Wheat Weekly Research Report

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Wheat Domestic Market Fundamentals

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All India's weekly average prices plunged by 3.64 percent to Rs. 1973.79 per quintal during the week 1st June to 8th June 2021 compared to Rs. 2048.54 per quintal in last year during the same corresponding period of time. Wheat average prices quoted lower by 0.70% against Rs. 1987.74 per quintal during 24th–31st 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 (up-to 2.06.2021) a quantity of over 411.13 LMT of Wheat has been procured. About 44.43 lakh farmers have already been benefitted with MSP value of Rs.81,196 crore from the ongoing RMS procurement operations. According to FCI, there were about 19,036 wheat procurement centres during the ongoing 2021-22 rabi marketing season. Total stock of wheat in the central pool is around 525.65 LMT which is higher than buffer stock norms.

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.

The government procurement agencies in Haryana have procured total 84.93 LMT consisting 6.94 LMT by FCI and 77.99 LMT by state agency. Expecting bumper produce this year, the government had increased the procurement target.

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: Southwest Monsoon is likely to advance into remaining parts of Maharashtra(including Mumbai), Telangana and Andhra Pradesh by 11 June; Odisha, West Bengal, Chhattisgarh, Jharkhand, Bihar, East Uttar Pradesh, some parts of Madhya Pradesh, and Gujarat state during 11-13 June, 2021

