AGRIWATCH

Wheat Weekly Research Report
05th Apr-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 percent to Rs. 1935.37 per quintal during the week ended 08th Apr 2021. Wheat average prices were ruling at Rs 2070.45 per quintal during 01st–08th Apr 2020. Due to the arrival of new crop in mandis and high export demand, wheat may trade steady to slightly firm in coming weeks.

The government has procured 78,392 tonnes of wheat in the first fortnight of the new procurement season, which began on March 15, 2021. The procurement has started only in Rajasthan, Gujarat, and Madhya Pradesh. It is likely to pick up pace as it takes off in Haryana, Maharashtra, Uttar Pradesh, and Uttarakhand from April 1. Punjab's procurement has been delayed to April 10 due to a spike in Covid-19 cases in the state. Last year also, Punjab had delayed procurement for ten days due to the pandemic.

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. In Haryana Wheat procurement is going to start from April 1. Under the farmer movement, the state government is looking very serious about purchasing crops this year.

The Uttar Pradesh government is gearing up to purchase wheat from farmers till their stocks last. The purchase will start from tomorrow 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.

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 3.70 lakh tonnes Wheat in the month of February-2021 at an average FOB of $263 per tonnes, higher this year and the major destinations were Bangladesh, Malaysia, Oman, 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. 1852 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.

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Wheat Weekly Export

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A week-on-week Exports	Quantity in MT	Average FoB ($/T)
01-07 Feb-2021	100299.59	227.49
08-14 Feb-2021	137297.24	235.12
15-21 Feb-2021	76424.96	251.16
22-31 Feb-2021	56876.80	254.71
Total	**370709.71**	**236.06**

