

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 increased by 5.73 percent to Rs. 2101.83 per quintal during the week ended 08th May 2021. Wheat average prices were ruling at Rs 2054.69 per quintal during 01st–08th May 2020, which is lower by 2.29 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 280.39 lakh tonnes of wheat as of 30th April 2021 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 11.51 lakh tonne of wheat in the April month 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

(Back to Table of Contents)

A week-on-week Exports	Quantity in MT	Average FoB (\$/T)
01-07 Mar-2021	34262.39	227.49
08-14 Mar-2021	127740.53	235.12
15-21 Mar-2021	188541.43	252.16
22-31 Mar-2021	49771.26	254.71
Total	398709.53	238.06

Source: Trade

Wheat Import

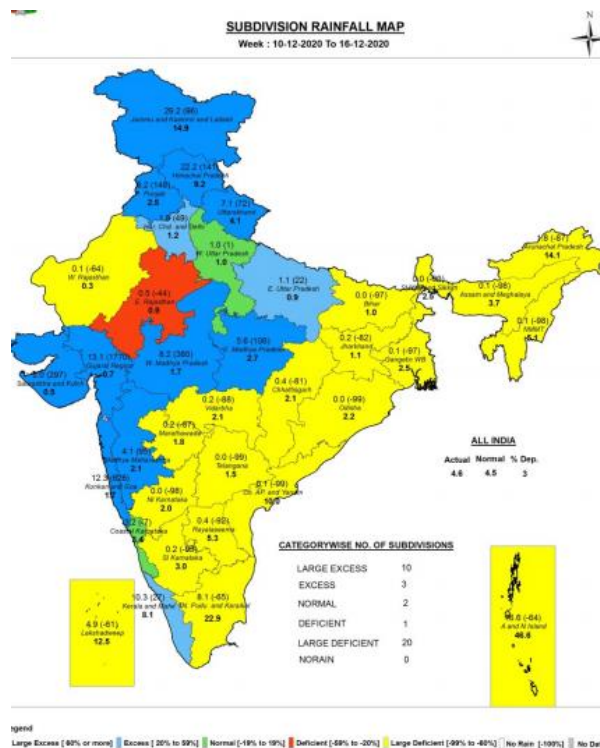
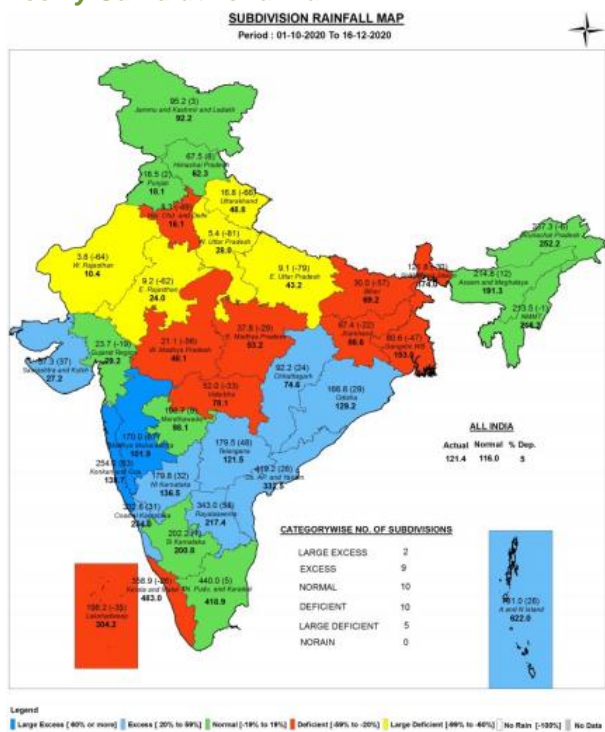
Date	Origin	Port	Quantity in MT
Oct-2020	Australia, UK	Tuticorin	4.0
	Mexico		2.3
	Total		6.38

Source: Traders

No Import in the month of Mar.

