AGRIWATCH

Wheat Weekly Research Report
12th Jul-2021

Wheat Weekly Research Report

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Wheat Domestic Market Fundamentals

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During the week of July 1 to 8, 2021, the weekly average price in India grew by 2.43 percent to Rs. 2335.11 per quintal, up from Rs. 2091.45 per quintal the previous week. Between July 1st and July 8th, 2020, wheat average prices increased by 12.94 percent to Rs. 2067.56 per quintal. Prices are rising due to a lack of stock availability. While the government's procurement procedures are nearly complete in various Indian states and the imposition of the PMGKAY program until November 2021 will put downward pressures in wheat markets in the near future.

Wheat procurement in the ongoing RMS 2021-22 is almost complete in the procuring states of Punjab, Haryana, Uttar Pradesh, Madhya Pradesh, Himachal Pradesh, Delhi, and Jammu & Kashmir, while it continues at MSP in Rajasthan, Bihar, and Gujarat, as in previous seasons, and a total of over 433.32 LMT of Wheat has been procured all time higher against 387.4 LMT in previous seasons. The present RMS procurement operations have already benefited almost 49.16 lakh farmers with MSPs worth Rs.85,581,02 crore.During the current 2021-22 rabi marketing season, there were approximately 19,036 wheat procurement centers, according to FCI. Total stock of wheat in the central pool is around 587.68 LMT which is higher than buffer stock norms.

This Rabi season, government procured 132.10 LMT of wheat from Punjab, higher from MP's procurement record of 128.08 LMT in 2021-22.However, it was procured lower at 127.14 LMT from Punjab compared to 129.42 LMT in MP during 2020-21.

During the current Rabi marketing season, the government may exceed its revised wheat procurement target of 433.5 lakh tonnes. Bihar may extend procurement till July 15, 2021, perhaps raising the set value for the current season. This season, 16 lakh tonnes of wheat were transferred by rail from mandies in Punjab, Haryana, and Madhya Pradesh during the pick procurement period, resulting in a reduction in mandies oversupply and smooth procurement procedures.

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.

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 weak bias in the coming week.

Trade Call: There is no NCDEX trading currently.

Weather Outlook:- *For the country as a whole, cumulative rainfall during this year's Southwest Monsoon season's Rainfall till 7 July, 2021 is below normal with -5 % departure from LPA.*

