AGRIWATCH

Wheat Weekly Research Report
26th 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 3.73 percent to Rs. 1987.9 per quintal during the week ended 31st Apr 2021. Wheat average prices were ruling at Rs 1989.95 per quintal during 24th–31st Apr 2020, which is lower by 0.08 percent from the current week last year. Due to imposed of PMGKAY scheme for May-June and ongoing procurement, wheat is likely to trade steady to slightly firm in coming weeks.

The government has procured 222.33 lakh tonnes of wheat as of 25 April in the new procurement season. The procurement has started in all major producing states.

The Pradhan Mantri Garib Kalyan Anna Yojana (PMGKAY) which was announced in 2020 for three months till July, is being re-implemented given the worsening situation due to the second wave of Covid-19. Govt. will provide 5-kg additional food grains for free to PDS beneficiaries under the PMGKAY for two months -- May and June. This time, they are not providing pulses under this scheme.

The Uttar Pradesh government has procured 5.24 lakh tonne of wheat in the first 22 days of the ongoing rabi marketing year, which began on April 1. This is about four times the procurement done in the year-ago period. Despite the raging Covid pandemic this year, the state has been able to procure record wheat from as many as 99,935 farmers from various districts, against 39,500 farmers in the last season.

As per trade sources, India has exported around 3.98 lakh tonnes Wheat in the month of March-2021 at an average FOB of $268 per tonnes, higher from previous month 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. 1921 respectively.

Weather Outlook: The weather has become dry in the northwestern state of the country. No weather activity is expected over Punjab, Haryana, Delhi, Uttar Pradesh, and Rajasthan till 27 or 28 April. Light rain activities may occur over Punjab, Haryana, and northern parts of western Uttar Pradesh and on April 29. Hot day ahead for Delhi, mercury may again climb up to 40 degrees.

Wheat Weekly Export

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A week-on-week Exports	Quantity in MT	Average FoB ($/T)
01-07 Feb-2021	34262.39	227.49
08-14 Feb-2021	127740.53	235.12
15-21 Feb-2021	188541.43	252.16
22-31 Feb-2021	47771.26	254.71
Total	**370709.71**	**238.06**

Source: Trade

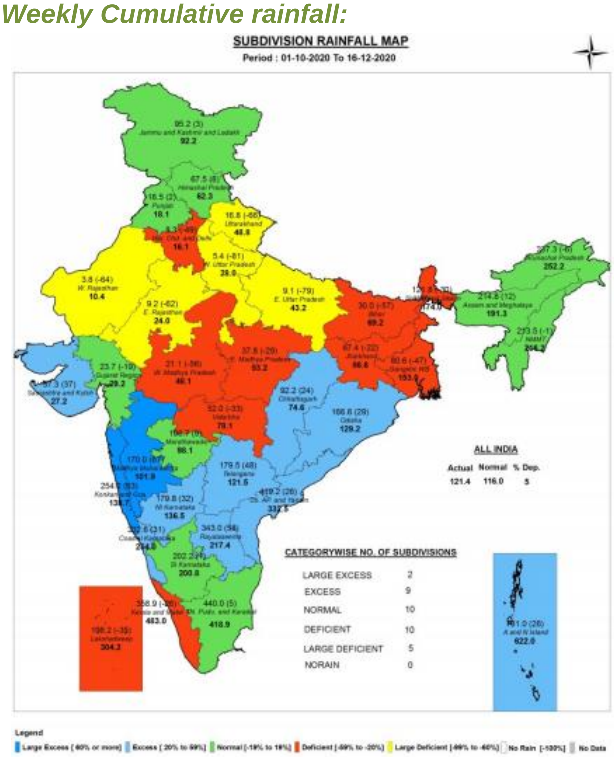
Wheat Import

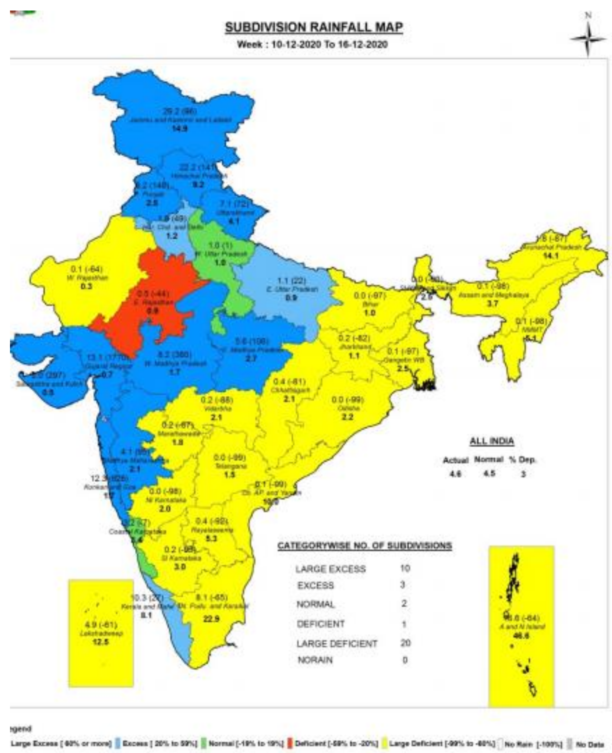
Date	Origin	Port	Quantity in MT
Oct-2020	Australia, UK	Tuticorin	4.0
	Mexico		2.3
	Total		6.38