Source: Trade

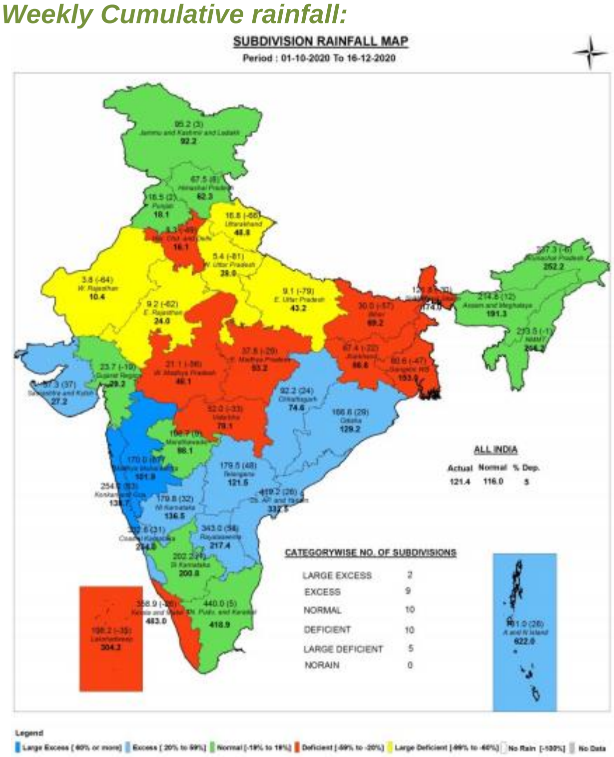
Wheat Import

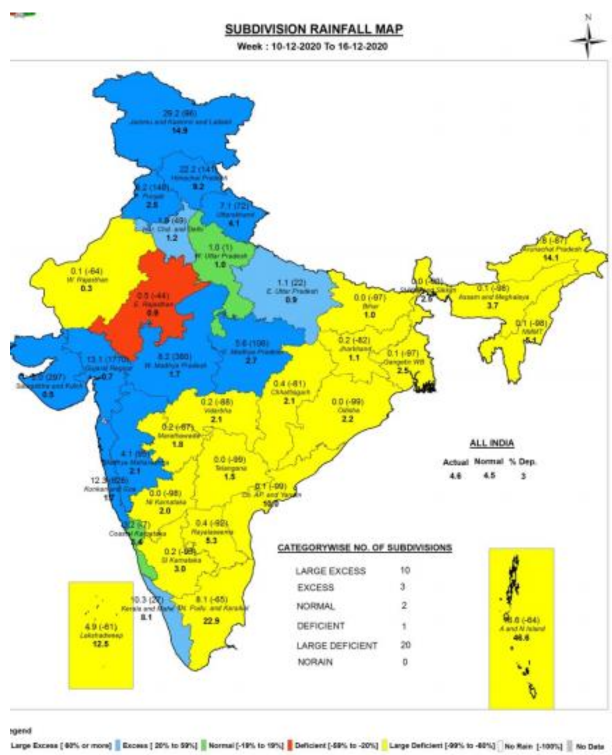
Date	Origin	Port	Quantity in MT
Oct-2020	Australia, UK	Tuticorin	4.0
	Mexico		2.3
	Total		6.38

Source: Traders
No Import in the month of Feb.

Monsoon

Weekly Cumulative rainfall:





Source: IMD

Wheat Weekly Average Price Chart

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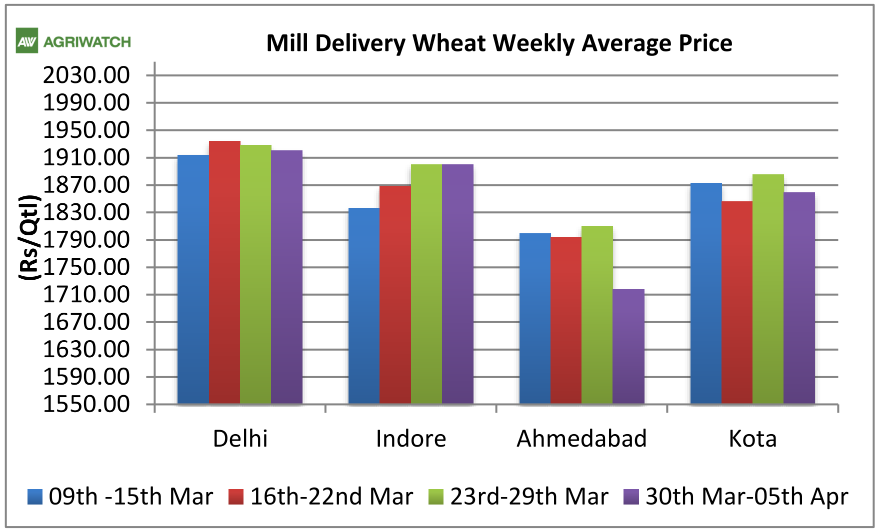
Wheat's average mill delivery prices remained low in all market, in the week ending during 30th Mar– 05th Apr 2021. Most of the markets were closed due the festival of Holi and March closing.

Markets had shown steady movement in prices last week due to low arrival and Holi festival. Wheat is likely to trade steady to slightly firm in upcoming weeks. As procurement has also started in almost all the major producing states.



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**

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FOB Quote for Wheat at Kandla

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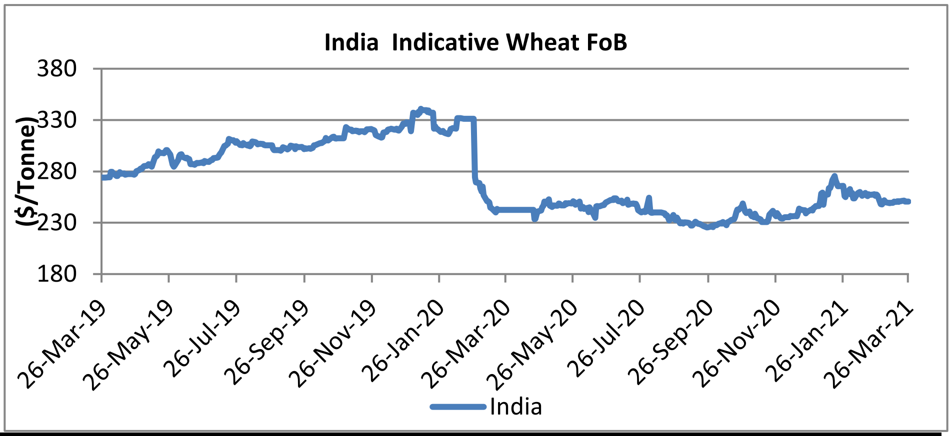
The wheat FoB quote in India noticed a steady tone in the past week. The overall condition for Indian wheat export remains favorable, and exports continue from India due to widespread demand from neighboring countries.

