

# Wheat Weekly Research Report

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

All India's weekly average prices sharply increased by 14.31 percent to Rs. 2273.25 per quintal during the week 9<sup>th</sup> June to 15<sup>th</sup> June 2021 compared to Rs. 1988.52 per quintal in last year during the same corresponding period of time. Wheat average prices quoted higher by 7.85% against Rs. 2107.74 per quintal during 9<sup>th</sup>–15<sup>th</sup> 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 13.06.2021) a quantity of over 425.77 LMT of Wheat has been procured higher against 389.18 LMT in last year in the corresponding period of time. About 46.65 lakh farmers have already been benefitted with MSP value of Rs.83,228.35 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 movement with weak bias in the coming week.

**Trade Call:** There is no NCDEX trading currently.

**Weather Outlook:** Scattered to widespread rainfall with isolated thunderstorm & lightning over most parts of Northwest, Central East, and Northwest & South Peninsular India and over parts of west India. Isolated heavy to very heavy rainfall very likely over parts of Northwest India during next 3 days; over parts of East, Central & West India during next 3-4 days; over parts of Northeast India during next 5 days and over parts of south Peninsular India during next 4-5 days

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
<b>Total</b>	<b>296403.31</b>	<b>295.25</b>

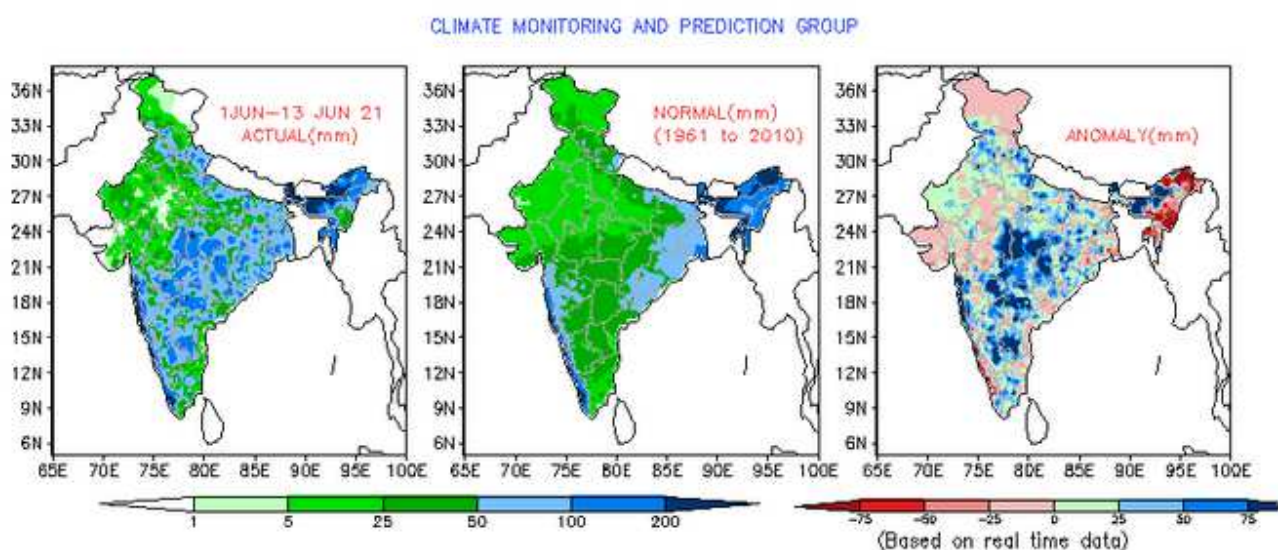
Source: Trade

Wheat Import

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

Source: Traders

No Import in the month of Mar.