Source: Traders
No Import in the month of Mar.

Monsoon

Weekly Cumulative rainfall:





Source: IMD

Wheat Weekly Average Price Chart

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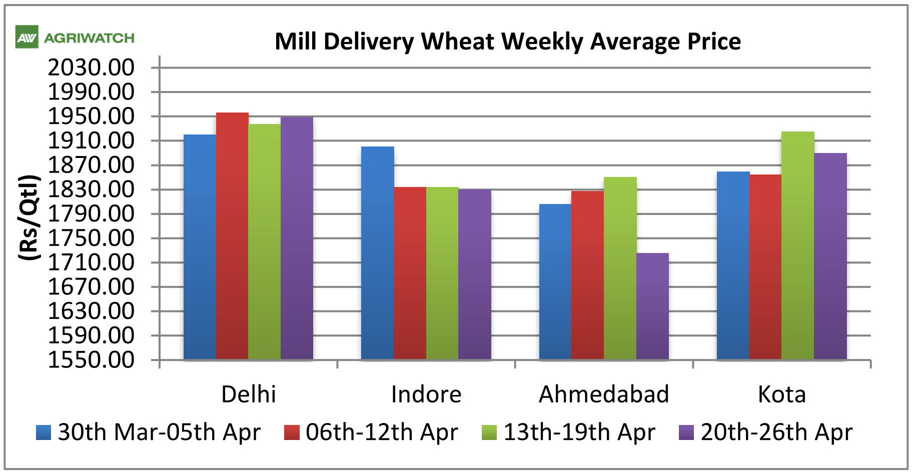
Wheat's average mill delivery prices remained mix in all markets in the week ending during 20th– 26th Apr 2021. Most of the markets are closed due to the spread of Covid -19.

Markets had shown mixed movement in prices last week due to imposing the PMGKAY scheme once again—high Procurement from last year and strong demand from the export front. Wheat is likely to trade steady to slightly firm in upcoming weeks.



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						

Procurement RMS 2021-22

State/UTs	**Procurement as of 26 April-2021 (Figures in LMT)**		
	FCI (A)	**State Agency (B)**	**Total (A+B)**
Punjab	6.93	77,22	84.15
Haryana	5.45	66.31	71.76
Uttar Pradesh	0.25	7.49	7.74
Madhya Pradesh	0.00	51.57	51.57
Bihar	0.00	0.00	0.00
Rajasthan	4.22	1.83	6.05
Others	0.18	0.88	0.65
All-India	**17.03**	**205.30**	**222.33**

FOB Quote for Wheat at Kandla

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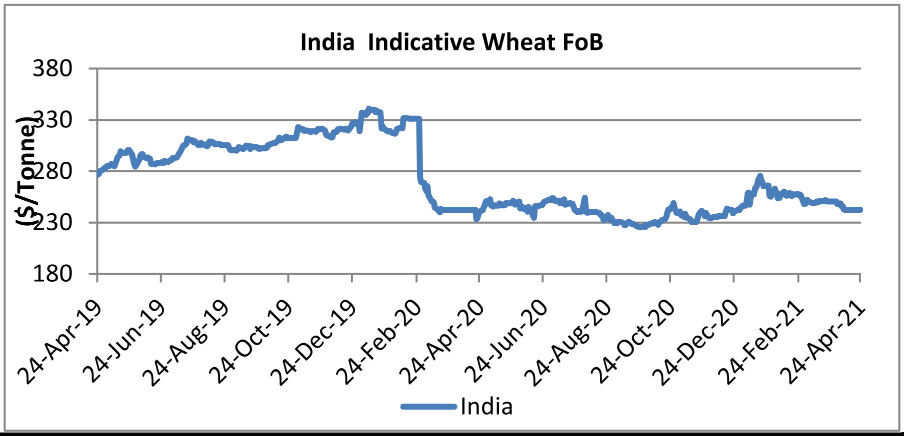
The wheat FoB quote in India noticed a steady tone in the past week. Mostly market is closed in domestic market. The overall condition for Indian wheat export remains favorable, and exports continue from India due to widespread demand from neighboring countries.
Wheat FoB quotes for Kandla are likely 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
		26-Apr-21	19-Apr-21	25-Mar-21	27-Apr-20	
USA (Chicago)	2srw	305.00	256.00	283.00	227.44	34.10
France	FCW3	289.00	255.00	259.76	208.79	38.41
Australia	ASW	266.00	266.00	235.60	258.05	3.08
Russia	SRW	265.00	249.00	255.00	NA	NA
India	Fob	NA	NA	NA	242.00	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.

