AGRIWATCH

Wheat Weekly Research Report
31st May-2021

Wheat Weekly Research Report

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Wheat Domestic Market Fundamentals

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All India's weekly average prices plunged by 0.35 percent to Rs. 2001 per quintal during the week 24th May to 31st May 2021 compared to Rs. 2008.24 per quintal in last week during the same corresponding period of time. However, wheat average prices quoted higher by 0.60% to Rs. 1989.03 per quintal during 24th–31st May 2020. 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 (up-to 29.05.2021) a quantity of over 405.47 LMT of Wheat has been procured against the last year corresponding purchase of 353.09 LMT. About 42.91 lakh farmers have already been benefitted from the ongoing RMS procurement operations with MSP value of Rs. 79,088 Crore.

As per ministry recent estimates, India is likely to produce higher Wheat crop in 2020-21. The country may produce 108.75 million tonnes in this season which is higher by 0.89% from 107.86 from last year record amid good monsoon rain last year.

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 un-procured.

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 range bound in the coming week.

Trade Call: There is no NCDEX trading currently.

Weather Outlook: As per IMD Monsoon onset over Kerala is likely to take place by June 3. The national weather

Wheat Weekly Export

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A week-on-week Exports	Quantity in MT	Average FoB ($/T)
01-08 Apr-2021	48066.63	387.65
09-15 Apr-2021	53662.46	274.73
16-22 Apr-2021	99751.63	279.90
23-30 Apr-2021	94922.58	286.99
Total	**296403.31**	**295.25**

