AGRIWATCH

Wheat Weekly Research Report
12th Apr-2021

# Wheat Weekly Research Report

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## Wheat Domestic Market Fundamentals

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All India's weekly average prices increase by percent to Rs. 2020.13 per quintal during the week ended 15th Apr 2021. Wheat average prices were ruling at Rs 1953.60 per quintal during 09th–15th Apr 2020. Due to the arrival of new crop in mandis and demand from upcoming marriage season, wheat may trade steady to slightly firm in coming weeks.

The government has procured 13.23 lakh tonnes of wheat as of 10 April in the new procurement season. 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.

A dust storm followed by rain hit several Punjab Tuesday night areas affecting standing crops over 11,645 hectares in at least four districts. The storm is likely to hit crop yield in the affected area by 2 to 3%. According to the Department of Agriculture, the districts where the crop has been affected are Ludhiana, Fatehgarh Sahib, Bathinda, and Mohali. This damage is to crop covering 0.33% of the total area under wheat in Punjab, said the report. In Ludhiana, the damage is the maximum around 6,275-hectare area under wheat the yield might be affected by 1 to 1.5%in this area.

The Haryana government has relaxed procurement norms allowing farmers to bring their produce to mandis without schedule but most wheat reaching in the grain markets do not fit the procurement guidelines. Farmers reaching the mandis said that procurement agencies did not procure their produce due to higher moisture content and wheat crop is being scattered in mandis to bring down the moisture content to the permissible limit of 12%.

Punjab have started the wheat procurement operations late from April 10 due to the Covid-19 spike in the state. 68,963 Metric tonnes have been procured till 12.04.21. Delhi (Najafgarh Mandi) procured 30.95 metric tonnes till 11.04.21. The entire Delhi region has procured 180.18 metric tonnes of wheat. Rajasthan procured 60,268 metric tonnes till 10.04.21. Haryana procured 82,000 metric tonnes till 10.04.21.

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. 1841 respectively.

***Weather Outlook:*** Possibility of hailstorm with heavy rains at many places from Jammu and Kashmir to Uttarakhand. Heatwave is likely in the southern districts of Rajasthan, Vidarbha, Gujarat, and Madhya Pradesh. Light rain is accompanied by dust storms in Punjab, Haryana, Maharashtra, Chhattisgarh, Telangana, and South. Madhya Pradesh may receive rain at the end of the week.

