Wheat Weekly Research Report
26th Jul-2021

Wheat Weekly Research Report

Table of Contents

Wheat Domestic Market Fundamentals

(Back to Table of Contents)

During the week of July 16 to 23, 2021, the weekly average price in India declined by 16.26 percent to Rs. 1984.03 per quintal against Rs. 2369.33 per quintal in the previous week. Wheat average prices also decreased by 1.83 percent from Rs. 2021.2 per quintal in last year during the same period of time. Prices are declining due to weak local demand and the end of the season's procurement activity. The government's procurement are completed in India now and the imposition of the PMGKAY program until November 2021 will put downward pressures in wheat markets in the near future.

Wheat procurement for the Rabi marketing season 2021-22 is completed now in India's various states. Wheat was procured in excess of 433.32 LMT, a record high compared to 387.4 LMT in previous seasons. With MSPs of Rs.85,581,02 crore, the current RMS procurement operations have already benefited over 49.16 lakh farmers. This season's procurement volume is also bigger than the previous four years record. According to FCI, there were approx. 19,036 wheat procurement centers during the rabi marketing season of 2021-22.

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.

In the month of June, India exported 4.10 lakh tonnes of wheat lower against 4.96 lakh tonnes in May 2021. Indian wheat has declined in June month due higher FOB price. According to the DGCIS data, India exported 2.28 Lakh tonnes in the current fiscal year as of April 2021. In 2020-21 fiscal year, the country exported total 20.80 lakh tonnes.

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 sever impact 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 steady with weak bias in the coming week.

Trade Call: There is no NCDEX trading currently.

Weather Outlook:- Widespread rainfall activity with isolated heavy to very heavy falls very likely over Jammu & Kashmir, Himachal Pradesh, Uttrakhand, Punjab, Haryana, Chandigarh and Uttar Pradesh till 29th July, 2021 and reduction thereafter. Isolated extremely heavy is also likely over Himachal Pradesh & Uttrakhand on 27th & 28th and over northwest Uttar Pradesh on 27th July, 2021.

Wheat Weekly Export

(Back to Table of Contents)

A week-on-week Exports	Quantity in MT	Average FoB ($/T)
01-08 June-2021	102906	319.71
09-15 June-2021	77306	291.53
16-22 June-2021	64606	315.14
23-30 June-2021	165333	307.29
Total	**410151**	**308.41**

Source: Trade

Wheat Import

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

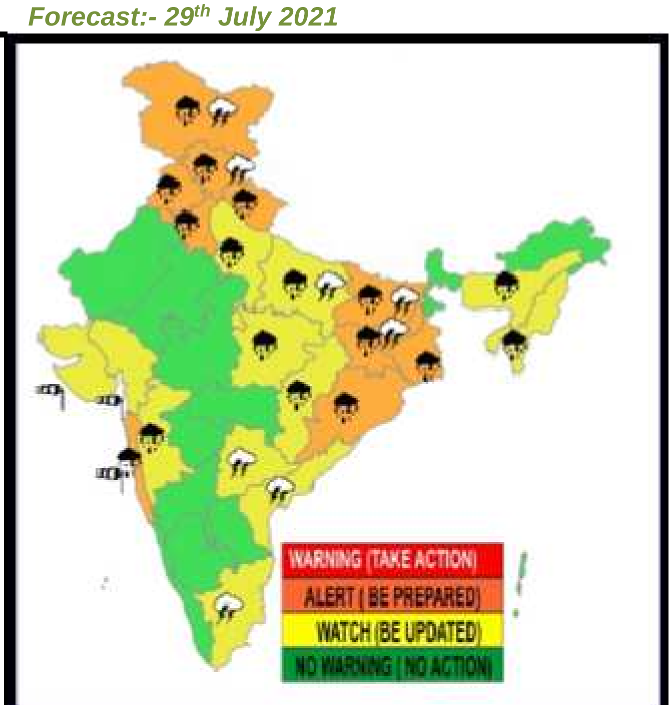
Source: Traders
No Import so far.