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

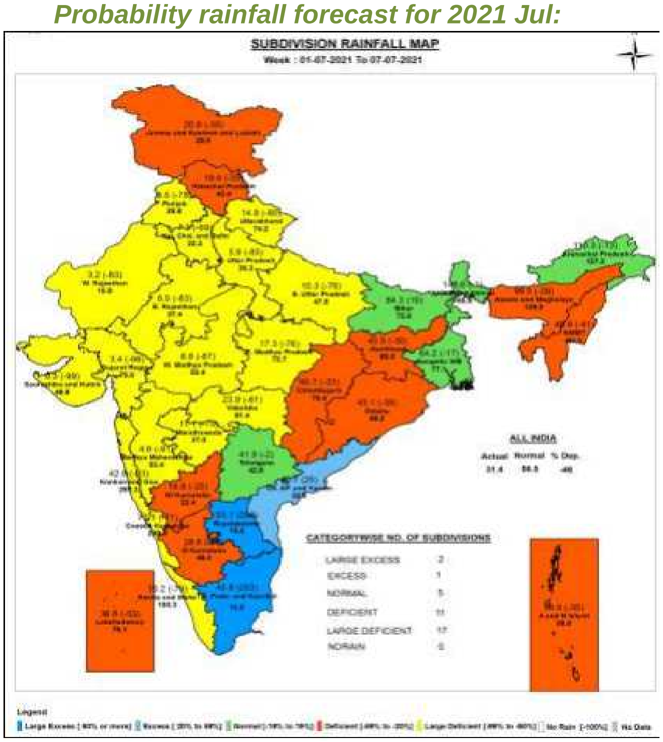
Wheat Import

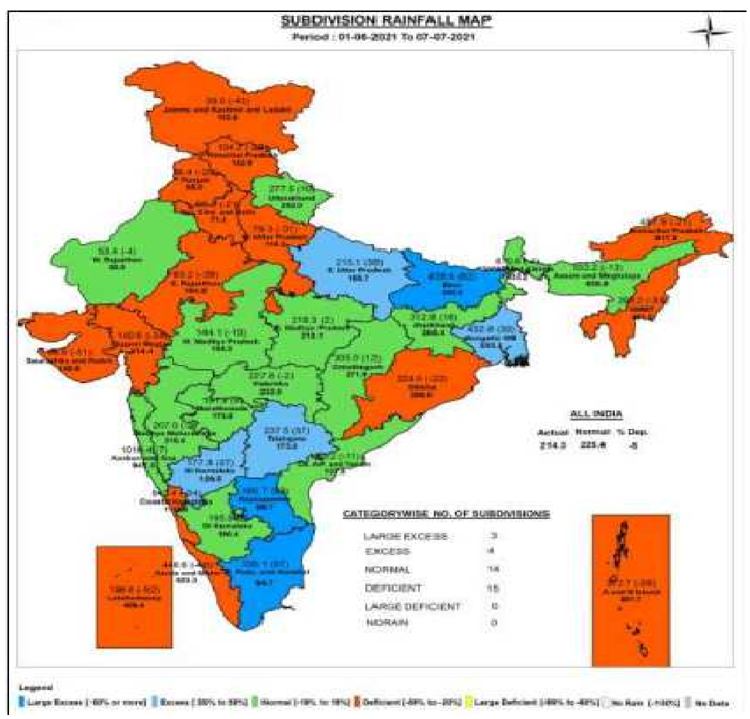
Date	Origin	Port	Quantity in MT
Oct-2021	Australia, UK	Tuticorin	4.0
	Mexico		2.3
	Total		6.38

Source: Traders
No Import so far.

Monsoon

Probability rainfall forecast for 2021 Jul:





Source: IMD

Wheat Weekly Average Price Chart

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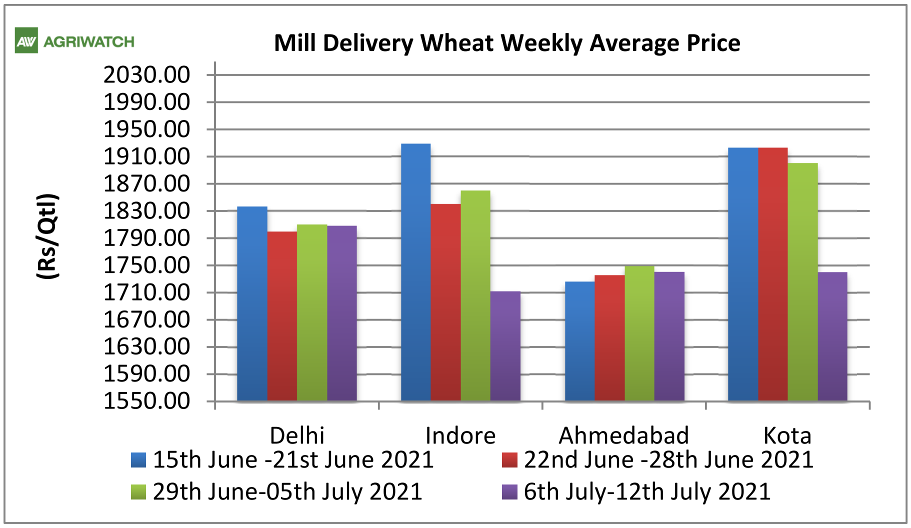
Wheat prices fell across the wheat markets in the week between July 6th and 12th, 2021, due to weak demand. Market prices in Ahmedabad fell due to lackluster trade activity. Wheat is projected to trade in a range bound to weak tone in the short term due to less demand. Complete procurement activities, along with a negative worldwide market trend, have increased pricing pressures on wheat. We anticipate the same price in next week.