	26/04/2021	19/04/2021	12/04/2021	05/04/2021
Black Sea Mill Wheat 12.5% FOB Pmax. ($/T)	246	245	230	242
Black Sea Mill Wheat 11.5% FOB Pmax. ($/T)	244	244	230	242

NCDEX Wheat Contracts

Wheat Futures Contact: NCDEX Price — **Date: 26.04.2021**

Contract Month	+/-	Open	High	Low	Close	Volume	Change From previous day	Open Interest	Change From previous day
21-Apr	-	-	-	-	1921	-	-	-	-
21-May	-	-	-	-	1927	-	-	-	-
21-Jun	-	-	-	-	1933	-	-	-	-

Wheat Technical Analysis:

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Wheat- Technical outlook — **Contract Expiry: 20th May, 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	May	-	-	-	-	-
Pre-Market Intraday Trade Call*			**Call**	**Entry**	**T1**	**T2**	**SL**
Wheat	NCDEX	May	WAIT	1921	-	-	-

*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
	26-Apr-21	19-Apr-21	27-Mar-21	15-May-20	
Indore	1789	1778	1752	0	NA
Bareilly	#N/A	#N/A	#N/A	0	-
Delhi	1850	1894	1942	1963	-5.76
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	2000	-10.00

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
			26-Apr-21	24-Apr-21	19-Apr-21	26-Mar-21	27-Apr-20
Delhi	Lawrence Road	Mill Delivery	Closed	Closed	1940	1920	1980
	Narella	Mill Quality Loose	Closed	Closed	1790	1800	1820
	Nazafgarh	Mill Quality Loose	Closed	Closed	1825	1730	0
Gujarat	Rajkot	Mill Delivery	Closed	Closed	Closed	Closed	1780
	Ahmedabad	Mill Delivery	Closed	Closed	Closed	Closed	1900
	Surat	Mill Delivery	Closed	Closed	Closed	Closed	1980
	Dhrol	Mill Delivery	NA	NA	0	0	0
M.P.	Indore	Mill Delivery	Closed	Closed	Closed	1900	Closed
	Bhopal	Mill Quality Loose	Closed	Closed	Closed	1725	Closed
Rajasthan	Kota	Mill Quality Loose	1740	1800	1780	1775	1750
		Mill Delivery	1890	1950	1930	1925	1850
U.P.	Kanpur	Mill Delivery	1710	Closed	1750	1650	2000
	Mathura	Mill Quality Loose	1750	Closed	1725	1685	1830
	Kosi	Mill Quality Loose	1750	Closed	1760	1700	1850
	Hathras	Mill Quality Loose	1735	Closed	1750	1700	1850
	Aligarh	Mill Quality Loose	1800	Closed	1730	1710	1790
Punjab	Khanna	Mill Quality Loose	1975	1975	1975	Closed	1925
	Ludhiana (Jagraon)	Mill Delivery	NA	NA	0	0	0
Haryana	Sirsa	Mill Delivery loose	1975	1975	1975	1840	1925
	Hodal	Mill Delivery	NA	NA	0	0	0
	Bhiwani	Mill Quality Loose	1880	1850	1870	1840	0
	Karnal	Mill Delivery	NA	NA	0	0	0
	Panipat	Mill Quality Loose	1975	1975	1975	0	0
Tamil Nadu	Chennai	Mill Quality	2100	2100	2100	2125	2150
	Madurai	Mill Quality	2157	2250	2250	2250	2250
	Coimbatore	Mill Quality	2157	2300	2300	2300	2300
Bihar	Khagariya	Mill Delivery	1750	1800	1800	1825	1900
	Muzaffarpur	Mill Delivery	1700	1750	1775	1775	1800

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. 2020/21 wheat commercial sales of 240,200 metric tons (M.T.) were up substantially from last week's 56,600 MT but below trade expectations of 250,000 MT to 550,000 MT. Year-to-date commercial sales for delivery in 2020/21 total 25.4 million metric tons (MMT), even with 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 were 373,800 metric tons (M.T.) for delivery in 2021/22.