Monsoon

Weekly Cumulative rainfall:

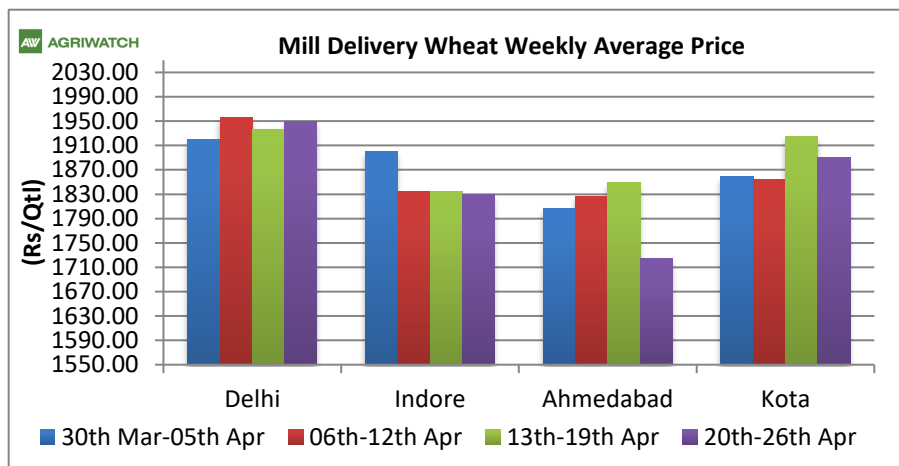


Source: IMD

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

Wheat's average mill delivery prices remained closed in all markets in the week ending during 27th Apr–03rd May 2021. Most of the markets are closed due to the lockdown and 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		
	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

Procurement RMS 2021-22

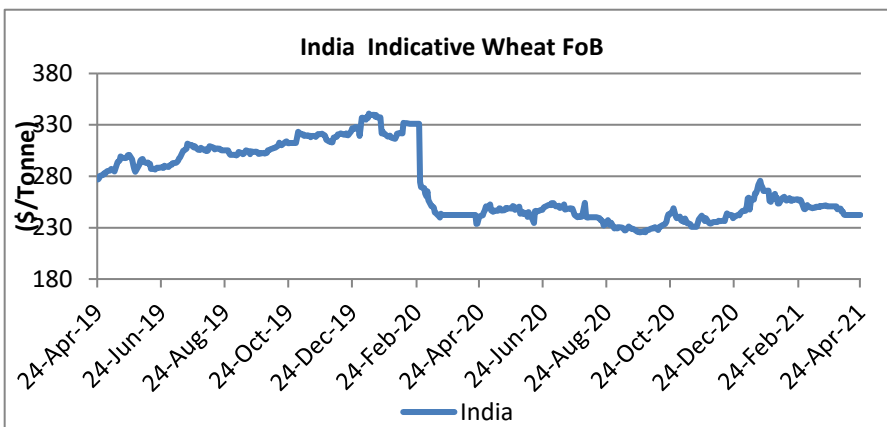
State/UTs	Procurement as of 30 th April-2021 (Figures in LMT)		
	FCI (A)	State Agency (B)	Total (A+B)
Punjab	9.75	99.01	108.76
Haryana	6.28	73.47	79.75
Uttar Pradesh	0.33	11.18	11.51
Madhya Pradesh	0.00	70.67	70.67
Bihar	0.00	0.03	0.03
Rajasthan	5.78	2.45	8.23
Others	0.21	1.23	1.44
All-India	22.35	258.04	280.39

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. 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
		3-May-21	26-Apr-21	1-Apr-21	4-May-20	
USA (Chicago)	2srw	310.00	256.00	283.00	218.47	41.90
France	FCW3	301.00	255.00	0.00	211.34	42.42
Australia	ASW	266.00	266.00	0.00	251.52	5.76
Russia	SRW	265.00	249.00	0.00	NA	NA
India	Fob	Closed	Closed	Closed	252.71	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.