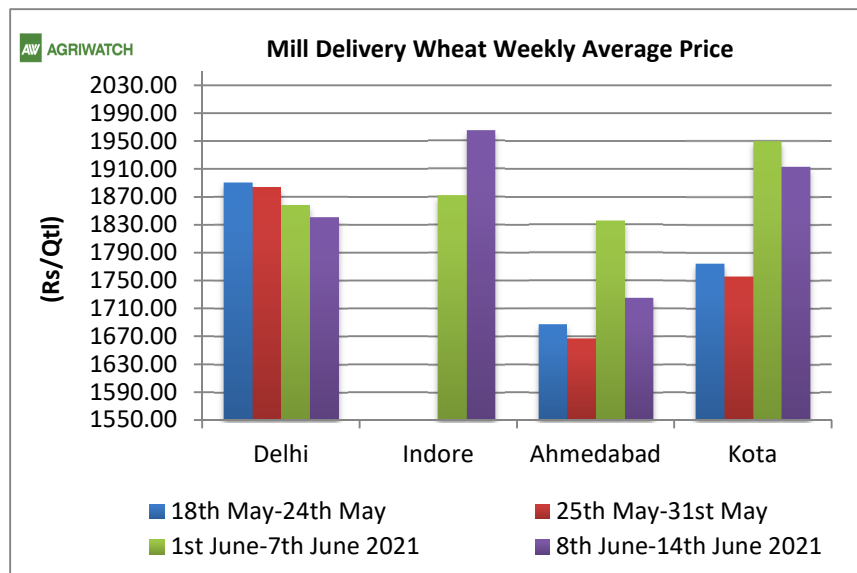
Monsoon
Weekly Cumulative rainfall:


Source: IMD

Wheat Weekly Average Price Chart
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Despite Indore market, Wheat's average mill delivery prices showed weak trend at Delhi, Ahmedabad and Kota markets in the week ending during 8<sup>th</sup> June–14<sup>th</sup> June 2021.

Markets had shown weak movement at Kota and Ahmedabad despite weak supplies. Wheat is likely to trade range-bound to weak tone in short run.


Wheat and Rice Stocking Norms

<u>Wheat Stock Norms</u>						
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

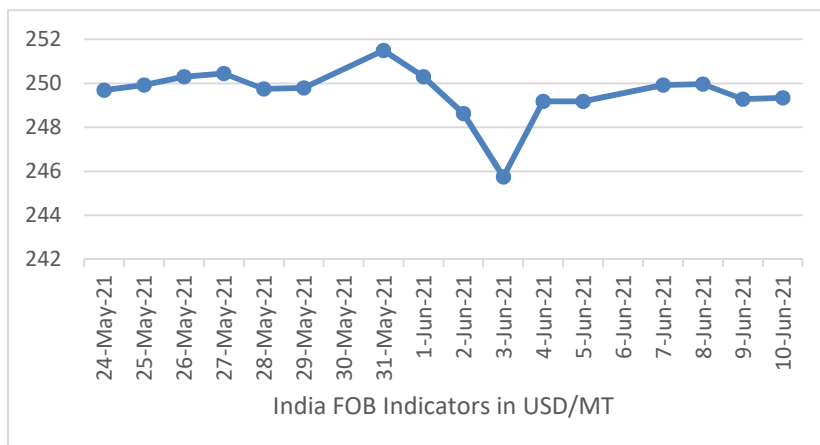
State/UTs	Procurement as of 13 <sup>th</sup> June-2021 (Figures in LMT)		
	FCI (A)	State Agency (B)	Total (A+B)
Punjab	12.19	119.91	132.10
Haryana	6.94	77.99	84.93
Uttar Pradesh	1.34	51.20	52.54
Madhya Pradesh	0.00	128.09	128.09
Bihar	0.00	3.32	3.32
Rajasthan	15.52	6.42	21.94
Others	0.60	2.25	2.46
All-India	36.59	389.18	425.77

### FOB Quote for Wheat at Kandla

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The wheat FoB quote in India noticed a firm tone in the past week. After ease of lock down restrictions, all the markets are opened. 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 \$249-\$255 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	249.4	245.75	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: 10.06.2021