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

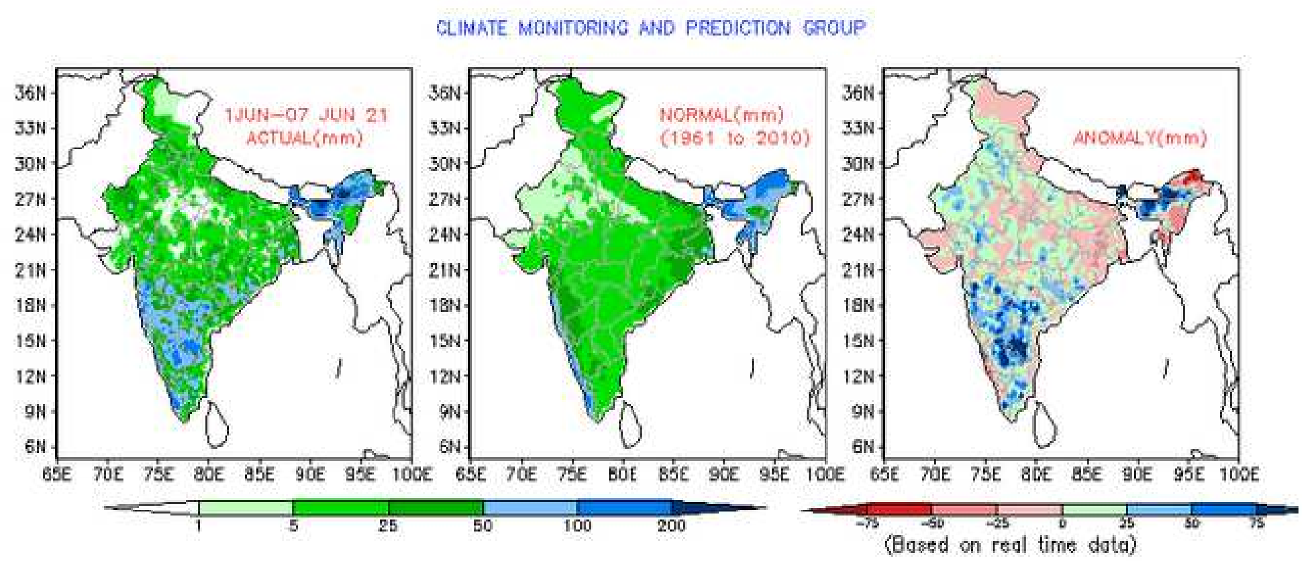
Wheat Import

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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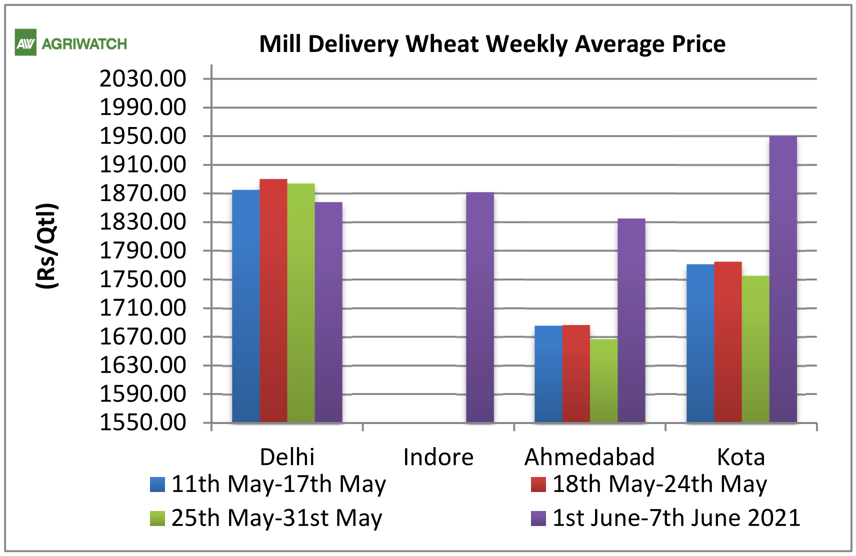
Wheat's average mill delivery prices showed mixed trend at Delhi, Indore, Ahmedabad and Kota markets in the week ending during 1stJune–7thJune 2021.
Markets had shown firm movement at Kota and Ahmedabad supported by high Procurement from last year and strong demand from the export front. Wheat is likely to trade range-bound to 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 2nd June-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	1.08	40.83	41.91
Madhya Pradesh	0.00	128.08	128.08
Bihar	0.00	1.95	1.95
Rajasthan	13.85	5.84	19.69
Others	0.87	1.94	2.46
All-India	**34.58**	**376.54**	**411.12**

FOB Quote for Wheat at Kandla

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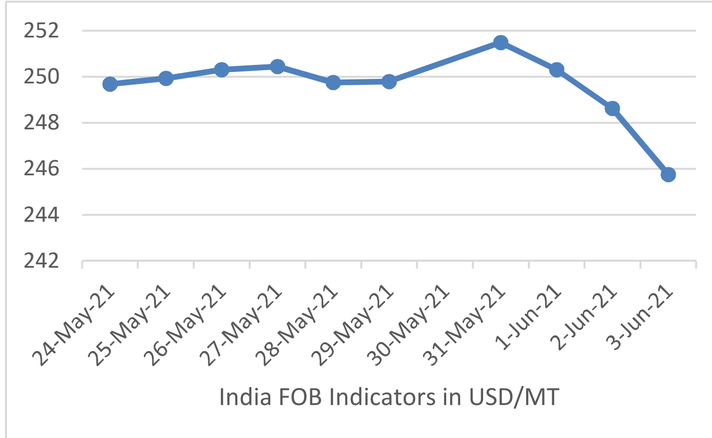
The wheat FoB quote in India noticed a weak tone in the past week. Mostly market is closed in domestic market. The overall condition for Indian wheat export remains favorable, and exports continue from India due to widespread demand from neighboring countries.

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 $245-$258 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 May 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: 3.06.2021
Contract Month	+/-	Open	High	Low	Close	Volume	Change From previous day	Open Interest	Change From previous day
21-May	-	-	-	-	-	-	-	-	-
21-Jun	-	-	-	-	-	-	-	-	-
21-July	-	-	-	-	1900	-	-	-	-

Wheat Technical Analysis:

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Wheat- Technical outlook **Contract Expiry: 20th Jul, 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
	3-Jun-21	27-May-21	3-May-21	3-Jun-20	
Indore	1789	1778	1752	0	NA
Delhi	1850	1894	1942	1975	-6.33
Kanpur	1700	1730	1750	1915	-11.23
Rajkot	1836	1830	1840	1800	2.00
Kota	1800	1801	1815	1891	-4.81

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
			3-Jun-21	2-Jun-21	27-May-21	3-May-21	3-Jun-20
Delhi	Lawrence Road	Mill Delivery	1850	1860	1885	Closed	1970
	Narella	Mill Quality Loose	-	-	Closed	Closed	Closed
	Nazafgarh	Mill Quality Loose	-	-	Closed	Closed	Closed
Gujarat	Rajkot	Mill Delivery	1740	1760	1760	Closed	1780
	Ahmedabad	Mill Delivery	1835	1840	1825	Closed	1860
	Surat	Mill Delivery	1910	1930	1930	Closed	1930
	Dhrol	Mill Delivery	1750	1805	2125	0	0
M.P.	Indore	Mill Delivery	1850	1875	Closed	Closed	1900
	Bhopal	Mill Quality Loose	1775	1800	Closed	Closed	1750
Rajasthan	Kota	Mill Quality Loose	1800	1825	1780	1700	1730
		Mill Delivery	1925	1975	1930	1850	1870
U.P.	Kanpur	Mill Delivery	1730	1750	1745	Closed	2000
	Mathura	Mill Quality Loose	1650	1700	1740	Closed	1780
	Kosi	Mill Quality Loose	1680	1715	1750	Closed	1850
	Hathras	Mill Quality Loose	1670	1680	1740	Closed	1815
	Aligarh	Mill Quality Loose	1650	1690	1740	Closed	Closed
Punjab	Khanna	Mill Quality Loose	Closed	Closed	Closed	1975	1925
	Ludhiana (Jagraon)	Mill Delivery	-	-	-	-	-
Haryana	Sirsa	Mill Delivery loose	1790	1800	1775	1975	1915
	Hodal	Mill Delivery	-	-	-	-	-
	Bhiwani	Mill Quality Loose	Closed	Closed	Closed	Closed	1925
	Karnal	Mill Delivery	-	-	-	-	-
	Panipat	Mill Quality Loose	-	-	-	-	-