Source: Trade

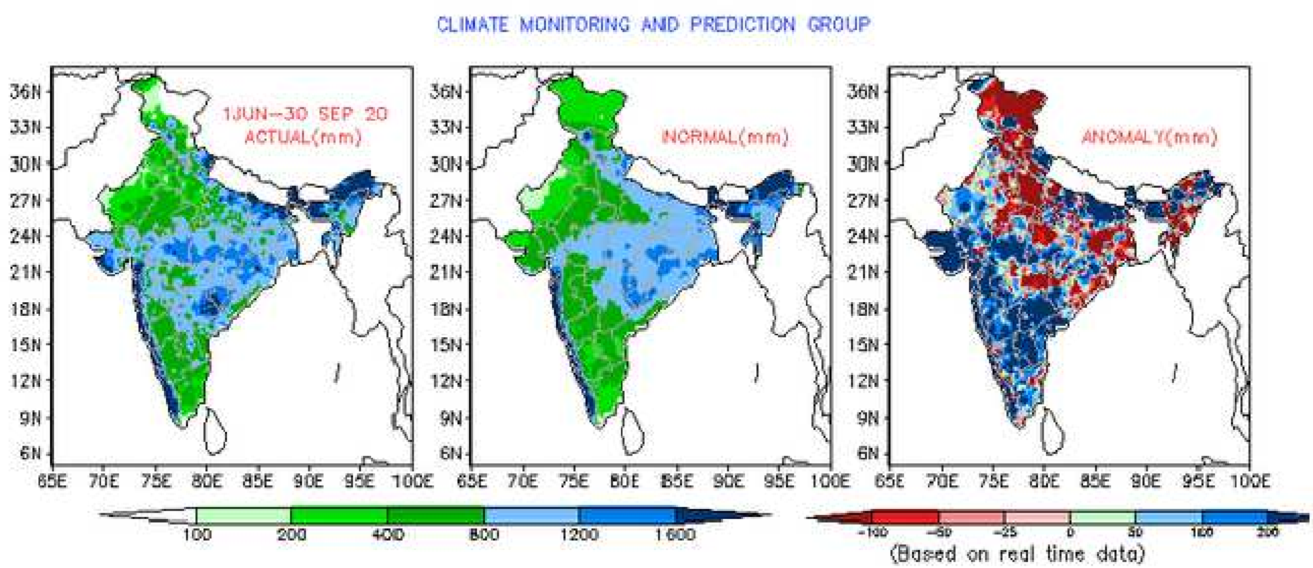
Wheat Import

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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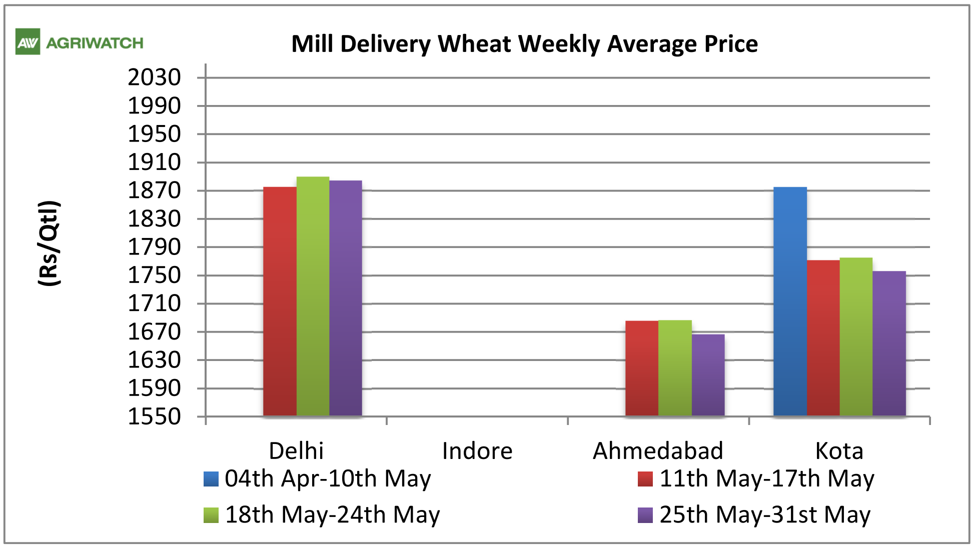
Wheat's average mill delivery prices closed lower side at its benchmark remained closed in all markets in the week ending during 25th–31st May 2021. Most of the markets are closed due to the lockdown and spread of Covid -19.

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		
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 29th 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	37.66	38.66
Madhya Pradesh	0.00	126.92	126.92
Bihar	0.00	1.65	1.65
Rajasthan	13.31	5.59	18.90
Others	0.49	1.82	2.31
All-India	**33.93**	**371.54**	**405.47**

FOB Quote for Wheat at Kandla

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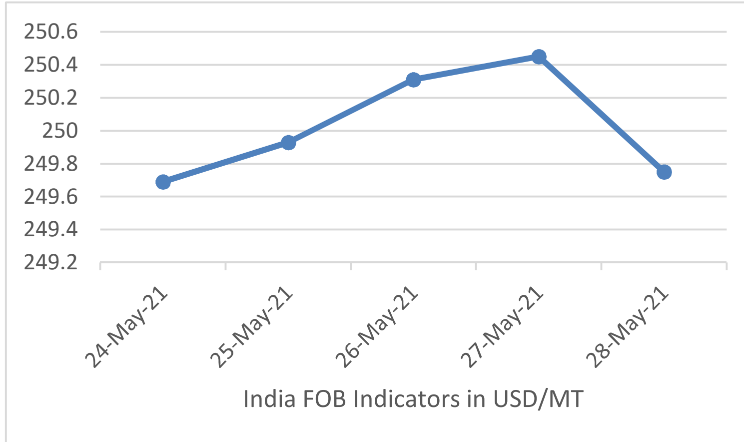
The wheat FoB quote in India noticed a weak tone in the past week. Mostly market is closed in domestic market. The overall condition for Indian wheat export remains favorable, and exports continue from India due to widespread demand from neighboring countries.

Wheat FoB quotes for Kandla are likely to witness steady to weak 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 $67/ton to $323 on expected growth in domestic feed demand and demand for high-protein wheat. Soft Red Winter (SRW) is also up $58/ton to $330 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.