Monsoon:-

Probability rainfall forecast:

Forecast:- 28th July 2021

Forecast:- 29th July 2021

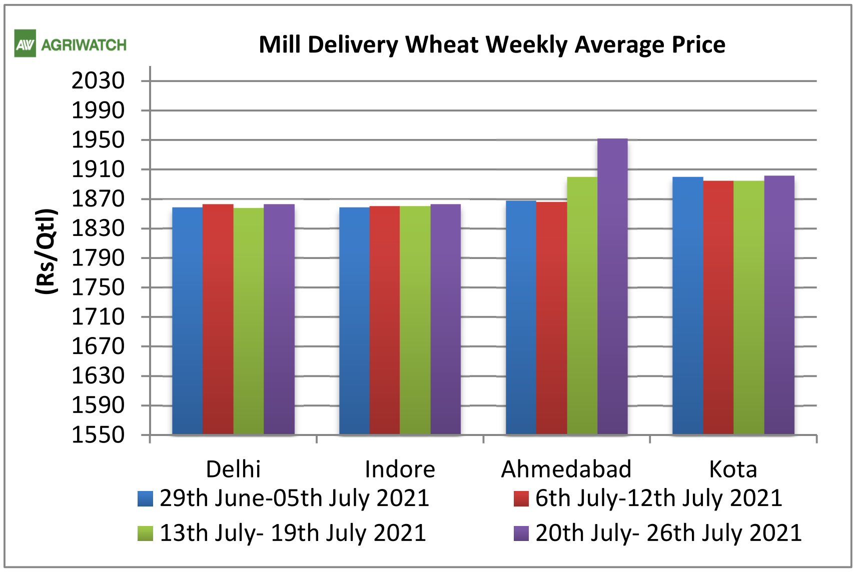


Source: IMD

Wheat Weekly Average Price Chart

(Back to Table of Contents)

Wheat prices extended gain across the Wheat markets in the week between July 20th and 26th, 2021, due to improved demand in local markets against supplies. Market prices in Ahmedabad increased amid good demand of retailers and millers. Wheat is projected to trade in a range bound to weak trend in the near term in expectation of lower demand in domestic market and over procurement period. Weakness in international market is also weighing domestic wheat prices.
We anticipate steady to weak trend for 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						

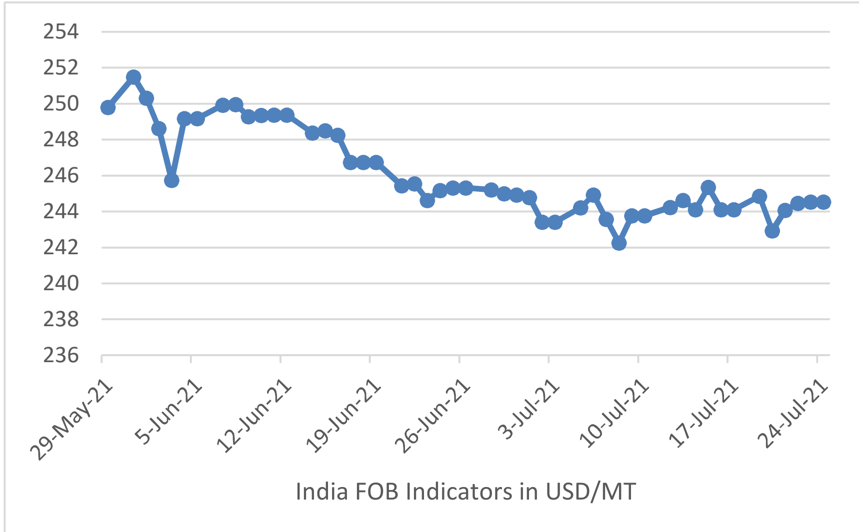
Procurement RMS 2021-22

State/UTs	Procurement as of 15th 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

(Back to Table of Contents)

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 $244.25-$246.50 per tonnes.



Indicative FOB Quotes:						
Wheat FOB	**Variety**	**Today**	**Week Ago**	**Month Ago**	**Year Ago**	**% Change over Prev. Year**
		23-Jul-21	**16-Jul-21**	**23-June-21**	**23-Jul-20**	
USA (Chicago)	2srw	266.94	242.41	257.57	215.96	**23.60**
France	FCW3	-	-	-	-	
Australia	ASW	-	-	-	-	-
Russia	SRW	-	-	-	-	-
India	Fob	244.53	244.10	244.62	246.02	**-0.60**

International Weekly Outlook:

Prices for all U.S. wheat classes have decline in this week following weakness in global market. Hard Red Winter (HRW) is higher by 87.32% to $307 on good demand in feed markets compared to last year in the corresponding period of time. Soft Red Winter (SRW) is higher by 91.15% to $266.94 on good feed demand against last year at same time and it is higher against last week.