Contract Month	+/-	Open	High	Low	Close	Volume	Change From previous day	Open Interest	Change From previous day
21-Jun	-	-	-	-	-	-	-	-	-
21-July	-	-	-	-	-	-	-	-	-
21-Aug	-	-	-	-	1900	-	-	-	-

### Wheat Technical Analysis:

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#### Wheat- Technical outlook

Contract Expiry: 20<sup>th</sup> Jul, 2021

WHEAT DELHI 2107(NCWHDN1)2021/06/15 - Daily A:1841.00  
 O 1788.00 H 1788.00 L 1788.00 C 1788.00 ↑ V 010 0 +0.00%  
 EMA(9) 1821.4 (18) 1848.2



#### 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	Jul	-	-	1788	-	-
Pre-Market Intraday Trade Call*			Call	Entry	T1	T2	SL
Wheat	NCDEX	Jul	WAIT	1788	-	-	-

\*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
	10-Jun-21	3-Jun-21	10-May-21	10-Jun-20	
Indore	NA	NA	NA	1825	NA
Delhi	1862	1877	NA	1974	-5.67
Kanpur	1670	1740	NA	1900	-12.10
Rajkot	1750	1750	NA	1810	-3.31
Kota	1876	1890	NA	1877	-0.05

## 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
			10-Jun-21	9-Jun-21	3-Jun-21	10-May-21	10-Jun-20
Delhi	Lawrence Road	Mill Delivery	1830	1840	1850	Closed	1975
	Narella	Mill Quality Loose	-	-	-	Closed	Closed
	Nazafgarh	Mill Quality Loose	-	-	-	Closed	Closed
Gujarat	Rajkot	Mill Delivery	1725	1725	1740	Closed	1785
	Ahmedabad	Mill Delivery	1830	1825	1835	Closed	1890
	Surat	Mill Delivery	1925	1925	1910	Closed	1950
	Dhrol	Mill Delivery	1610	1650	1750	-	-
M.P.	Indore	Mill Delivery	Closed	1975	1850	Closed	1900
	Bhopal	Mill Quality Loose	Closed	1800	1775	Closed	1750
Rajasthan	Kota	Mill Quality Loose	1775	1780	1800	Closed	1735
		Mill Delivery	1900	1930	1925	Closed	1850
U.P.	Kanpur	Mill Delivery	1725	1750	1730	Closed	2000
	Mathura	Mill Quality Loose	1720	1725	1650	Closed	1810
	Kosi	Mill Quality Loose	1700	1715	1680	Closed	1850
	Hathras	Mill Quality Loose	1670	1680	1670	Closed	1835
	Aligarh	Mill Quality Loose	1640	1690	1650	Closed	Closed
Punjab	Khanna	Mill Quality Loose	1810	1810	Closed	Closed	1850
	Ludhiana (Jagraon)	Mill Delivery	-	-	-	-	-
Haryana	Sirsa	Mill Delivery loose	1800	1800	1790	Closed	1900
	Hodal	Mill Delivery	-	-	-	Closed	-
	Bhiwani	Mill Quality Loose	-	-	Closed	Closed	1950
	Karnal	Mill Delivery	-	-	-	-	-
	Panipat	Mill Quality Loose	-	-	-	-	-



Tamil Nadu	Chennai	Mill Quality	2100	2100	2050	Closed	2150
	Madurai	Mill Quality	2157	2300	2200	Closed	2250
	Coimbatore	Mill Quality	2157	2350	2250	Closed	2300
Bihar	Khagariya	Mill Delivery	1800	1800	1850	1700	2050
	Muzaffarpur	Mill Delivery	1800	1800	1800	1600	1925

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** U.S. wheat futures shrunk on Friday as better-than-anticipated rains soaked the drought-stressed spring crop in the northern Plains and as the U.S. dollar firmed. Wheat prices also felt spillover pressure from sinking corn and soybean markets, which fell after Reuters reported that the White House was considering ways to offer oil refiners relief from biofuel blending mandates.

