

Wheat Weekly Research Report

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

All India's weekly average prices sharply decreased by -0.88 percent to Rs. 2378.69 per quintal during the week 16th June to 23rd June 2021 compared to Rs.2399.79 per quintal in last week. Wheat average prices quoted higher by 15.94% against Rs. 2051.64 per quintal during 16th–23rd June 2020. Due to imposed of PMGKAY scheme till November 2021 wheat is likely to trade steady to weak tone in coming weeks. However, procurement activity of government may curb any major fall.

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 17.06.2021) a quantity of over 431.12 LMT of Wheat has been procured higher against 394.12 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 third 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, is being re-implemented given the worsening situation due to the second wave of Covid-19. Govt. has extended its time period till November 2021 to provide 5-kg additional food grains for free to PDS beneficiaries under the NFSA. This time, they are not providing pulses under this scheme.

Outlook & Recommendation: Wheat cash market is expected to trade range-bound movement with firm bias in the coming week.

Trade Call: There is no NCDEX trading currently.

Weather Outlook: Large-scale atmospheric conditions are not favorable for further advance of monsoon into Rajasthan, remaining parts of Gujarat, Punjab, Haryana and Delhi. However, there could be slow progress into some more parts of Uttar Pradesh during next five days in association with the existing cyclonic circulation over East Uttar Pradesh in the lower levels.

Wheat Weekly Export
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| A week-on-week Exports | Quantity in MT | Average FoB (\$/T) |
|------------------------|----------------|--------------------|
| 01-08 May-2021 | 133590 | 271.92 |
| 09-15 May-2021 | 67870 | 276.06 |
| 16-22 May-2021 | 89015 | 275.13 |
| 23-30 May-2021 | 179493 | 291.51 |
| Total | 469968 | 278.65 |

Source: Trade

Wheat Import

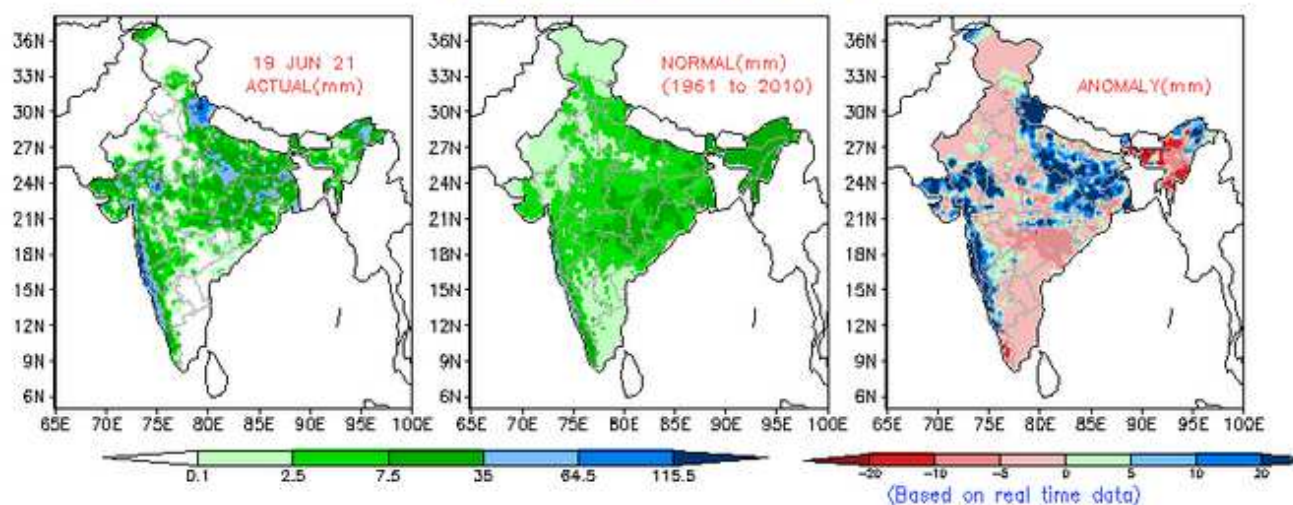
| Date | Origin | Port | Quantity in MT |
|----------|---------------|-----------|----------------|
| Oct-2020 | Australia, UK | Tuticorin | 4.0 |
| | Mexico | | 2.3 |
| | Total | | 6.38 |

Source: Traders

No Import in the month of Mar.