NCDEX Wheat Contracts

Wheat Futures Contact: NCDEX Price									Date: 23.07.2021
Contract Month	**+/-**	**Open**	**High**	**Low**	**Close**	**Volume**	**Change From previous day**	**Open Interest**	**Change From previous day**
21-Jul	-	-	-	-	-	-	-	-	-
21-Aug	-	-	-	-	1788	-	-	-	-
21-Sep	-	-	-	-	-	-	-	-	-

Wheat Technical Analysis:

(*Back to Table of Contents*)

Wheat- Technical outlook	**Contract Expiry: 20th Aug, 2021**

Technical Commentary:

- Increase in price denotes wait interest in the market.
- RSI is increasing in neutral region.
- Prices closed above 9 and 18 Day EMAs.

Strategy: Stay away.

Intraday Supports & Resistances			**S1**	**S2**	**PCP**	**R1**	**R2**
Wheat	NCDEX	Aug	-	-	1778	-	-
Pre-Market Intraday Trade Call*			**Call**	**Entry**	**T1**	**T2**	**SL**
Wheat	NCDEX	Aug	**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
	23-Jul-21	16-Jul-21	23-June-21	23-Jul-20	
Indore	-	-	-	-	-
Delhi	1848	1850	1800	1915	-3.62
Kanpur	1720	1677	1660	-	-
Rajkot	1817	1793	1741	1790	1.48
Kota	1874	1877	1863	1852	1.17

Domestic Market Weekly Outlook:

(*Back to Table of Contents*)

Spot Market Price:							
Centre	Market	Variety	Prices (Rs/Qtl)				
			Today	Yesterday	Week Ago	Month Ago	Year Ago
			23-Jul-21	22-Jul-21	16-Jul-21	23-Jun-21	23-Jul-20
Delhi	Lawrence Road	Mill Delivery	1875	1830	1825	1800	1920
	Narella	Mill Quality Loose	1780	1760	1760	Closed	1725
	Nazafgarh	Mill Quality Loose	1730	1715	1725	Closed	1700
Gujarat	Rajkot	Mill Delivery	1820	1850	1820	1740	1775
	Ahmedabad	Mill Delivery	1980	1940	1900	1840	1840
	Surat	Mill Delivery	2060	2010	1990	1935	1900
	Dhrol	Mill Delivery	-	1830	1800	-	1720
M.P.	Indore	Mill Delivery	1850	1850	1850	1850	1775
	Bhopal	Mill Quality Loose	1725	1725	1700	1700	1700
Rajasthan	Kota	Mill Quality Loose	1750	1760	Closed	1775	1675
		Mill Delivery	1900	1910	Closed	1925	1810
U.P.	Kanpur	Mill Delivery	1700	1710	1680	1680	Closed
	Mathura	Mill Quality Loose	1680	1700	1630	1650	1760
	Kosi	Mill Quality Loose	1680	1700	1625	1700	1825
	Hathras	Mill Quality Loose	1700	1650	1600	1625	1700
	Aligarh	Mill Quality Loose	1700	1660	1630	1640	1700
Punjab	Khanna	Mill Quality Loose	1800	1725	1750	1800	1800
	Ludhiana (Jagraon)	Mill Delivery	-	-	-	-	-
Haryana	Sirsa	Mill Delivery loose	1725	1730	1725	1730	1800
	Hodal	Mill Delivery	-	-	-	-	-
	Bhiwani	Mill Quality Loose	1760	1750	1730	1720	1700
	Karnal	Mill Delivery	-	-	-	-	-
	Panipat	Mill Quality Loose	-	-	-	-	-
	Chennai	Mill Quality	2100	2100	Closed	2100	2150

Tamil Nadu	Madurai	Mill Quality	2157	2300	Closed	2300	2250
	Coimbatore	Mill Quality	2157	2350	Closed	2350	2300
Bihar	Khagariya	Mill Delivery	1700	1700	1700	1600	2050
	Muzaffarpur	Mill Delivery	1700	1700	1725	1700	1800

Final Sowing Status 2020-21:

(Back to Table of Contents)

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*)

According to Russia's agriculture ministry, yield of Russia is likely to reduce to 3.45 tonne per hectares as of July 20, 2021 compared to 3.47hectates in previous year. The department has also set the export duty of wheat at $ 31.4 per tonnes from July 28 to August 3, 2021.