## 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***

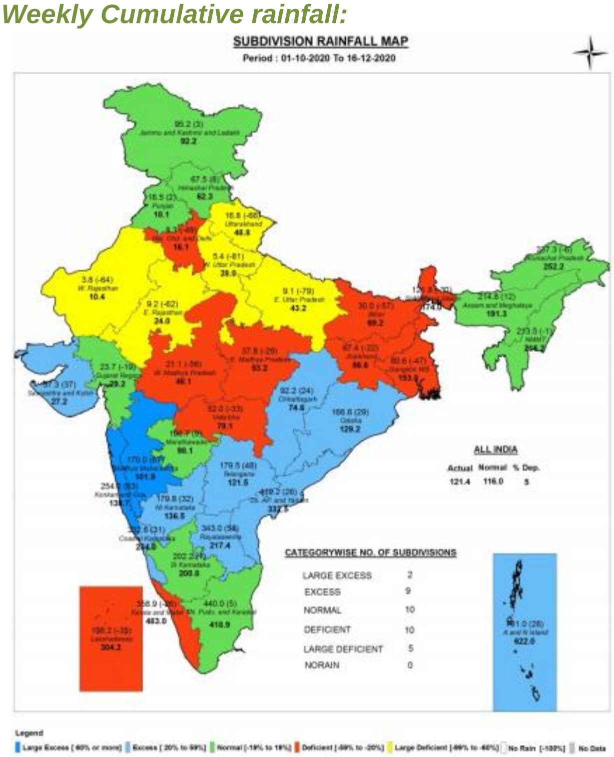
## Wheat Import

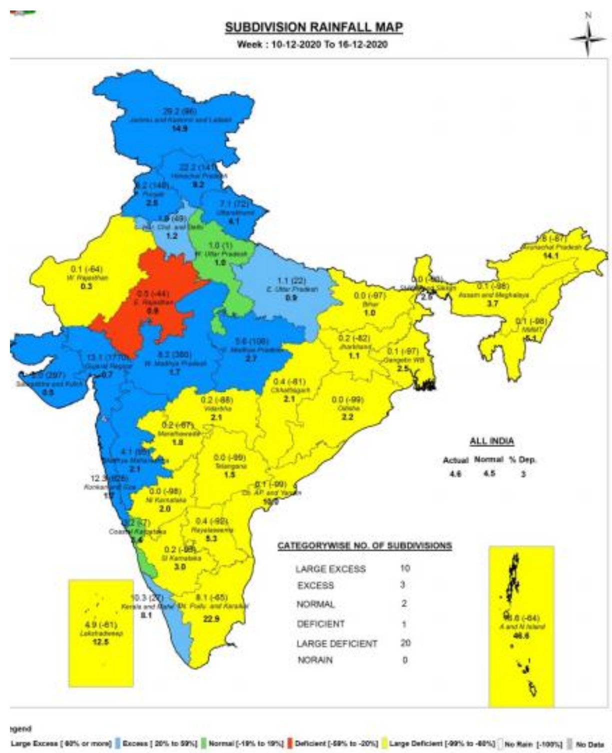
| Date | Origin | Port | Quantity in MT |
|---|---|---|---|
| Oct-2020 | Australia, UK | Tuticorin | 4.0 |
| | Mexico | | 2.3 |
| | Total | | 6.38 |

***Source: Traders***
***No Import in the month of Feb.***

## Monsoon

### Weekly Cumulative rainfall:




***Source: IMD***

## Wheat Weekly Average Price Chart

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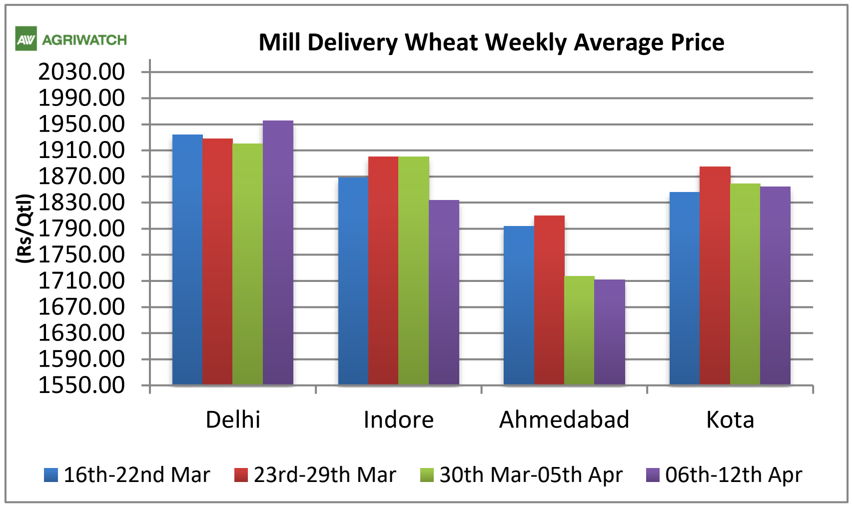
Wheat's average mill delivery prices remained low in all market except Delhi, in the week ending during 06th– 12th Apr 2021. Some of the markets are closed due the March closing and spread pf Covid -19.