	03/04/2021	26/04/2021	19/04/2021	12/04/2021
Black Sea Mill Wheat 12.5% FOB Pmax. (\$/T)	246	246	245	230
Black Sea Mill Wheat 11.5% FOB Pmax. (\$/T)	245	244	244	230

NCDEX Wheat Contracts

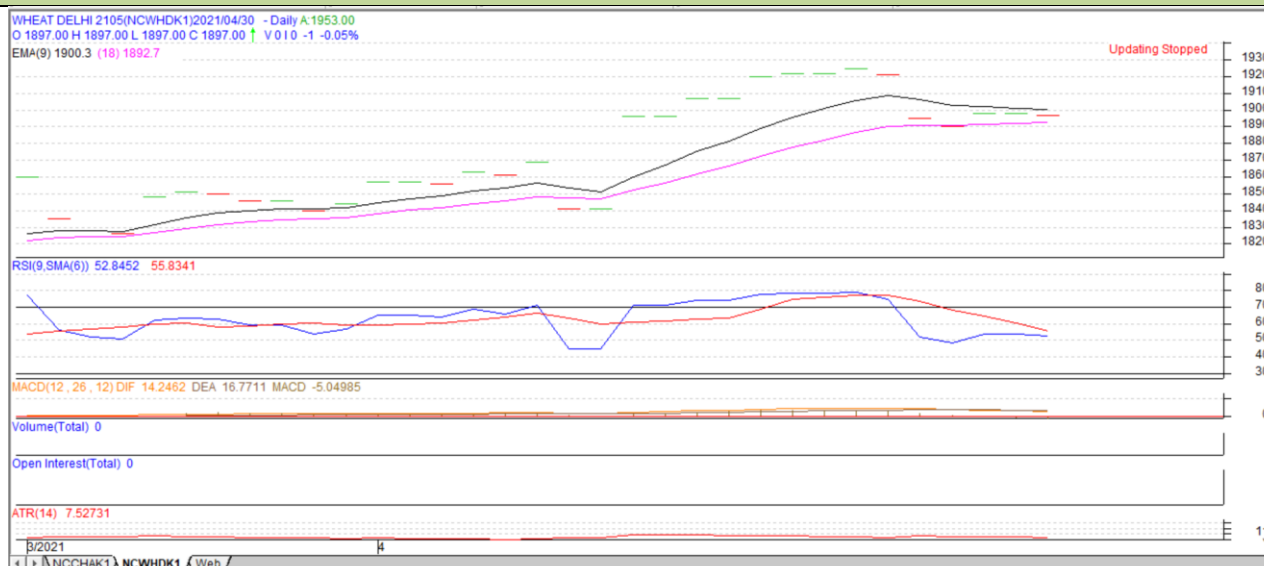
Wheat Futures Contact: NCDEX Price								Date: 03.05.2021	
Contract Month	+/-	Open	High	Low	Close	Volume	Change From previous day	Open Interest	Change From previous day
21-May	-	-	-	-	1897	-	-	-	-
21-Jun	-	-	-	-	1903	-	-	-	-
21-July	-	-	-	-	1909	-	-	-	-

Wheat Technical Analysis:

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

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	1897	-	-	-

*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
	3-May-21	26-Apr-21	3-Apr-21	22-May-20	
Indore	1789	1778	1752	0	NA
Bareilly	#N/A	#N/A	#N/A	0	-
Delhi	1850	1894	1942	1978	-6.47
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	1893	-4.91