	29/05/2021	22/05/2021	29/05/2021	29/04/2021
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 Contact: 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: 18th June, 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	June	-	-	1883	-	-
Pre-Market Intraday Trade Call*			**Call**	**Entry**	**T1**	**T2**	**SL**
Wheat	NCDEX	June	WAIT	1883	-	-	-

*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
	29-May-21	22-May-21	29-Apr-21	29-May-20	
Indore	1789	1778	1752	-	NA
Delhi	-	-	-	-	-
Kanpur	1850	1894	1942	1970	-6.09
Rajkot	-	-	-	-	-
Kota	1800	1801	1815	1881	-4.31

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
			29-May-21	27-May-21	22-May-21	29-Apr-21	29-May-20
Delhi	Lawrence Road	Mill Delivery	1900	1885	1900	Closed	1975
	Narella	Mill Quality Loose	Closed	Closed	Closed	Closed	1820
	Nazafgarh	Mill Quality Loose	Closed	Closed	Closed	Closed	NA
Gujarat	Rajkot	Mill Delivery	Closed	1760	Closed	Closed	1815
	Ahmedabad	Mill Delivery	Closed	1825	Closed	Closed	1900
	Surat	Mill Delivery	Closed	1930	Closed	Closed	2000
	Dhrol	Mill Delivery	1650	2125	0	0	1700
M.P.	Indore	Mill Delivery	Closed	Closed	Closed	Closed	Closed
	Bhopal	Mill Quality Loose	Closed	Closed	Closed	Closed	Closed
Rajasthan	Kota	Mill Quality Loose	1750	1780	Closed	1750	1725
		Mill Delivery	1900	1930	Closed	1900	1860
U.P.	Kanpur	Mill Delivery	1725	1745	1735	1700	1950
	Mathura	Mill Quality Loose	1740	1740	1715	1700	1805
	Kosi	Mill Quality Loose	1715	1750	1740	1720	1850
	Hathras	Mill Quality Loose	1680	1740	1720	1720	1825
	Aligarh	Mill Quality Loose	1750	1740	1750	1750	1800
Punjab	Khanna	Mill Quality Loose	Closed	Closed	Closed	1975	1925
	Ludhiana (Jagraon)	Mill Delivery	-	-	-	-	-
Haryana	Sirsa	Mill Delivery loose	1800	1775	1975	1975	1925
	Hodal	Mill Delivery	-	-	-	-	-
	Bhiwani	Mill Quality Loose	Closed	Closed	Closed	1870	1900
	Karnal	Mill Delivery	-	-	-	-	-
	Panipat	Mill Quality Loose	-	-	-	1975	-

Tamil Nadu	Chennai	Mill Quality	2050	2050	Closed	2100	2200
	Madurai	Mill Quality	2107	2200	Closed	2250	2300
	Coimbatore	Mill Quality	2107	2250	Closed	2300	2350
Bihar	Khagariya	Mill Delivery	1700	1725	1700	1750	2100
	Muzaffarpur	Mill Delivery	1725	1750	1650	1700	1980

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 Attachè 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 JulyJune 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
	29-May-21	22-May-21	29-Apr-21	28-Feb-21	29-Nov-20	29-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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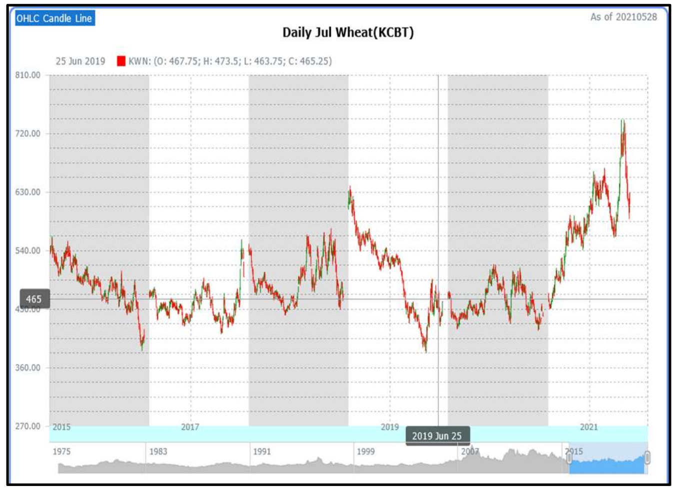
1st Support: 550
2nd Support: 500
1st Resistance: 700
2nd Resistance: 720
($ per tonne)

The July'21 contract closed lower by the end of the week and likely to remain weak in coming 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.