Markets had shown steady movement in prices last week due to increase in arrival and demand from private companies. 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** |

## *FOB Quote for Wheat at Kandla*

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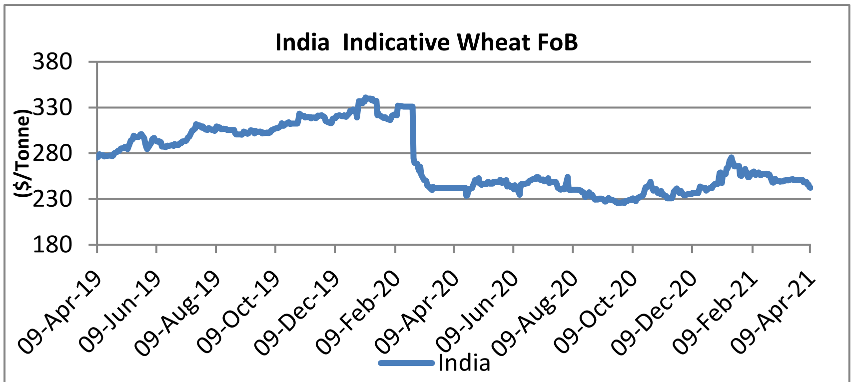
The wheat FoB quote in India noticed a weak tone in the past week. The overall condition for Indian wheat export remains favorable, and exports continue from India due to widespread demand from neighboring countries.

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 tonnes.




**Indicative FOB Quotes:**

| Wheat FOB | Variety | Today | Week Ago | Month Ago | Year Ago | % Change over Prev. Year |
|---|---|---|---|---|---|---|
| | | 12-Apr-21 | 5-Apr-21 | 11-Mar-21 | 13-Apr-20 | |
| USA (Chicago) | 2srw | 256.00 | 263 | 283.00 | 242.23 | **5.68** |
| France | FCW3 | 255.00 | 260 | 268.07 | 216.78 | **17.63** |
| Australia | ASW | 266.00 | 269.5 | 253.50 | 256.06 | **3.88** |
| Russia | SRW | 249.00 | 290 | 288.00 | 218.50 | **13.96** |
| India | Fob | 242.28 | 248.06 | NA | Closed | **NA** |

### International Weekly Outlook:

Wheat prices fell across all major exporting countries since last month's WASDE with improved winter wheat conditions in several key production regions. Furthermore, some importers are delaying purchases awaiting the upcoming harvest in anticipation of lower new crop prices. The biggest reduction over the past month has been for Russia, where crop prospects have improved and export quotes have eased amid the current export policies, including the announcement of floating taxes for the new crop year. Its quotes are currently the most competitive. EU quotes have also eased and remain slightly above Russia. Argentine quotes have fallen modestly with slowing farmer sales. Australian quotes have edged somewhat lower with new supplies but remain supported by strong demand from Asian markets. Quotes from Canada are currently the highest among major suppliers.

| | 12/04/2021 | 05/04/2021 | 19/03/2021 | 22/03/2021 |
|---|---|---|---|---|
| **Black Sea Mill Wheat 12.5% FOB Pmax. ($/T)** | 230 | 242 | 246 | 276.5 |
| **Black Sea Mill Wheat 11.5% FOB Pmax. ($/T)** | 230 | 242 | 247 | 275.5 |

## *NCDEX Wheat Contracts*

| Wheat Futures Contact: NCDEX Price | | | | | | | | | Date: 12.04.2021 |
|---|---|---|---|---|---|---|---|---|---|
| **Contract Month** | **+/-** | **Open** | **High** | **Low** | **Close** | **Volume** | **Change From previous day** | **Open Interest** | **Change From previous day** |
| **21-Mar** | - | - | - | - | 1841 | - | - | - | - |
| **21-Apr** | - | - | - | - | 1841 | - | - | - | - |
| **21-May** | - | - | - | - | 1841 | - | - | - | - |

