

Wheat Weekly Research Report

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

During the week of Aug 2 to 9, 2021, the weekly average price in India declined by 3.64 percent to Rs. 1925.21 per quintal against Rs. 1998.06 per quintal in the previous week. Wheat average prices also decreased by 3.30 percent from Rs. 1991.08 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 severe 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 range bound with weak bias in the coming week.

Trade Call: There is no NCDEX trading currently.

Weather Outlook: - Eastern end of the monsoon shifted closed to the foothills of the Himalayas and western end runs north of its normal Position. Increase in rainfall activity over Northeast and adjoining east India from 10th August. Subdued rainfall activity over rest parts of the country during next 5 days.

Wheat Weekly Export
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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

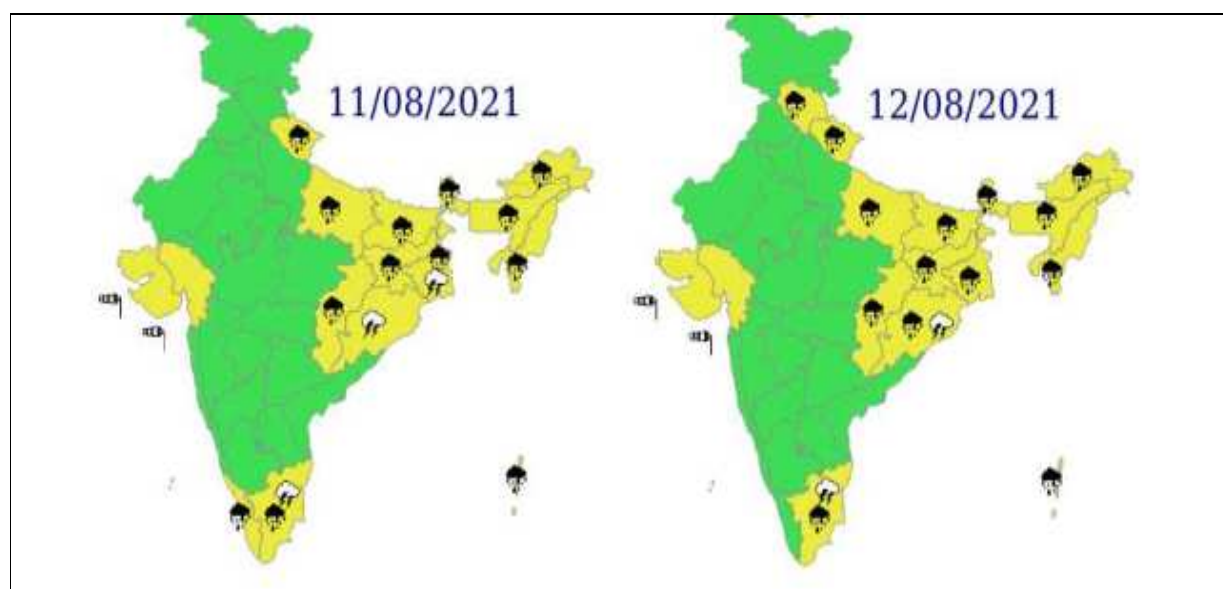
Date	Origin	Port	Quantity in MT
Oct-2021	Australia, UK	Tuticorin	4.0
	Mexico		2.3
	Total		6.38

Source: Traders
No Import so far.

Monsoon:-

Probability rainfall forecast:

