

Wheat Weekly Research Report

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Wheat Domestic Market Fundamentals**[\(Back to Table of Contents\)](#)**

All India's weekly average prices decreased by 33 percent to Rs. 1330 per quintal during the week ended 23rd May 2021. Due to imposed of PMGKAY scheme for May-June and ongoing procurement, wheat is likely to trade steady to slightly weak in coming weeks.

Procurement of Wheat in ongoing RMS 2021-22 is continuing smoothly in the procuring States of Haryana, Uttar Pradesh, Madhya Pradesh, Rajasthan, Himachal Pradesh, Delhi, and Jammu & Kashmir at MSP, as was done in previous seasons, and till now (upto 22.05.2021) a quantity of over 382.36 LMT of Wheat has been procured against the last year corresponding purchase of 324.81 LMT. About 40.55 lakh farmers have already been benefitted from the ongoing RMS procurement operations.

Punjab Government and agencies have procured 132.10 lakh metric tonnes of wheat, 2 lakh metric tonnes more than the target set by the state, with more than 9.5 lakh farmers receiving over Rs 23,000 crore directly into their bank accounts. It was the first time in Punjab that farmers were paid directly instead of through arhtiyas or middlemen.

According to a release from the FCI, the government has set the auction of good-quality wheat procured in 2021-22 marketing season at Rupees 21,500/mt (\$293/mt). In the 2020-21 marketing season, the government sold wheat slightly lower than the current prices, at Rupees 21,350/mt. The hike in fair-quality wheat is seen pushing up export prices of the grain, as most traders will turn to these auctions to purchase while most benchmark markets are shut due to COVID-19 related restrictions.

After procuring around 81 lakh MT wheat, government procurement agencies in Haryana have stopped the procurement operations in all 394 mandis. Expecting bumper produce this year, the government had increased the procurement target to 80 lakh MT against 74 lakh MT of last year. But the government figures revealed that around 83.50 lakh MT wheat arrived in mandis, and approximately 2.72 lakh MT is still lying unprocured.

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.

Outlook & Recommendation: Wheat cash market is expected to trade rangebound in the coming week.

Trade Call: There is no NCDEX trading currently.

Weather Outlook: The Extremely Severe Cyclonic Storm "Tauktae" (pronounced as Tau'Te) over eastcentral Arabian Sea continued to move north-northwestwards with a speed of about 15 kmph during past 06 hours and lay centred at 1430 hours IST of today, the 17th May, 2021 over eastcentral & adjoining northeast Arabian Sea near latitude 19.6°N and longitude 71.4°E, about 165 km west-northwest of Mumbai, 165 km south-southeast of Diu, 180 km southeast of Veraval (Gujarat) and 350 km eastsoutheast of Karachi (Pakistan). It is very likely to move north-northwestwards and cross Gujarat coast between Porbandar & Mahuva (Bhavnagar district) to the east of Diu during the night (2000-2300 hrs IST) of 17th May with a maximum sustained wind speed 155-165 kmph gusting to 185 kmph.



Wheat Weekly Export

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| 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