***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 | 1841 | - | - | - |

*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** |
|---|---|---|---|---|---|
| | **12-Apr-21** | **5-Apr-21** | **13-Mar-21** | **22-Apr-20** | |
| **Indore** | 1789 | 1778 | 1752 | 0 | NA |
| **Bareilly** | #N/A | #N/A | #N/A | 0 | - |
| **Delhi** | 1850 | 1894 | 1942 | 0 | NA |
| **Khanna** | #N/A | #N/A | #N/A | 0 | - |
| **Kanpur** | 1700 | 1730 | 1750 | 0 | NA |
| **Karnal** | #N/A | #N/A | #N/A | 0 | - |
| **Rajkot** | 1836 | 1830 | 1840 | 0 | NA |
| **Kota** | 1800 | 1801 | 1815 | 1868 | -3.64 |

***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 |
| | | | 12-Apr-21 | 10-Apr-21 | 05-Apr-21 | 12-Mar-21 | 13-Apr-20 |
| Delhi | Lawrence Road | Mill Delivery | 1980 | 1960 | 1925 | 1915 | Closed |
| | Narella | Mill Quality Loose | 1780 | 1770 | 1725 | 1800 | Closed |
| | Nazafgarh | Mill Quality Loose | 1825 | 1810 | 1775 | 1750 | Closed |
| Gujarat | Rajkot | Mill Delivery | 1725 | 1720 | 1700 | 1775 | Closed |
| | Ahmedabad | Mill Delivery | 1865 | 1840 | 1800 | 1875 | Closed |
| | Surat | Mill Delivery | 1950 | 1935 | 1850 | 1925 | Closed |
| | Dhrol | Mill Delivery | NA | NA | 0 | 1775 | Closed |
| M.P. | Indore | Mill Delivery | Closed | Closed | 1830 | 1850 | Closed |
| | Bhopal | Mill Quality Loose | Closed | Closed | 1750 | 1750 | Closed |
| Rajasthan | Kota | Mill Quality Loose | 1715 | 1725 | 1700 | 1700 | 1850 |
| | | Mill Delivery | 1865 | 1875 | 1850 | 1850 | 1900 |
| U.P. | Kanpur | Mill Delivery | 1735 | 1700 | 1700 | 1780 | 2000 |
| | Mathura | Mill Quality Loose | 1710 | 1725 | 1710 | 1730 | 1810 |
| | Kosi | Mill Quality Loose | 1750 | 1725 | 1700 | 1750 | 1980 |
| | Hathras | Mill Quality Loose | 1750 | 1780 | 1720 | 1700 | 1850 |
| | Aligarh | Mill Quality Loose | 1750 | 1735 | 1700 | 1710 | 1790 |
| Punjab | Khanna | Mill Quality Loose | 1975 | Closed | Closed | 1800 | Closed |
| | Ludhiana (Jagraon) | Mill Delivery | NA | NA | 0 | 0 | 0 |
| Haryana | Sirsa | Mill Delivery loose | 1975 | 1975 | 1850 | 1800 | Closed |
| | Hodal | Mill Delivery | 0 | 0 | 0 | 0 | Closed |
| | Bhiwani | Mill Quality Loose | 1870 | 1860 | 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 | 2100 | 2100 | 2100 | 2100 | 2300 |
| | Madurai | Mill Quality | 2157 | 2250 | 2250 | 2200 | 2400 |
| | Coimbatore | Mill Quality | 2157 | 2300 | 2300 | 2250 | 2450 |
| Bihar | Khagariya | Mill Delivery | 1750 | 1800 | 1700 | 1800 | 1900 |
| | Muzaffarpur | Mill Delivery | 1670 | 1680 | 1700 | 1750 | 1825 |

*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:** (*Back to Table of Contents)*

This week's U.S. wheat commercial sales of 82,000 metric tons (MT) were down 67% from last week's 250,000 MT and below trade expectations of 100,000 MT to 500,000 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% higher than last year, if realized. Net sales of new crop wheat for 2021/22 delivery were 529,000 metric tons (MT).