In comparison to other nations, Maxico purchased the most wheat from the United States in 2020-21, totalling 3,459,200 tonnes. In 2020-21, China imported 3,212,500 tonnes of US wheat, up from 549,500 tonnes in 2019-20.In 2020-21, the Philippines imported 3,174,700 tonnes of US wheat, up from 3,141,900 tonnes in 2019-29.In 2020-21, Japan imported 2,430,900 tonnes of US wheat, down from 2,575,400 tonnes in 2019-20. South Korea rounded the top five importers of US wheat in 2020-21 purchasing 1,807,700 tonnes, up 35% from 1,340,800 tonnes in 2019-20. South Korea purchased 303,200 tonnes of hard red winter wheat, making it the seventh-largest importer of that wheat class in 2020-21.

As per traders, the Taiwan Flour Millers' Association purchased an estimated 50,000 tonnes of milling wheat from the United States in a tender which closed on 16th July 2021. The wheat was purchased in a single consignment containing a variety of wheat kinds for shipment from the Pacific Northwest coast of the United States between August 31 and September 14. A total of 26,335 tonnes of U.S. dark northern spring wheat were purchased at $ 395.96 a tonnes FOB. Another 18,845 tonnes of hard red winter wheat of 12.5% protein was bought at $308.27 a tonne FOB and 4,820 tonnes of soft white wheat of 10.5% protein was purchased at $326.18 a tonne FOB.

USDA cut U.S. wheat supply in July 2021, lowering domestic usage and export, and lowering ending stocks for 2021/21, which might support an increase in the CBOT price in the near future. In July'21 report, U.S. wheat output for 2021/22 is estimated to be 47.52 MMT, down from 51.66 MMT in June '21 report. Total supplies are expected to be 74.43 MMT, down from 78.24 MMT in the June report. The country's ending stockpiles have decreased to 18.09 MMT from 20.95 MMT in the previous report.

According to a recent report from the National Statistics Bureau, China is expected to produce 134 million tonnes of summer wheat in 2021, up 2% from 2020.However, adverse weather conditions may have an impact on the fresh crop. Heavy rains in portions of the primary producing provinces, including Shandong, Henan, Hebei, and Hubei, impacted the new crop and harmed its quality before and during harvest. While, USDA has projected its production at 136 million tonnes in 2021/22.

According to the USDA, the HRW crop harvest in the United States is completed in Texas and Oklahoma, and 93 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 78 percent of the sampled crop collected so far.

IGC Wheat Balance Sheet:

(Back to Table of Contents)

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
	23-Jul-21	16-Jul-21	23-Jun-21	23-Apr-21	23-Jan-21	23-Jul-20	
Sep-21	251.30	240.37	239.54	261.86	232.93	204.00	23.19
Dec-21	254.79	243.31	241.93	263.06	234.77	207.40	22.85
Mar-22	257.55	246.16	244.14	264.25	236.70	209.79	22.77
May-22	258.01	247.72	244.87	260.85	233.30	-	-
Jul-22	252.31	245.88	242.85	249.19	224.57	-	-
Sep-22	253.23	247.35	243.59	249.19	212.45	-	-
Dec-22	255.16	249.83	-	-	-	-	-

CBOT Sep-21

(Back to Table of Contents)

1st Support: 610
2nd Support: 634
1st Resistance: 704
2nd Resistance: 725
($ per tonne)

The Sep'21 contract closed higher by the end of the week likely to fall from the current level in coming week. Candlestick's pattern denotes a bearish trend in the chart. Fall in price and 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 $244.50 per tonne.
There is improved demand for wheat in the international market, however Indian FOB prices are quoted up following higher international prices. 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.