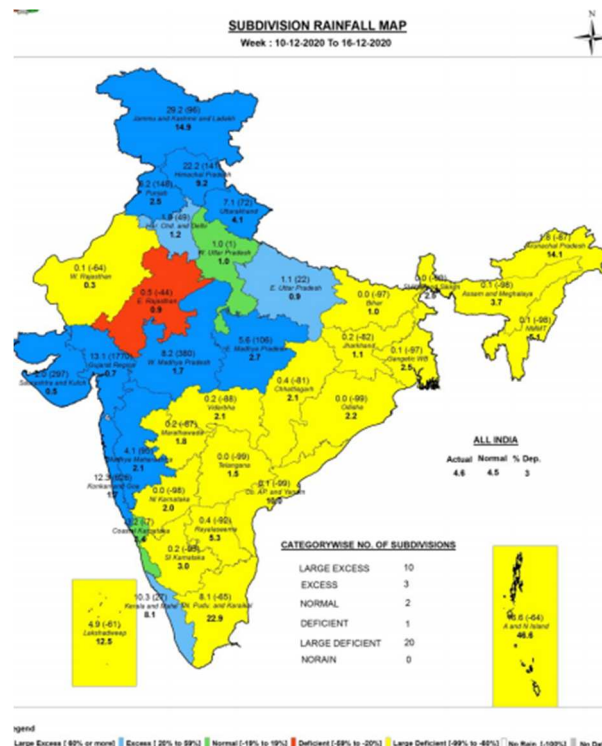
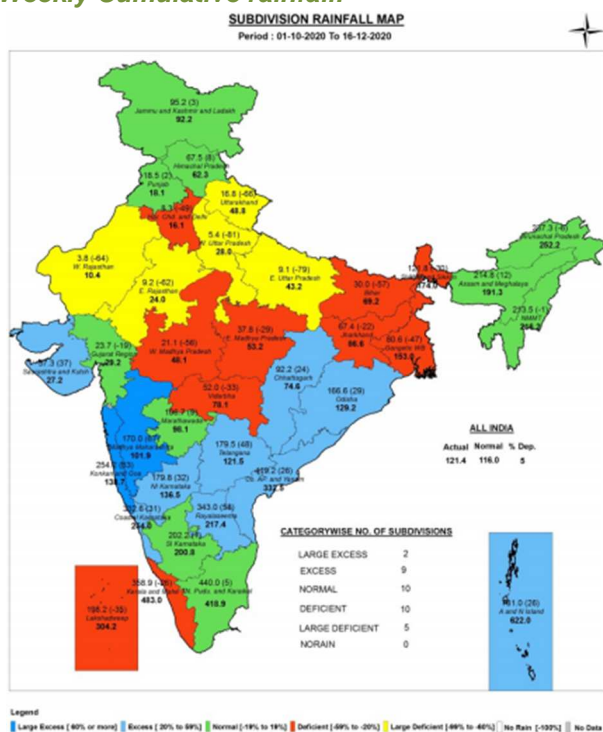
| Date | Origin | Port | Quantity in MT |
|----------|---------------|-----------|----------------|
| Oct-2020 | Australia, UK | Tuticorin | 4.0 |
| | Mexico | | 2.3 |
| | Total | | 6.38 |

Source: Traders

No Import in the month of Mar.

Monsoon

Weekly Cumulative rainfall:

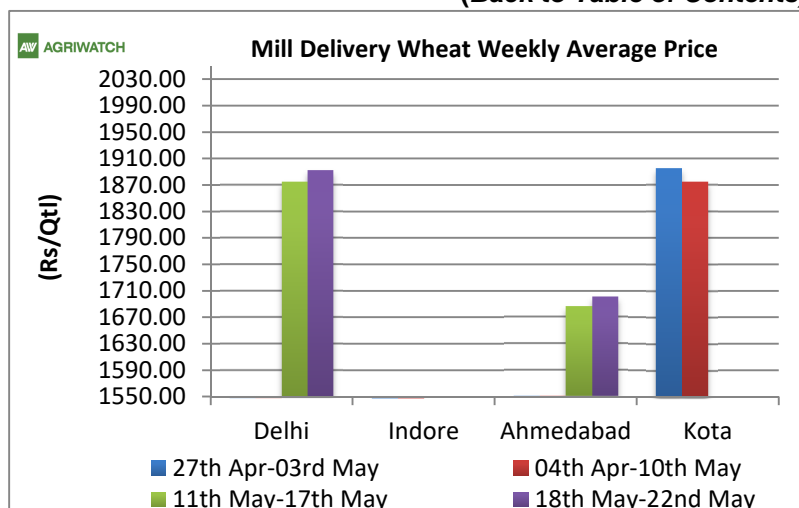


Source: IMD

Wheat Weekly Average Price Chart

Wheat's average mill delivery prices remained closed in all markets in the week ending during 18th–23rd May 2021. Most of the markets are closed due to the lockdown and spread of Covid-19.