Monsoon
Weekly Cumulative rainfall:

CLIMATE MONITORING AND PREDICTION GROUP

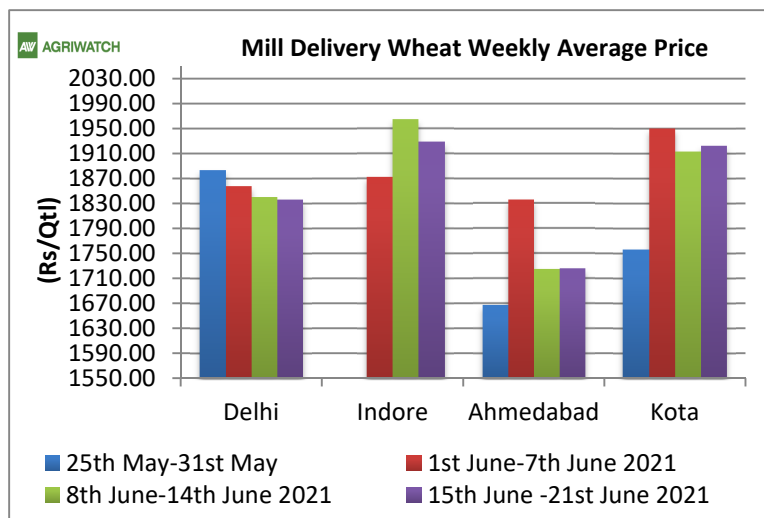


Source: IMD

Wheat Weekly Average Price Chart
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Wheat's average mill delivery prices showed mixed trend at Indore, Delhi, Ahmedabad and Kota markets in the week ending during 15th June-21st June 2021.

Markets had shown firm 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

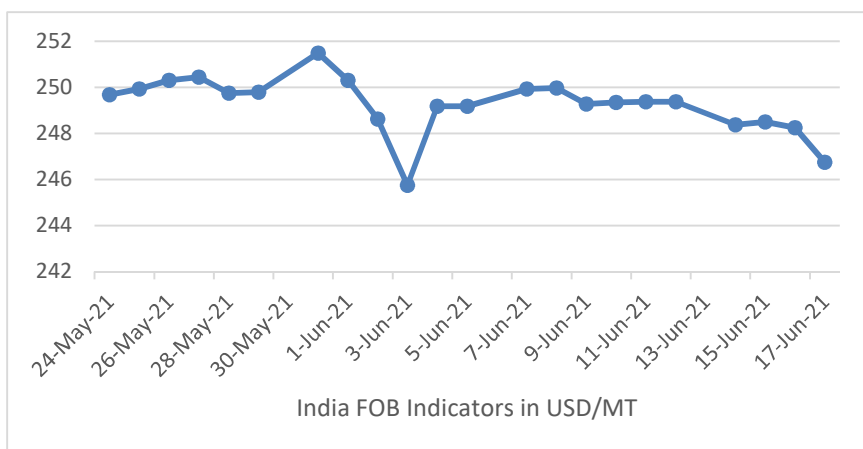
| State/UTs | Procurement as of 17 th June-2021 (Figures in LMT) | | |
|----------------|---|------------------|-------------|
| | FCI (A) | State Agency (B) | Total (A+B) |
| Punjab | 12.19 | 119.91 | 132.10 |
| Haryana | 6.94 | 77.99 | 84.93 |
| Uttar Pradesh | 1.39 | 54.26 | 55.65 |
| Madhya Pradesh | 0.00 | 128.09 | 128.09 |
| Bihar | 0.00 | 4.56 | 4.56 |
| Rajasthan | 15.71 | 6.79 | 22.50 |
| Others | 0.6 | 2.69 | 3.29 |
| All-India | 36.83 | 394.29 | 431.12 |

FOB Quote for Wheat at Kandla

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The wheat FoB quote in India noticed a weak tone in the past week. 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 weak tone in the coming weeks and likely to hover in the range of \$242-\$246 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: 19.06.2021

| Contract Month | +/- | Open | High | Low | Close | Volume | Change From previous day | Open Interest | Change From previous day |
|----------------|-----|------|------|-----|-------|--------|--------------------------|---------------|--------------------------|
| 21-Jul | - | - | - | - | 1738 | - | - | - | - |
| 21-Aug | - | - | - | - | 1735 | - | - | - | - |
| 21-Sep | - | - | - | - | 1747 | - | - | - | - |