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 96% of the crop now emerged. That's up from 90% a week ago and faster than both 2020's pace of 93% and the prior five-year average of 95%. Spring wheat quality is on its heels, meantime, dropping one points to 34% of the crop rated in good-to-excellent condition.

**Russia** will increase wheat export duty to \$33.30 per tonnes as of June 16, 2021. The duty will be \$29.40 per tonne from June 9 to 15. IKAR has increased its projection for wheat crop by 2 million tonnes to 82 million tonnes in 2021. While Sovecon had raised its forecast by 1.5 million tonnes to 82.4 million tonnes for 2021. The estimate was also raised due to a speedy spring wheat sowing and improved weather conditions for spring wheat in Russia's central and Volga regions. The county is likely to start wheat harvesting in late June'21.

**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.

**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
<b>Production</b>	732	762	774	790	790
<b>Trade</b>	168	184	191	185	188
<b>Consumptions</b>	740	744	766	782	787
<b>Carryover stocks</b>	260	277	285	298	288
<b>Y-O-Y change</b>	-8	18	7	-	3
<b>Major Export</b>	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
	10-Jun-21	3-Jun-21	10-May-21	10-Mar-21	10-Dec-20	10-Jun-20	
<b>Jul-21</b>	251.21	248.45	268.39	236.33	218.60	195.82	<b>28.28</b>
<b>Sep-21</b>	253.41	250.11	268.57	236.42	219.71	197.66	<b>28.21</b>
<b>Dec-21</b>	256.17	252.95	269.95	238.53	222.28	201.24	<b>27.29</b>
<b>Mar-22</b>	258.56	255.62	271.32	240.46	224.76	205.38	<b>25.89</b>
<b>May-22</b>	259.11	255.71	269.40	240.28	223.47	209.42	<b>23.73</b>
<b>Jul-22</b>	256.26	251.94	253.51	232.93	212.45	212.27	<b>20.73</b>

**CBOT Jul-21**
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**1<sup>st</sup> Support: 620**  
**2<sup>nd</sup> Support: 640**  
**1<sup>st</sup> Resistance: 710**  
**2<sup>nd</sup> Resistance: 735**  
**(\$ per tonne)**

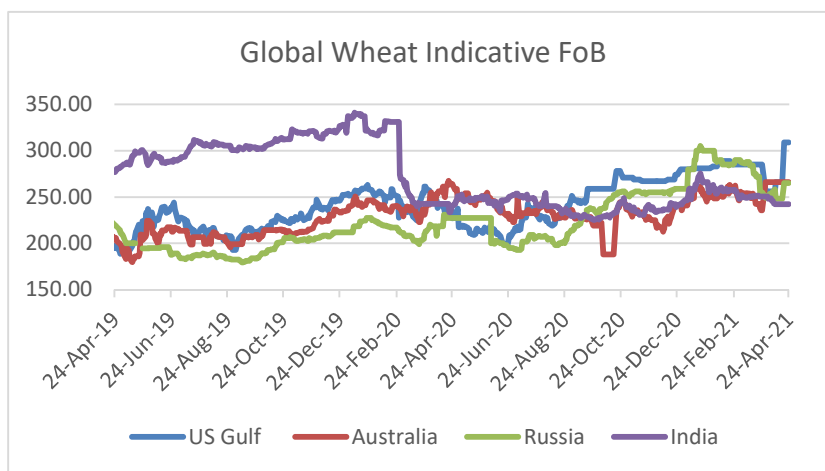
The July'21 contract closed lower by the end of the week and likely to remain weak in coming week. Candlestick's pattern denotes a bearish trend in the chart. Fall in price and decrease in open interest compared to last week, interprets weak market. We expect wheat prices to remain steady to weak in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



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