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 8th Jul-2021 (Figures in LMT)**		
	FCI (A)	**State Agency (B)**	**Total (A+B)**
Punjab	12.2	119.9	132.1
Haryana	6.94	77.99	84.93
Uttar Pradesh	1.39	55.02	56.41
Madhya Pradesh	0	128.09	128.09
Bihar	0	4.56	4.56
Rajasthan	16.56	6.84	23.4
Others	0.6	3.14	3.74
All-India	**37.69**	**395.54**	**433.23**

FOB Quote for Wheat at Kandla

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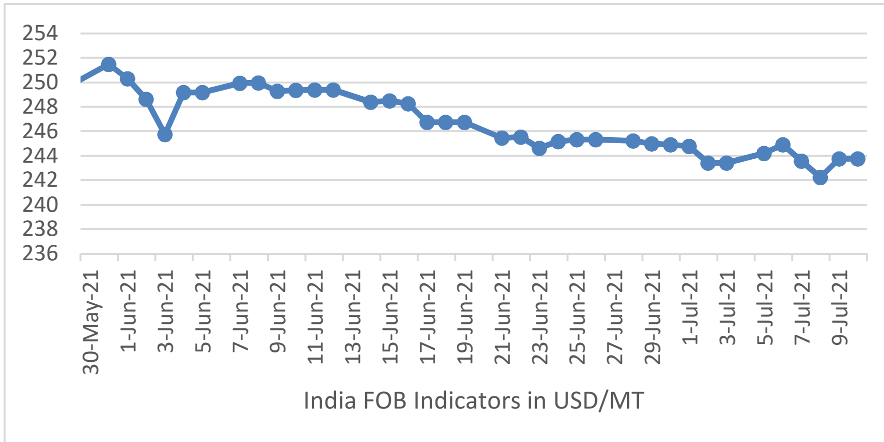
The wheat FoB quote in India noticed a firm tone in the past week. Exporters are active in wheat markets due to improving demand from neighboring countries.

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 $244-$246 per tonnes.



Indicative FOB Quotes:						
Wheat FOB	**Variety**	**Today**	**Week Ago**	**Month Ago**	**Year Ago**	**% Change over Prev. Year**
		9-Jul-21	**2-Jul-21**	**11-June-21**	**9-Jul-20**	**24.82**
USA (Chicago)	2srw	247	246.45	271.35	197.77	11.11
France	FCW3	240	249	266.80	216	**NA**
Australia	ASW	282.25	288.29	289.28	-	**NA**
Russia	SRW	-	-	-	-	**NA**
India	Fob	243.77	243.41	249.38	251.40	**-3.03**

International Weekly Outlook:

Prices for all U.S. wheat classes have declined in this week following weakness in global market. Hard Red Winter (HRW) is higher by 32.09% to $284 on good demand in feed markets compared to last year in the corresponding period of time. Soft Red Winter (SRW) is higher by 24.82% to $247 on good feed demand against last year at same time however it is lower against last week amid weak global cues.

NCDEX Wheat Contracts

Wheat Futures Contact: NCDEX Price									Date: 2.07.2021
Contract Month	+/-	Open	High	Low	Close	Volume	Change From previous day	Open Interest	Change From previous day
21-Jul	-	-	-	-	-	-	-	-	-
21-Aug	-	-	-	-	1729	-	-	-	-
21-Sep	-	-	-	-	-	-	-	-	-

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	-	-	1729	-	-
Pre-Market Intraday Trade Call*			**Call**	**Entry**	**T1**	**T2**	**SL**
Wheat	NCDEX	Jul	WAIT	1778	-	-	-

*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
	9-Jul-21	2-Jul-21	9-June-21	9-Jul-20	
Indore	-	-	-	-	-
Delhi	1800	1800	1856	1825	-1.37
Kanpur	1640	1640	1695	1910	-14.13
Rajkot	1800	1790	1756	1820	-1.09
Kota	1852	1861	1902	1900	-2.52