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 | Jul | - | - | 1738 | - | - |
| Pre-Market Intraday Trade Call* | | | Call | Entry | T1 | T2 | SL |
| Wheat | NCDEX | Jul | WAIT | 1738 | - | - | - |

*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 |
| | 19-Jun-21 | 12-Jun-21 | 19-May-21 | 19-Jun-20 | |
| Indore | NA | NA | NA | 1825 | NA |
| Delhi | 1826 | 1853 | NA | 1960 | -6.83 |
| Kanpur | 1675 | 1670 | NA | 1905 | -12.07 |
| Rajkot | 1738 | 1743 | NA | 1812 | -4.083 |
| Kota | 1870 | 1871 | NA | 1886 | -0.848 |

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 |
| | | | 21-Jun-21 | 19-Jun-21 | 14-Jun-21 | 21-May-21 | 20-Jun-20 |
| Delhi | Lawrence Road | Mill Delivery | 1830 | 1800 | 1825 | 1900 | 1955 |
| | Narella | Mill Quality Loose | NR | NR | - | Closed | 1825 |
| | Nazafgarh | Mill Quality Loose | NR | NR | - | Closed | 1800 |
| Gujarat | Rajkot | Mill Delivery | 1700 | 1720 | 1700 | Closed | 1800 |
| | Ahmedabad | Mill Delivery | 1850 | 1840 | 1800 | Closed | 1890 |
| | Surat | Mill Delivery | 1950 | 1945 | 1900 | Closed | 1930 |
| | Dhrol | Mill Delivery | - | - | 1710 | - | - |
| M.P. | Indore | Mill Delivery | 1840 | 2000 | 1950 | Closed | 1900 |
| | Bhopal | Mill Quality Loose | 1750 | 1800 | 1800 | Closed | 1740 |
| Rajasthan | Kota | Mill Quality Loose | 1750 | 1750 | 1760 | Closed | 1740 |
| | | Mill Delivery | 1900 | 1900 | 1900 | Closed | 1890 |
| U.P. | Kanpur | Mill Delivery | 1680 | Closed | 1740 | 1750 | Closed |
| | Mathura | Mill Quality Loose | 1680 | Closed | 1680 | 1735 | Closed |
| | Kosi | Mill Quality Loose | 1700 | Closed | 1670 | 1725 | 1870 |
| | Hathras | Mill Quality Loose | 1600 | Closed | 1635 | 1730 | 1760 |
| | Aligarh | Mill Quality Loose | 1620 | Closed | 1630 | 1700 | Closed |
| Punjab | Khanna | Mill Quality Loose | 1800 | 1800 | 1800 | Closed | 1820 |
| | Ludhiana (Jagraon) | Mill Delivery | - | - | - | - | - |
| Haryana | Sirsa | Mill Delivery loose | 1735 | 1750 | 1775 | 1975 | 1870 |
| | Hodal | Mill Delivery | - | - | - | - | - |
| | Bhiwani | Mill Quality Loose | 1760 | 1740 | 1750 | Closed | 1970 |
| | Karnal | Mill Delivery | - | - | - | - | - |
| | Panipat | Mill Quality Loose | - | - | - | - | - |



| | | | | | | | |
|------------|-------------|---------------|------|------|------|--------|------|
| Tamil Nadu | Chennai | Mill Quality | 2100 | 2100 | 2100 | Closed | 2150 |
| | Madurai | Mill Quality | 2157 | 2300 | 2300 | Closed | 2250 |
| | Coimbatore | Mill Quality | 2157 | 2350 | 2350 | Closed | 2300 |
| Bihar | Khagariya | Mill Delivery | 1600 | 1600 | 1800 | 1700 | 2000 |
| | Muzaffarpur | Mill Delivery | 1700 | 1700 | 1780 | 1650 | 1915 |

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 increased on Friday, rebounding from steep declines a day earlier on bargain-buying ahead of the weekend and uncertainty about weather in the Midwest crop belt. Fresh export demand has also supported prices to rise. As per sources, Chinese state-owned importers bought at least eight cargo shipments of U.S. soybeans on Friday in 4-1/2 months, as per sources.

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 |
| 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.