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
			03-May-21	01-May-21	26-Apr-21	02-Apr-21	04-May-20
Delhi	Lawrence Road	Mill Delivery	Closed	Closed	Closed	1880	1980
	Narella	Mill Quality Loose	Closed	Closed	Closed	1700	1800
	Nazafgarh	Mill Quality Loose	Closed	Closed	Closed	1770	0
Gujarat	Rajkot	Mill Delivery	Closed	Closed	Closed	1720	1820
	Ahmedabad	Mill Delivery	Closed	Closed	Closed	1810	1920
	Surat	Mill Delivery	Closed	Closed	Closed	1850	2000
	Dhrol	Mill Delivery	NA	NA	0	0	1735
M.P.	Indore	Mill Delivery	Closed	Closed	Closed	Closed	Closed
	Bhopal	Mill Quality Loose	Closed	Closed	Closed	Closed	1900
Rajasthan	Kota	Mill Quality Loose	1700	Closed	1740	1625	1760
		Mill Delivery	1850	Closed	1890	1820	1860
U.P.	Kanpur	Mill Delivery	Closed	Closed	1710	1680	2000
	Mathura	Mill Quality Loose	Closed	Closed	1750	1735	1800
	Kosi	Mill Quality Loose	Closed	Closed	1750	1700	1850
	Hathras	Mill Quality Loose	Closed	Closed	1735	1720	1825
	Aligarh	Mill Quality Loose	Closed	Closed	1800	1700	1840
Punjab	Khanna	Mill Quality Loose	1975	1975	1975	Closed	1925
	Ludhiana (Jagraon)	Mill Delivery	NA	0	0	0	0
Haryana	Sirsa	Mill Delivery loose	1975	1975	1975	1850	1925
	Hodal	Mill Delivery	NA	0	0	0	0
	Bhiwani	Mill Quality Loose	Closed	1880	1880	Closed	1850
	Karnal	Mill Delivery	Closed	NA	0	0	0
	Panipat	Mill Quality Loose	Closed	1975	1975	0	0
Tamil Nadu	Chennai	Mill Quality	2100	Closed	2100	2100	2100
	Madurai	Mill Quality	2157	Closed	2250	2250	2250
	Coimbatore	Mill Quality	2157	Closed	2300	2300	2300
Bihar	Khagariya	Mill Delivery	1700	1750	1750	1600	1900
	Muzaffarpur	Mill Delivery	1625	1700	1700	1650	1825

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 223,600 metric tons (MT) were down 7% from last week's 240,200 metric tons (MT) and below trade expectations of 400,000 MT to 625,000 MT. Year-to-date commercial sales for delivery in 2020/21 total 25.6 million metric tons (MMT) 1% lower than last year. USDA expects total 2020/21 U.S. wheat exports will reach 26.8 million metric tons (MMT) 2% higher than last year, if realized.

The **European** Commission lowered its common wheat production forecast for 2021/22 to 124.8 MMT from its initial estimate of 126.7 MMT last month. Export projections were not changed and remain at 30.0 MMT. Soft wheat ending stocks are 11.4 MMT, down from 12.9 MMT called for last month. Despite the reduction, production would be more than the 117.2 MMT produced in 2020/21.

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 According to FAS officials based in Ottawa, Canada's total wheat production will fall 5% in 2021/22 and yields will be close to the 5-year average. Spring wheat production is expected to fall while durum production is expected to increase. Regions of Alberta, Manitoba, and Saskatchewan need significant amounts of precipitation.

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 soy meal 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 soy meal, the main protein source in animal feed.

Ukraine's Ukraine's wheat harvest is expected to grow by 9.5% to 27.7 MMT this year and wheat exports are boosted to 21.0 MMT for the 2021/22 July/June season said the Ukrainian grain trader's union UGA.

Australian The USDA's Foreign Agriculture Service (FAS) forecasted Australia's wheat production in 2021/22 to be 27.0 MMT. The FAS officials in Australia also expect wheat exports at 19.0 MMT, down from 23.0 MMT forecast in 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:
[\(Back to Table of Contents\)](#)

IGC Forecast (Fig-In MMT)	2018-19	2019-20 est.	2020-21 F'cast.	2021-22 proj.	
				25.03.21	29.04.21
Production	732	762	774	790	790
Trade	168	184	189	184	185
Consumptions	740	743	763	778	782
Carryover stocks	260	278	289	304	298
Y-O-Y change	-8	19	11	-	9
Major Export	69	64	65	64	64

