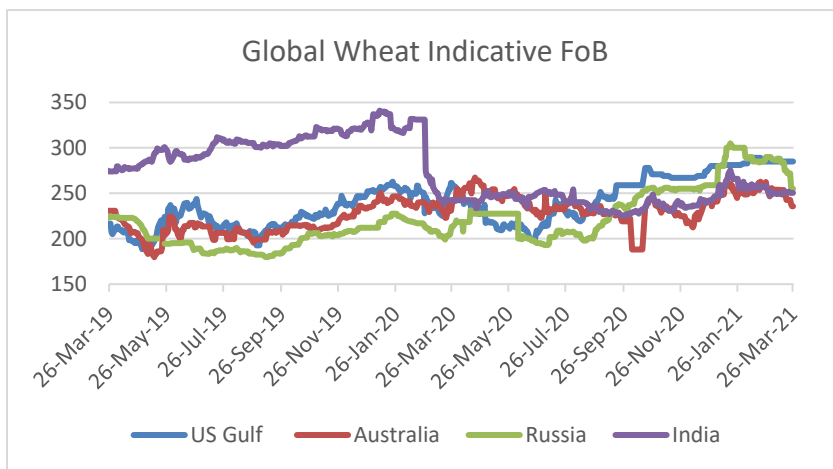
The May'21 contract closed lower by the end of the week and remained steady to weak during the week. Candlestick's pattern denotes a steady trend in the chart. decrease in price and decrease in open interest compared to last week, interprets long liquidation in market. We expect wheat prices to remain 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 \$250.61 per tonne. US and Russian quotes are hovering in the range of \$285 and \$255 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.

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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