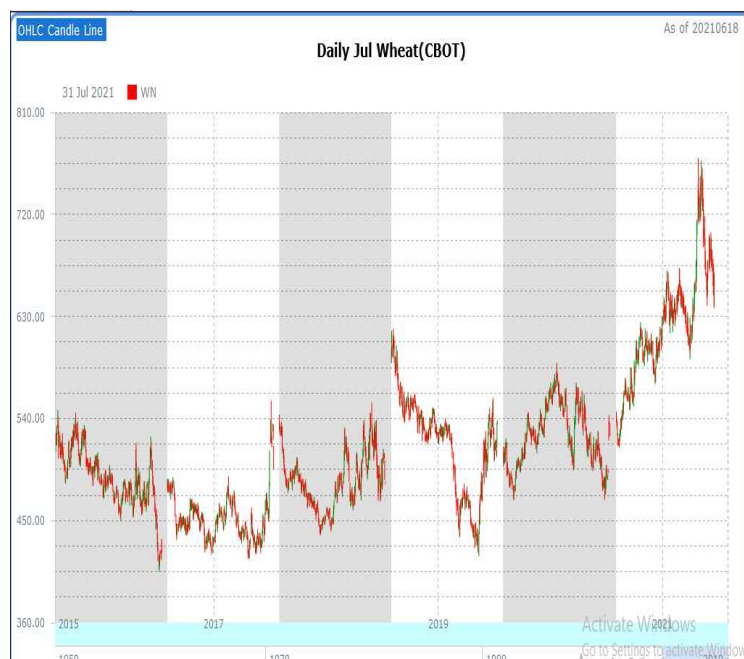
CBOT FUTURES CONTRACT:

| CBOT Futures Prices:(USD/T) | | | | | | | |
|-----------------------------|-----------|-----------|-----------|-------------|-------------|-----------|--------------------------|
| CONTRACT MONTH | Today | Week Ago | Month Ago | 3 Month Ago | 6 Month Ago | Year Ago | % Change over prev. year |
| | 18-Jun-21 | 11-Jun-21 | 17-May-21 | 18-Mar-21 | 18-Dec-20 | 18-Jun-20 | |
| Jul-21 | 243.49 | 250.11 | 257.09 | 228.43 | 221.82 | 189.12 | 28.75 |
| Sep-21 | 244.60 | 251.94 | 257.00 | 231.00 | 222.92 | 191.60 | 27.66 |
| Dec-21 | 246.62 | 254.70 | 258.19 | 232.93 | 225.49 | 195.55 | 26.12 |
| Mar-22 | 248.82 | 257.18 | 259.75 | 232.93 | 228.06 | 205.38 | 21.15 |
| May-22 | 249.10 | 257.55 | 256.90 | 225.31 | 226.78 | 209.42 | 18.95 |
| Jul-22 | 246.07 | 254.61 | 244.69 | 226.04 | 212.45 | 212.27 | 15.92 |

CBOT Jul-21
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1st Support: 620
2nd Support: 600
1st Resistance: 710
2nd Resistance: 735
(\$ per tonne)

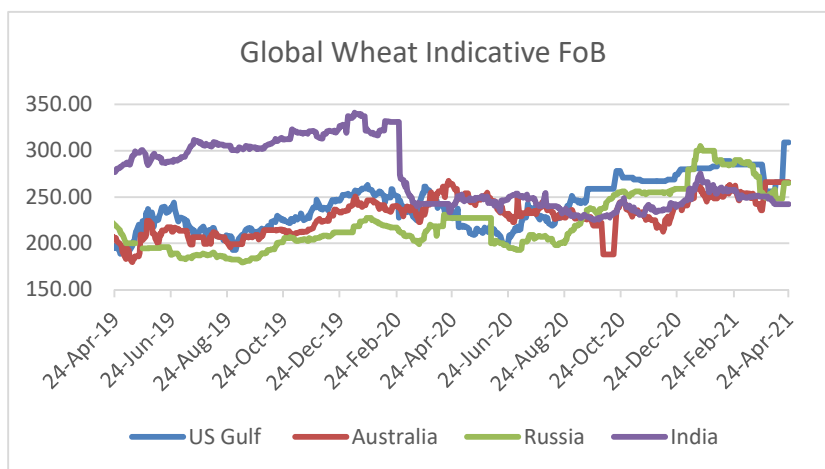
The July'21 contract closed higher by the end of the week and likely to remain improve from the current level in coming week. Candlestick's pattern denotes a bullish trend in the chart. Rise in price and increase in open interest compared to last week, interprets firmness in market. We expect wheat prices 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 \$246.8 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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