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
			9-Jul-21	8-Jul-21	2-Jul-21	9-Jun-21	9-Jul-20
Delhi	Lawrence Road	Mill Delivery	1820	1800	1800	1840	1970
	Narella	Mill Quality Loose	1680	1680	1680	0	1875
	Nazafgarh	Mill Quality Loose	1690	1690	1700	0	1840
Gujarat	Rajkot	Mill Delivery	1825	1820	1775	1725	1820
	Ahmedabad	Mill Delivery	1890	1880	1875	1825	1890
	Surat	Mill Delivery	2000	1950	1960	1925	1940
	Dhrol	Mill Delivery	1815	1685	1650	1650	1770
M.P.	Indore	Mill Delivery	Closed	1850	1850	1975	1850
	Bhopal	Mill Quality Loose	Closed	1750	1750	1800	1750
Rajasthan	Kota	Mill Quality Loose	1730	1750	1750	1780	1735
		Mill Delivery	1880	1900	1900	1930	1860
U.P.	Kanpur	Mill Delivery	1690	1680	1670	1750	2000
	Mathura	Mill Quality Loose	1650	1710	1650	1725	Closed
	Kosi	Mill Quality Loose	1630	1610	1650	1715	1860
	Hathras	Mill Quality Loose	15500	1585	1600	1680	1780
	Aligarh	Mill Quality Loose	1590	1640	1600	1690	Closed
Punjab	Khanna	Mill Quality Loose	1800	1800	1800	1810	1800
	Ludhiana (Jagraon)	Mill Delivery	NA	NA	0	0	0
Haryana	Sirsa	Mill Delivery loose	1725	1725	1730	1800	1860
	Hodal	Mill Delivery	NA	NA	0	0	0
	Bhiwani	Mill Quality Loose	1725	1725	1750	0	1700
	Karnal	Mill Delivery	NA	NA	0	0	0
	Panipat	Mill Quality Loose	NA	NA	0	0	0

Tamil Nadu	Chennai	Mill Quality	2100	2100	2100	2100	2150
	Madurai	Mill Quality	2157	2300	2300	2300	2300
	Coimbatore	Mill Quality	2157	2350	2350	2350	2350
Bihar	Khagariya	Mill Delivery	1600	1600	1600	1800	2000
	Muzaffarpur	Mill Delivery	1650	1650	1650	1800	1875

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:

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Due to the wet weather, French farmers harvested soft wheat at a lesser rate than previous season during the first week of July 2021, according to FranceAgriMer's weekly cereal report. Soft wheat crops were judged good or exceptional in 79 percent of cases, up from 55 percent a year ago.

Algeria bought 30,000 tonnes of origin milling wheat in an international tender at the price $ 288 a tonnes c&f.

According to the USDA, the HRW crop harvest in the United States is 81 percent complete in Texas, 87 percent in Oklahoma, and 55 percent in Kansas. : The southern and central Great Plains showed cooler temperatures and precipitation this past week while the northern Great Plains saw sporadic rains and average temperatures. The drought worsened in the PNW with high temperatures (110-118°F / 43-48°C), which are expected to continue into next week. The SRW harvest in 2021 is still going strong, with 57 percent of the sampled crop collected so far despite rainfall in growing belts.

As per APK-inform agriculture consultancy, Ukrainian heat shipment bid prices declined by $4 a tonnes compare to last week after heavy crop size prediction. Ukraine is likely to harvest around 30 million tonnes of wheat this year against 25 million tonnes in 2020.

Argentina is expected to transport 12 million tonnes of wheat in 2021/22, according to the Buenos Aires Cereals Exchange, following a higher output projection for 2021/22. Internal wheat milling should also increase by 8.3% to 6.5 million tonnes in 2021/22 under this scenario.

Wheat export prices in Russia fell last week as a result of an expected good crop in the Black Sea region. In the new 2021/22 marketing season, wheat exports in Russia, Ukraine, and Kazakhstan could increase by 5%. At the end of last week, prices for new-crop Russian wheat with 12.5 percent protein loading from Black Sea ports and for supply in July were $248 per tonne FOB, down $7 from the previous week, potentially boosting Russia's exports in June 2021.IKAR, an agricultural consultancy, cut its projection for Russia's wheat output in 2021 from 79.5 MMT to 80 MMT. The estimate is 500,000 tonnes greater than the previous estimate.