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 $245-$265 per tonnes.



Indicative FOB Quotes:

Wheat FOB	Variety	Today	Week Ago	Month Ago	Year Ago	% Change over Prev. Year
		5-Apr-21	26-Mar-21	4-Mar-21	9-Apr-20	
USA (Chicago)	2srw	263.00	289.00	283.00	240.83	9.21
France	FCW3	260.00	258.78	280.50	215.28	20.77
Australia	ASW	269.50	235.60	249.60	256.06	5.25
Russia	SRW	290.00	0.00	287.00	218.00	33.03
India	Fob	248.06	250.61	251.94	242.42	2.33

International Weekly Outlook:

Wheat prices are low in most major exporting countries since last month's after 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.

	05/04/2021	19/03/2021	22/03/2021	05/03/2021
Black Sea Mill Wheat 12.5% FOB Pmax. ($/T)	242	246	276.5	281.5
Black Sea Mill Wheat 11.5% FOB Pmax. ($/T)	242	247	275.5	281.5

NCDEX Wheat Contracts

Wheat Futures Contact: NCDEX Price — **Date: 05.04.2021**

Contract Month	+/-	Open	High	Low	Close	Volume	Change From previous day	Open Interest	Change From previous day
21-Mar	-	-	-	-	1852	-	-	-	-
21-Apr	-	-	-	-	1857	-	-	-	-
21-May	-	-	-	-	1862	-	-	-	-

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Wheat Technical Analysis:

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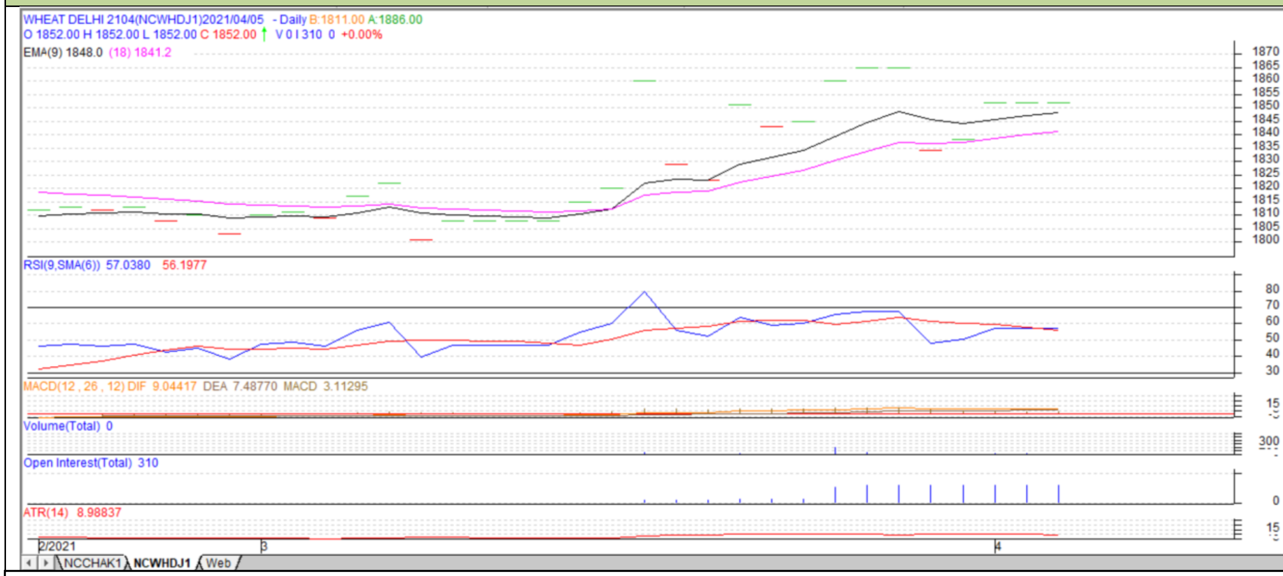
Wheat- Technical outlook | **Contract Expiry: 20th April, 2021**