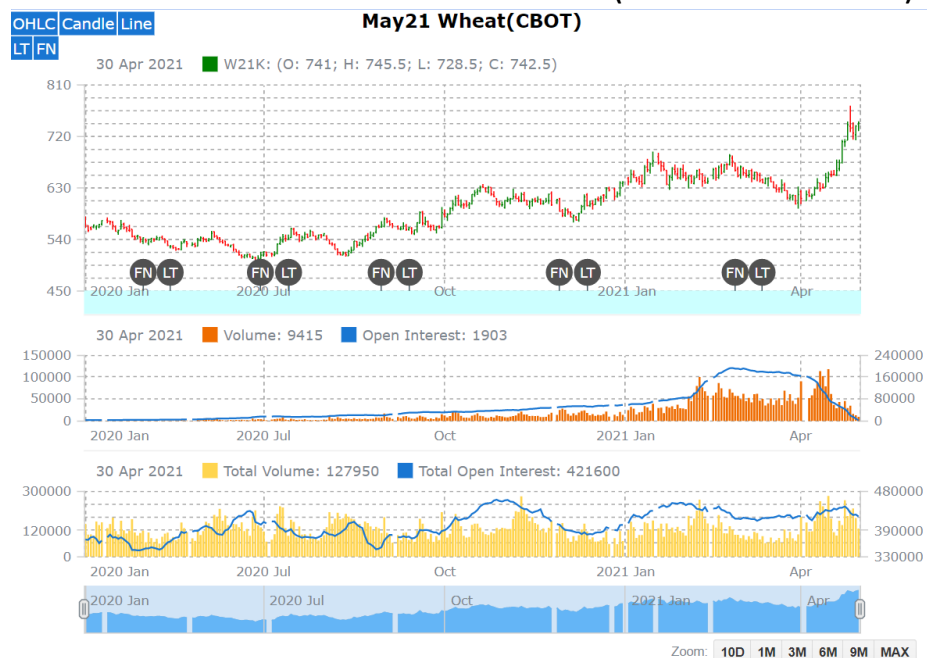
- IGC has estimated global wheat production at 790 MMT for 2021-22, same as compared to last month's estimate. According to estimates by IGC the 2019-20 global wheat production was around 762 MMT and 732 MMT for 2018-19.
- The trade estimates for 2021-22 have increased to 185 MMT. It is 4 MMT lower compared to the estimate for last year and higher by 17 MMT compared to 2018-19.
- Consumption has been increased to 782 MMT for 2021-22. The forecast is higher by 19 MMT compared to 2020-21.
- Carryout for 2021-22 is forecast at 298 MMT compared to an estimate of 289 MMT last year. It is higher by around 20 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-May-21	25-Apr-21	31-Mar-21	31-Jan-21	29-Oct-20	30-Apr-20	
May-21	272.79	271.69	227.05	243.40	220.90	193.99	40.63
Jul-21	269.95	271.69	226.23	236.24	217.87	197.02	37.02
Sep-21	269.03	271.42	226.78	235.69	218.69	199.50	34.85
Dec-21	269.21	272.24	229.26	236.88	221.17	205.38	31.08
Mar-22	270.41	273.07	231.28	238.44	222.55	209.42	29.12
May-22	267.38	268.57	231.74	234.95	212.45	212.27	25.96

CBOT May-21
[\(Back to Table of Contents\)](#)
1st Support: 702.58
2nd Support: 694.52
1st Resistance: 716.33
2nd Resistance: 722.42
(\$ per tonne)

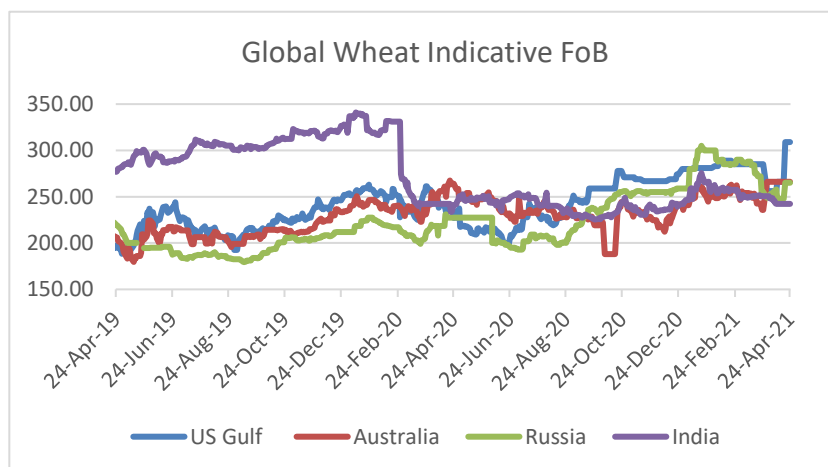
The May'21 contract closed higher by the end of the week and remained steady to firm during the week. Candlestick's pattern denotes a bullish trend in the chart. Increase in price and decrease in open interest compared to last week, interprets weak market. We expect wheat prices to remain steady to firm 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 \$310 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.



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