Markets had shown weak movement as expected 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 range-bound 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 |

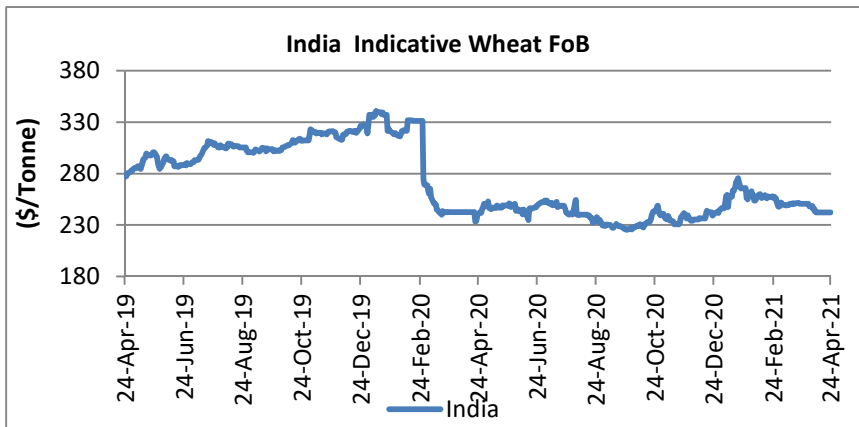
Buffer Norms w.e.f. 01.07.2017

Procurement RMS 2021-22

| State/UTs | Procurement as of 22 nd May-2021 (Figures in LMT) | | |
|----------------|--|------------------|-------------|
| | FCI (A) | State Agency (B) | Total (A+B) |
| Punjab | 12.19 | 119.91 | 132.10 |
| Haryana | 6.94 | 77.99 | 84.93 |
| Uttar Pradesh | 0.87 | 31.89 | 32.76 |
| Madhya Pradesh | 0.00 | 117.99 | 117.99 |
| Bihar | 0.00 | 1.23 | 1.23 |
| Rajasthan | 11.34 | 4.80 | 16.14 |
| Others | 0.4 | 1.71 | 2.11 |
| All-India | 29.43 | 331.95 | 361.38 |

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 |
| | | 25-May-21 | 18-May-21 | 23-Apr-21 | 26-May-20 | |
| USA (Chicago) | 2srw | 305.00 | 256.00 | 283.00 | 213.04 | 43.17 |
| France | FCW3 | 289.00 | 255.00 | - | 204.85 | 41.08 |
| Australia | ASW | 266.00 | 266.00 | - | 250.80 | 6.06 |
| Russia | SRW | 265.00 | 249.00 | - | NA | NA |
| India | Fob | 249.93 | NA | Closed | 250.99 | -0.42 |

International Weekly Outlook:

Prices for all U.S. wheat classes have jumped significantly since the April WASDE, following corn prices higher. Hard Red Winter (HRW) is up \$33/ton to \$285 on expected growth in domestic feed demand and demand for high-protein wheat. Soft Red Winter (SRW) is at \$265 and may rise on expected rising domestic feed demand as wheat's premium to corn has dissolved. Hard Red Spring (HRS) is up \$61/ton to \$341 on dry growing conditions for the new crop. Soft White Winter (SWW) is up \$49/ton to \$314 with firm international demand and dry new-crop conditions.

| | 25/05/2021 | 17/05/2021 | 03/05/2021 | 26/04/2021 |
|---|------------|------------|------------|------------|
| Black Sea Mill Wheat 12.5% FOB Pmax. (\$/T) | 277 | 277 | 246 | 246 |
| Black Sea Mill Wheat 11.5% FOB Pmax. (\$/T) | 273 | 273 | 245 | 244 |