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	1852	-	-	-

*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
	5-Apr-21	29-Mar-21	6-Mar-21	14-Mar-20	
Indore	1789	1778	1752	0	NA
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	1773	3.55
Kota	1800	1801	1815	1998	-9.91

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**
			05-Apr-21	**03-Apr-21**	**27-Mar-21**	**05-Mar-21**	**06-Apr-20**
Delhi	Lawrence Road	Mill Delivery	1925	1900	1900	1900	0
	Narella	Mill Quality Loose	1725	1690	1800	1725	0
	Nazafgarh	Mill Quality Loose	1775	1750	1735	1720	0
Gujarat	Rajkot	Mill Delivery	1700	1715	Closed	1810	Closed
	Ahmedabad	Mill Delivery	1800	1810	Closed	1885	Closed
	Surat	Mill Delivery	1850	1850	Closed	1950	Closed
	Dhrol	Mill Delivery	NA	NA	0	1815	Closed
M.P.	Indore	Mill Delivery	1830	Closed	Closed	1800	Closed
	Bhopal	Mill Quality Loose	1750	Closed	Closed	1750	Closed
Rajasthan	Kota	Mill Quality Loose	1700	1680	1700	1800	Closed
		Mill Delivery	1850	1830	1850	1950	Closed
U.P.	Kanpur	Mill Delivery	1700	NR	1700	1760	2200
	Mathura	Mill Quality Loose	1710	1700	1725	1730	0
	Kosi	Mill Quality Loose	1700	1680	1700	1790	0
	Hathras	Mill Quality Loose	1720	1725	1680	1690	0
	Aligarh	Mill Quality Loose	1700	1690	1720	1700	0
Punjab	Khanna	Mill Quality Loose	Closed	Closed	Closed	1800	Closed
	Ludhiana (Jagraon)	Mill Delivery	NA	NA	0	0	0
Haryana	Sirsa	Mill Delivery loose	1850	1840	1840	1810	Closed
	Hodal	Mill Delivery	0	0	0	0	Closed
	Bhiwani	Mill Quality Loose	1850	Closed	Closed	1790	Closed
	Karnal	Mill Delivery	NA	NA	0	0	0
	Panipat	Mill Quality Loose	NA	NA	0	0	0
Tamil Nadu	Chennai	Mill Quality	2100	2100	2125	2100	Closed
	Madurai	Mill Quality	2157	2250	2250	2200	Closed
	Coimbatore	Mill Quality	2157	2300	2300	2250	Closed
Bihar	Khagariya	Mill Delivery	1700	1600	1825	1800	Closed
	Muzaffarpur	Mill Delivery	1700	1650	1775	1750	Closed

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

International Market Update:

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This week's U.S. wheat commercial sales of 250,000 metric tons (MT) were down 27% from last week's 344,000 MT but within trade expectations of 125,000 MT to 450,000 MT. Year-to-date commercial sales for delivery in 2020/21 total 25.1 million metric tons (MMT), 1% higher than last year. USDA expects total 2020/21 U.S. wheat exports will reach 26.8 MMT, 2 percent higher than last year, if realized.

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 Farmers in Ukraine are nearly a month behind their planting schedule that usually begins at the end of February. Snow and wet conditions kept farmers out of their fields until the end of March. Russian wheat farmers are also delayed but only by about ten days. One analyst put planting 70% behind the same time last year but added that he is optimistic farmers can catch up. SovEcon raised Russia's wheat production forecast to 79.3 MMT.

Ukraine's economy minister said Ukraine will not reach its 17.5 MMT wheat quota this season following slower than expected wheat exports. He noted that exports are 500,000 MT behind the predicted forecast year-to-date.