Morocco's government announced it will increase its custom duty on soft wheat and durum imports to help domestic farmers. Wheat import duties are suspended through May to ensure price stability and consistent supply following two consecutive years of drought.

Nigeria's central bank plans to halt dollar funding for wheat imports. The move forces local traders and millers to secure private funding. Bread prices have risen 15 percent over the past year. The USDA attaché in Lagos predicts consumption to rise 10 percent year-over-year to 4.9 MMT. Nigeria is the fifth largest importer of U.S. wheat.

Russia's Russian agriculture consultancy IKAR reduced its forecast for Russia's 2021 wheat crop from 81.0 MMT to 79.5 MMT. More than 700,000 hectares (1.7 million acres), around 17 percent of the planted area-primarily in central Russia, has to be replanted following dry conditions during fall planting.

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 In a statement attributed to two anonymous sources, Reuters reported China may use up to 40.0 MMT of wheat for feed in the 2020/21 crop year displacing corn and soymeal in animal feed. Corn carries a premium to wheat, leading many Chinese feed producers to look for cheaper grain as the country attempts to build back the pig herd culled by African swine fever. Wheat, a high protein grain, is also displacing some soymeal, the main protein source in animal feed.

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 France's farm office FranceAgriMer said this week that it is too soon to estimate the impact of a severe freeze event on grain crops. Temperatures were below zero (32 degrees Fahrenheit) for several nights. Areas in central and southern France were primarily affected.

Argentina The Buenos Aires Grains Exchange (BAGE) expects Argentine farmers to plant 6.5 million hectares (16.0 million acres) of wheat in 2021/22 unchanged from the previous season. Sowing begins in May and harvest ends in January.

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
	25-Apr-21	18-Apr-21	24-Mar-21	24-Jan-21	22-Oct-20	23-Apr-20	
May-21	260.95	238.08	233.21	238.44	228.80	200.78	29.96
Jul-21	261.68	238.90	230.08	232.84	225.22	202.99	28.91
Sep-21	261.86	239.54	229.35	232.93	226.13	204.73	27.90
Dec-21	263.06	241.47	231.46	234.77	228.34	205.38	28.09
Mar-22	264.25	243.40	233.21	236.70	229.07	209.42	26.18
May-22	260.85	242.30	233.39	233.30	212.45	212.27	22.89

CBOT May-21

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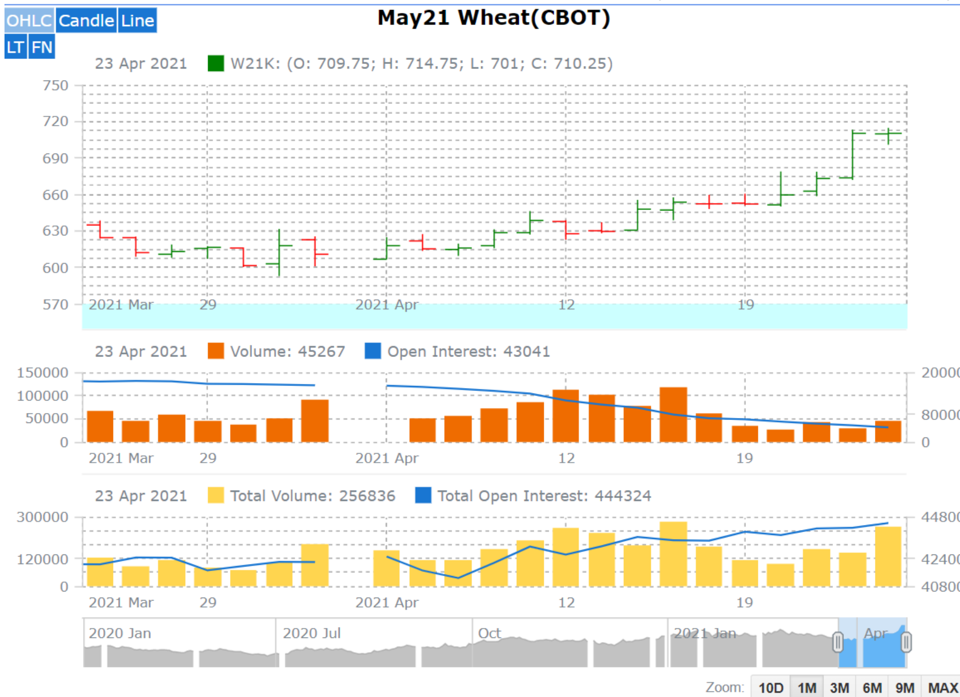
1st Support: 702.58
2nd Support: 694.52
1st Resistance: 716.33
2nd Resistance: 722.42
($ per tonne)

The May'21 contract closed higher by the end of the week and remained steady to firm 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 $305 and $265 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.