NCDEX Wheat Contracts

Wheat Futures Contract: NCDEX Price

Date: 17.05.2021

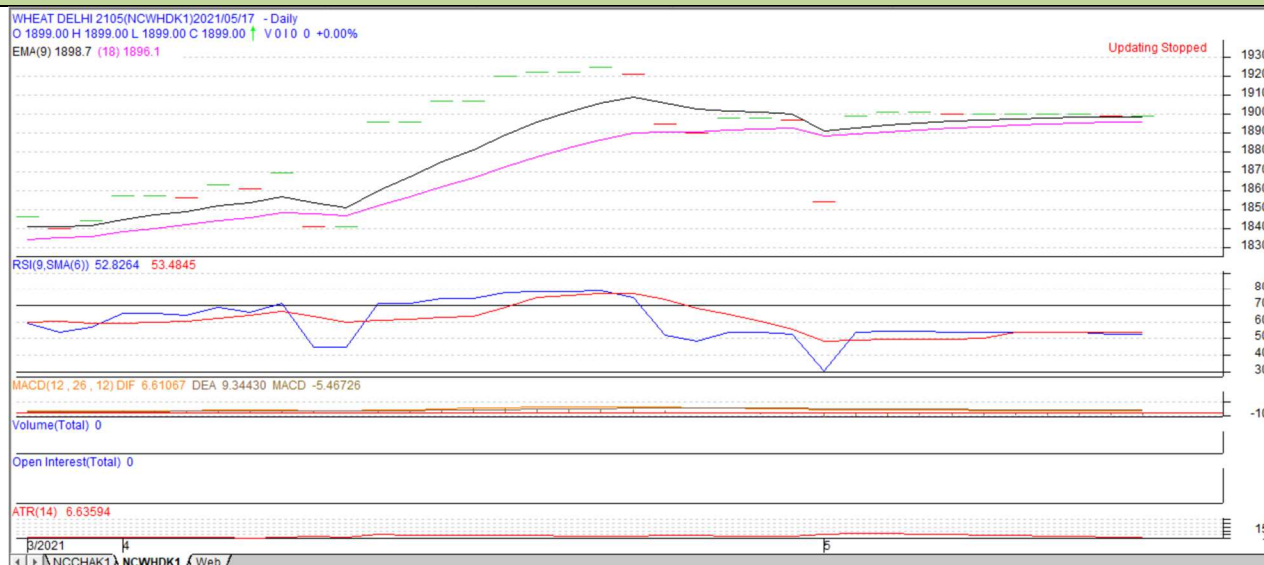
| Contract Month | +/- | Open | High | Low | Close | Volume | Change From previous day | Open Interest | Change From previous day |
|----------------|-----|------|------|-----|-------|--------|--------------------------|---------------|--------------------------|
| 21-May | - | - | - | - | 1899 | - | - | - | - |
| 21-Jun | - | - | - | - | 1905 | - | - | - | - |
| 21-July | - | - | - | - | 1911 | - | - | - | - |

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 | 1899 | - | - | - |

*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 |
| | 25-May-21 | 18-May-21 | 25-Apr-21 | 13-Jun-20 | |
| Indore | 1789 | 1778 | 1752 | 1827 | -2.08 |
| Delhi | - | - | - | - | - |
| Kanpur | 1850 | 1894 | 1942 | 1970 | -6.09 |
| Rajkot | - | - | - | - | - |
| Kota | 1700 | 1730 | 1750 | 1900 | -10.53 |

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 |
| | | | 25-May-21 | 24-May-21 | 17-May-21 | 24-Apr-21 | 26-May-20 |
| Delhi | Lawrence Road | Mill Delivery | 1890 | 1885 | 1890 | Closed | 1990 |
| | Narella | Mill Quality Loose | Closed | Closed | Closed | Closed | 1800 |
| | Nazafgarh | Mill Quality Loose | Closed | Closed | Closed | Closed | NA |
| Gujarat | Rajkot | Mill Delivery | 1750 | 1750 | Closed | Closed | 1835 |
| | Ahmedabad | Mill Delivery | 1840 | 1840 | Closed | Closed | 1900 |
| | Surat | Mill Delivery | 1950 | 1950 | Closed | Closed | 2000 |
| | Dhrol | Mill Delivery | NA | NA | 0 | 0 | 0 |
| M.P. | Indore | Mill Delivery | Closed | Closed | Closed | Closed | Closed |
| | Bhopal | Mill Quality Loose | Closed | Closed | Closed | Closed | Closed |
| Rajasthan | Kota | Mill Quality Loose | 1775 | 1775 | Closed | 1800 | 1725 |
| | | Mill Delivery | 1925 | 1925 | Closed | 1950 | 1875 |
| U.P. | Kanpur | Mill Delivery | 1725 | 1750 | 1700 | Closed | 1950 |
| | Mathura | Mill Quality Loose | 1720 | 1735 | 1735 | Closed | 1820 |
| | Kosi | Mill Quality Loose | 1760 | 1750 | 1730 | Closed | 1850 |
| | Hathras | Mill Quality Loose | 1745 | 1750 | 1720 | Closed | 1835 |
| | Aligarh | Mill Quality Loose | 1730 | 1725 | 1740 | Closed | 1825 |
| Punjab | Khanna | Mill Quality Loose | Closed | Closed | Closed | 1975 | 1925 |
| | Ludhiana (Jagraon) | Mill Delivery | NA | NA | 0 | 0 | 0 |
| Haryana | Sirsa | Mill Delivery loose | 1775 | 1975 | 1975 | 1975 | 1925 |
| | Hodal | Mill Delivery | NA | NA | 0 | 0 | 0 |
| | Bhiwani | Mill Quality Loose | Closed | Closed | Closed | 1850 | 1900 |
| | Karnal | Mill Delivery | NA | NA | 0 | 0 | 0 |
| | Panipat | Mill Quality Loose | NA | NA | 0 | 1975 | 0 |