**Russia's** Planting of spring cereals in Russia is lagging due to persistent rain and sleet. Russian farmers had planted just 1.4%of the forecasted area by April 2, reported the agriculture ministry. Spring wheat plantings were only 0.003%of their expected area

**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** Winter wheat in Ukraine is 98%in good condition and scientists affiliated with the Ukrainian agrarian academy said they saw no reason to cut the 2021 wheat harvest estimated at 29.5 MMT. APK-Inform, a Ukraine based agriculture consultancy pegged Ukrainian wheat production at 27.5 MMT and wheat exports at 19.8 MMT.

**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**AgriMer estimates 87%of French soft wheat in good or excellent conditions for the week of March 29, unchanged from the previous week.

**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 reported that wheat exports were at their lowest volume for the marketing year for the week of April 4 at 174,833 metric tons. Total wheat exports for 2020/21 are estimated at 20.3 MMT, down 23%from last year.

## IGC Wheat Balance Sheet:

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| IGC Forecast (Fig- In MMT) | 2018-19 | 2019-20 est. | 2020-21 (Forecast) | | 2021-22 proj. |
|---|---|---|---|---|---|
| | | | 25.02.21 | 25.03.21 | 25.03.21 |
| **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 |
|---|---|---|---|---|---|---|---|
| | 09-Apr-21 | 02-Apr-21 | 08-Mar-21 | 08-Jan-21 | 06-Oct-20 | 07-Apr-20 | |
| **May-21** | 234.68 | 224.48 | 237.52 | 235.41 | 220.99 | 201.79 | **16.29** |
| **Jul-21** | 235.32 | 224.30 | 235.32 | 232.10 | 219.15 | 201.15 | **16.99** |
| **Sep-21** | 235.69 | 225.03 | 235.32 | 232.93 | 220.35 | 202.35 | **16.48** |
| **Dec-21** | 237.34 | 227.33 | 237.52 | 235.78 | 222.92 | 205.38 | **15.56** |
| **Mar-22** | 238.63 | 229.35 | 239.36 | 238.17 | 224.39 | 209.42 | **13.95** |
| **May-22** | 237.71 | 229.63 | 238.99 | 235.96 | 212.45 | 212.27 | **11.99** |

# Wheat Weekly Research Report
12th Apr-2021

## *CBOT May-21*

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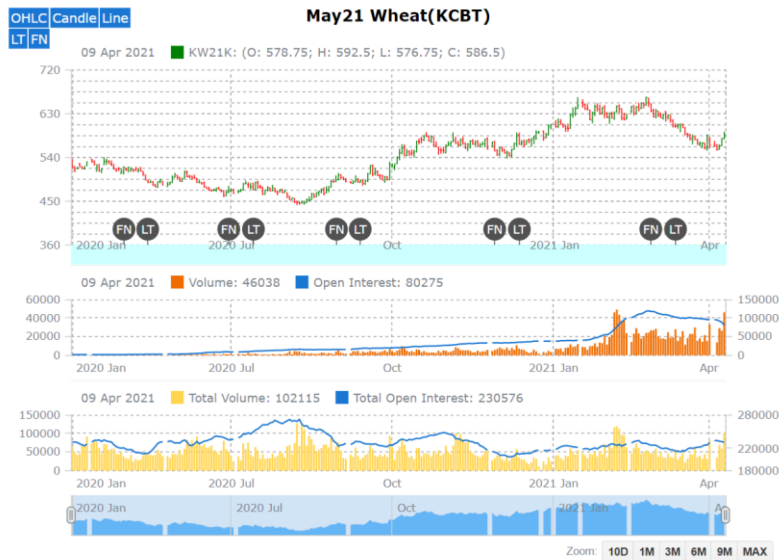
**1st Support: 578.00**
**2nd Support: 569.00**
**1st Resistance: 593.75**
**2nd Resistance: 601.00**
**($ per tonne)**

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 bullish trend in the chart. Increase in price and decrease in open interest compared to last week, interprets weak 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 $242.61 per tonne. US and Russian quotes are hovering in the range of $256 and $258 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.