European Union soft wheat exports reached at 25.10 million tonnes by June 20,2021 for the current season which is lower from 34.28 million tonnes in the corresponding period of time in last season. According to Strategie Grains, EU may grow higher soft wheat production for 2021 at 131.1 million tonnes, against 129.6 million in May'21 and 119.4 million tonnes last year. EU soft wheat exports in 2021/22 were now expected higher at 28.6 million tonnes from 27.0 million projected last month on account of improved competitiveness on the world market.

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.	
				27.05.2021	24.06.2021
Production	732	761	773	790	789
Trade	168	185	191	188	191
Consumptions	740	745	769	787	787
Carryover stocks	260	276	281	288	283
Y-O-Y change	-8	17	4		3
Major Export	69	64	62	59	60

- IGC has estimated global wheat production at 789 MMT for 2021-22, lower by 1 MMT as compared to last month's estimate. According to estimates by IGC the 2019-20 global wheat production was around 761 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 and same as 2020-21.
- Consumption has been placed same at 787 MMT for 2021-22. The forecast is higher by 18 MMT compared to 2020-21.
- Carryout for 2021-22 is forecast at 283 MMT compared to an estimate of 288 MMT in previous month. It is higher by around 2 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**
	9-Jul-21	**2-Jul-21**	**9-Jun-21**	**9-Apr-21**	**9-Jan-21**	**9-Jul-20**	
Jul-21	223.56	237.25	250.66	235.32	232.10	197.20	**13.37**
Sep-21	225.95	239.82	253.14	235.69	232.93	199.77	**13.10**
Dec-21	229.17	243.04	256.26	237.34	235.78	204.18	**12.-24**
Mar-22	232.29	246.07	258.93	238.63	238.17	-	**-**
May-22	234.22	247.35	259.75	237.71	235.96	-	**-**
Jul-22	234.03	246.89	257.27	237.71	212.45	-	**-**

CBOT Jul-21

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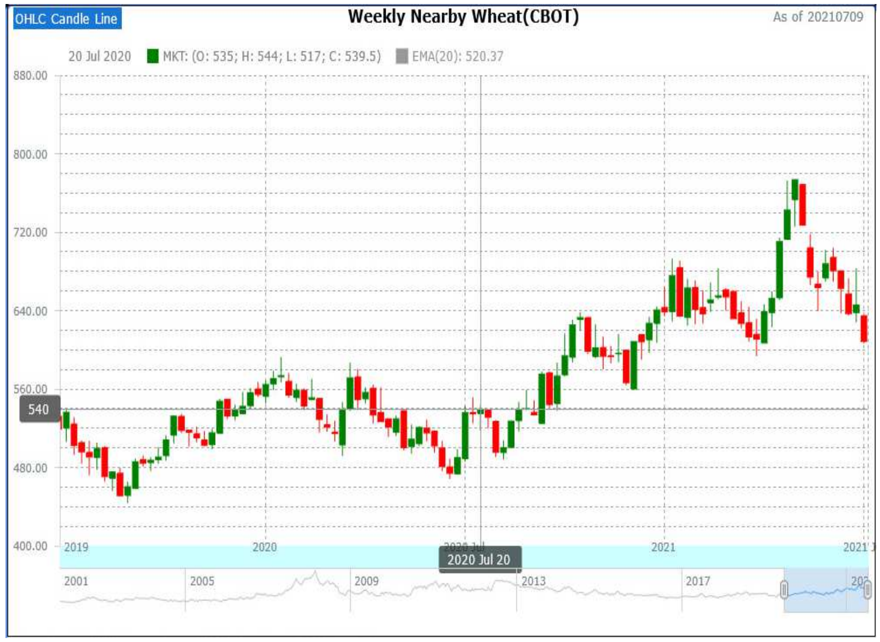
1st Support: 593.25
2nd Support: 560.20
1st Resistance: 683.00
2nd Resistance: 702.00
($ per tonne)

The July'21 contract closed lower by the end of the week likely to decline from the current level 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 weakness in market. We expect wheat prices to 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 $243.80 per tonne.
There is weak demand for wheat in the international market, however Indian FOB prices are slightly up amid less stocks availability against demand. 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.