| | | | | | | | |
|------------|-------------|---------------|------|------|--------|------|------|
| Tamil Nadu | Chennai | Mill Quality | 2100 | 2100 | Closed | 2100 | 2200 |
| | Madurai | Mill Quality | 2157 | 2157 | Closed | 2250 | 2300 |
| | Coimbatore | Mill Quality | 2157 | 2157 | Closed | 2300 | 2350 |
| Bihar | Khagariya | Mill Delivery | 1750 | 1750 | 1725 | 1800 | 2050 |
| | Muzaffarpur | Mill Delivery | 1750 | 1750 | 1650 | 1750 | 1950 |

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](#))***

In the 50th week of marketing year 2020/21, U.S. wheat commercial sales of 30,300 metric tons (MT) were below trade expectations of 49,700 MT to 53,783 MT. Year-to-date commercial sales for delivery in 2020/21 total 25.5 million metric tons (MMT), 7% lower than last year. USDA expects total 2020/21 U.S. wheat exports will reach 26.2 MMT even with last year if realized.

Pakistan's government announced it will import 4.0 MMT of wheat this year to meet domestic consumption. Wheat and wheat flour prices have doubled over the last three years, and inflation skyrocketed 11.1% in April alone. On April 27, Pakistan's finance minister said the country had enough total wheat stocks to last two and a half weeks. Pakistan imported 3.6 MMT of wheat in the first nine months of the fiscal year. The government estimated 2021/22 wheat consumption at 29.3 MMT.

April French soft wheat exports outside of the **European** Union and UK were the lowest since 2012. French export data shows total 2020/21 French wheat exports are expected to be their lowest in four years. Traders blamed the slow exports on a price rally that made French wheat uncompetitive overseas and dwindling supplies from the poor 2020 French harvest.

Russia There is discrepancy in forecasts of Russia's 2021 wheat crop. SovEcon, a Russian agriculture consultancy, raised its forecast by 1.0 MMT to 81.7 MMT due to a larger than expected harvest area. The May USDA World Agricultural Supply and Demand Estimates (WASDE) report pegged Russian wheat production at 85.0 MMT. In addition, a GAIN report from USDA's Foreign Agriculture Service Attaché forecasts Russian wheat production to be 77.5 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 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 Stratégie Grains, a French grain consultancy, left its monthly European Union soft (non-durum) wheat production forecast unchanged. Despite a 0.5 MMT reduction in French production, good field conditions in Romania led the firm to raise the wheat forecast there, offsetting the French reduction. Stratégie Grains forecast a 129.6 MMT soft wheat crop in 2021/22, up 8.5% compared to 2020/21.

Argentina The Rosario Grain Exchange (BCR) said this week that Argentina's wheat crop will be a record 20.0 MMT following a 3% increase in planted area. However, many growing regions need between 50 mm to 80 mm (2 inches to -3 inches) of rain to improve soil moisture levels.