Tamil Nadu	Chennai	Mill Quality	2050	2050	2050	2100	2150
	Madurai	Mill Quality	2107	2200	2200	2250	2200
	Coimbatore	Mill Quality	2107	2250	2250	2300	2250
Bihar	Khagariya	Mill Delivery	1850	1900	1725	1700	2000
	Muzaffarpur	Mill Delivery	1800	1850	1750	1625	1900

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*)

United States shipped nearly six times the volume of wheat to China in 2020/21 compared to the previous year, with the total nearing 120 million bushels as of press time. U.S. may export higher wheat to China over the next year. In the U.S., winter wheat harvest has been started now. It is still too early to estimate final yields, though timely spring rains in the Central and Southern Plains bode well for yield monitors in the coming weeks. While winter wheat supplies are likely to remain abundant this year, the fate of spring wheat stocks is less certain. USDA reduced 2020/21 wheat usage for human consumption in the May 2021 World Agricultural Supply and Demand Estimates (WASDE) report. U.S. wheat milling rates for flour between January through March 2021 came in at 224.5 million bushels.

Spring wheat plantings are complete this year, with 90% of the crop now emerged. That's up from 80% a week ago and faster than both 2020's pace of 79% and the prior five-year average of 86%.
Spring wheat quality is on its heels, meantime, dropping five points to 38% of the crop rated in good-to-excellent condition.

Russia As per analyst, Russian export prices for the summer's new wheat crop were steady last week due to a stronger rouble amid higher oil prices. Prices for new-crop Russian wheat with 12.5% protein loading from Black Sea ports and for supply at the end of July were $256 a tonne free on board (FOB) at the end of last week, unchanged from the previous week, the IKAR agriculture consultancy said in a note. As per IKAR, Russia may harvest 80 million tonnes of Wheat in 2021. The estimate is higher by 500,000 tonnes from its last given estimates.

China may harvest 5.0 billion bushels of wheat by the end of summer – a new high for the world's largest wheat producer. However, rising Chinese livestock, poultry, and human food demand will consume all of those bushels, plus another 367 million bushels of imports.

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.

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.

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.	
				29.04.21	27.05.2021
Production	732	762	774	790	790
Trade	168	184	191	185	188
Consumptions	740	744	766	782	787
Carryover stocks	260	277	285	298	288
Y-O-Y change	-8	18	7	-	3
Major Export	69	64	63	64	59

- 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 188 MMT. It is 3 MMT higher compared to the previous estimate however lower by 3 MMT compared to 2020-21.
- Consumption has been increased to 787 MMT for 2021-22. The forecast is higher by 21 MMT compared to 2020-21.
- Carryout for 2021-22 is forecast at 288 MMT compared to an estimate of 298 MMT in previous month. It is higher by around 3 MMT compared to 2020-21.

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**
	5-Jun-21	**29-May-21**	**5-May-21**	**5-Mar-21**	**5-Dec-20**	**5-Jun-20**	
Jul-21	252.68	243.77	267.01	235.50	212.91	200.97	**25.73**
Sep-21	254.42	245.15	266.92	235.04	214.47	202.44	**25.68**
Dec-21	257.09	247.90	267.65	236.97	217.59	205.65	**25.01**
Mar-22	259.57	250.47	269.12	238.81	220.53	205.38	**26.39**
May-22	259.94	250.75	267.01	238.44	219.34	209.42	**24.12**
Jul-22	257.91	244.60	251.67	231.09	212.45	212.27	**21.51**

CBOT Jul-21

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1st Support: 640
2nd Support: 610
1st Resistance: 740
2nd Resistance: 790
($ 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.