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 France's winter wheat crop is rated 87 percent good or excellent, in line with the five-year average and well above the 63 percent good or excellent rating at this time last year.

Argentina Argentine farmers are expected to plant over 7.0 million hectares of wheat in 2021/22, up 4% compared to 2020/21, announced the agriculture ministry. The ministry also predicted that farmers could export as much as 14.0 MMT of wheat in 2021/22.

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.

IGC Wheat Balance Sheet:

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IGC Forecast (Fig- In MMT)	2018-19	2019-20 est.	2020-21 (Forecast)		2021-22 proj.
			25.02	25.03	25.03
Production	732	762	773	774	790
Trade	168	184	188	190	184
Consumptions	740	743	756	760	778
Carryover stocks	260	278	294	292	304
Y-O-Y change	-8	19	15	14	12
Major Export	69	64	64	63	64

- IGC has estimated global wheat production at 774 MMT for 2020-21, 6 MMT higher compared to last month's estimate. According to estimates by IGC the 2019-20 global wheat production was around 762 MMT and 732 MMT for 2018-19.
- The trade estimates for 2020-21 have increased to 190 MMT. It is 6 MMT higher compared to the estimate for last year and higher by 22 MMT compared to 2018-19.
- Consumption has been increased to 760 MMT for 2020-21. The forecast is higher by 23 MMT compared to 2019-20.
- Carryout for 2020-21 is forecast at 292 MMT compared to an estimate of 278 MMT last year. It is higher by around 14 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
	02-Apr-21	26-Mar-21	01-Mar-21	01-Jan-21	29-Sep-20	31-Mar-20	
May-21	224.48	225.31	238.90	234.95	206.30	206.30	8.82
Jul-21	224.30	223.84	236.05	230.82	206.11	206.11	8.82
Sep-21	225.03	224.11	235.23	231.55	208.32	208.32	8.02
Dec-21	227.33	226.59	236.97	233.94	211.90	205.38	10.69
Mar-22	229.35	228.61	238.81	236.05	214.65	209.42	9.52
May-22	229.63	229.53	237.80	233.39	212.45	212.27	8.18

CBOT May-21

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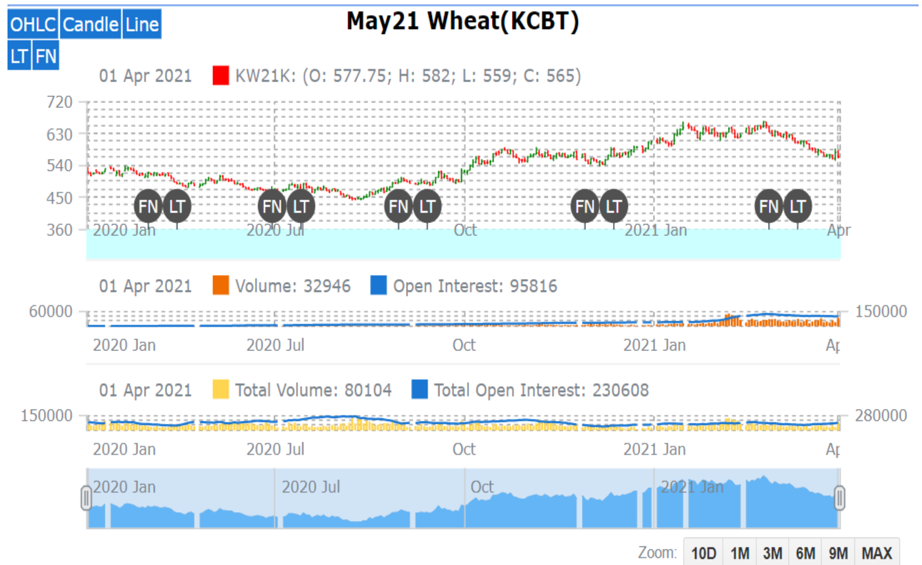
1st Support: 635.75
2nd Support: 634.25
1st Resistance: 631.25
2nd Resistance: 628.25
($ per tonne)



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.