IGC Wheat Balance Sheet:
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| 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 |
| | 24-May-21 | 17-May-21 | 22-Apr-21 | 22-Feb-21 | 20-Nov-20 | 22-May-20 | |
| Jul-21 | 260.95 | 238.08 | 233.21 | 238.44 | 228.80 | 200.78 | 29.96 |
| Sep-21 | 261.68 | 238.90 | 230.08 | 232.84 | 225.22 | 202.99 | 28.91 |
| Dec-21 | 261.86 | 239.54 | 229.35 | 232.93 | 226.13 | 204.73 | 27.90 |
| Mar-22 | 263.06 | 241.47 | 231.46 | 234.77 | 228.34 | 205.38 | 28.09 |
| May-22 | 264.25 | 243.40 | 233.21 | 236.70 | 229.07 | 209.42 | 26.18 |
| Jul-22 | 260.85 | 242.30 | 233.39 | 233.30 | 212.45 | 212.27 | 22.89 |

CBOT Jul-21

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1st Support: 764.83

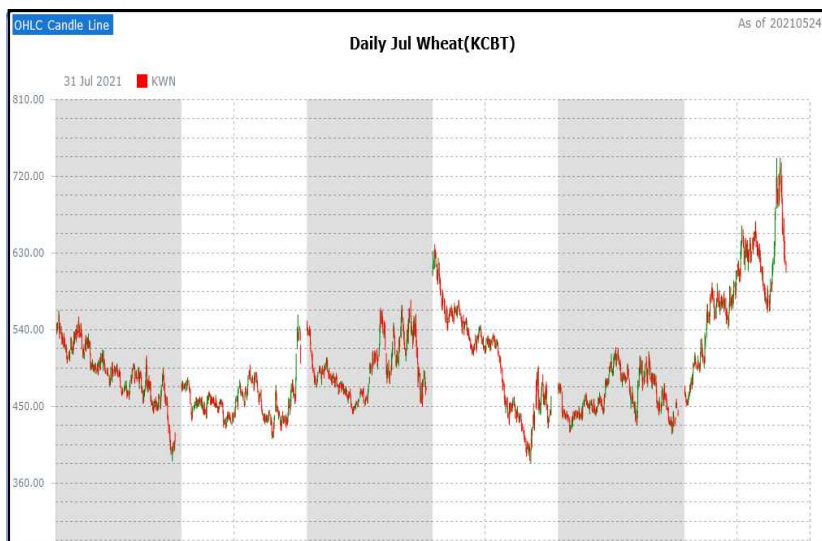
2nd Support: 756.17

1st Resistance: 777.83

2nd Resistance: 782.17

(\$ per tonne)

The July'21 contract closed lower by the end of the week and remained steady to weak during the week. Candlestick's pattern denotes a bearish trend in the chart. Fall in price and decrease in open interest compared to last week, interprets weak market. We expect wheat prices to remain steady to weak in the coming week.

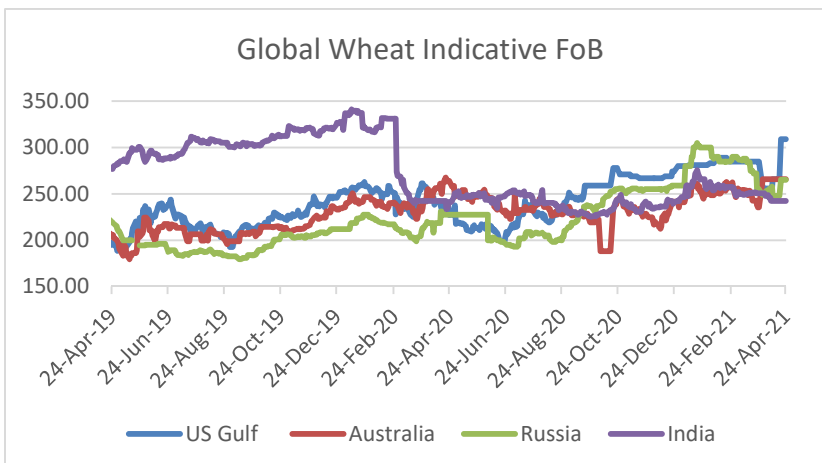


International FOB Weekly Price Movement

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 \$323 and \$276 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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