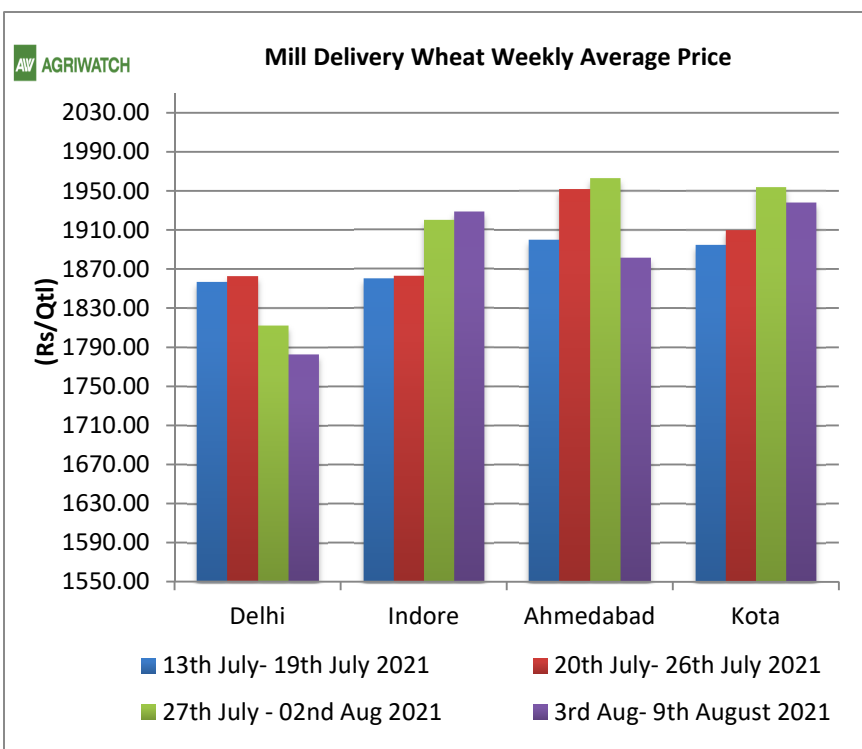
Forecast:- August 2021



Source: IMD

Wheat Weekly Average Price Chart
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Wheat prices declined at various trading centers in this week between August 3rd to 9th August, 2021, on weakness in demand amid mixed pace of arrivals. Market prices in Indore increased amid less supplies. Wheat is projected to trade in a range bound to weak trend in the near term amid weak global cues. We anticipate range bound to weak trend for next week. While, firmness in global market may curb any major fall.


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						

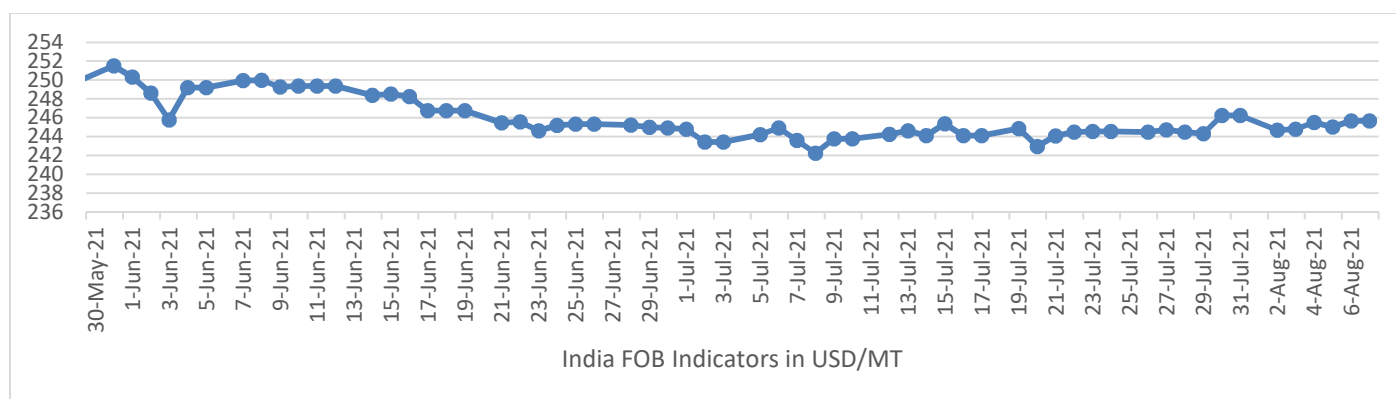
Procurement RMS 2021-22

State/UTs	Procurement as of 15 th 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 weak tone in the past week. Exporters are slow in wheat markets due to dull 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 \$243.50-\$244.75 per tonnes.

Indicative FOB Quotes:						
Wheat FOB	Variety	Today	Week Ago	Month Ago	Year Ago	% Change over Prev. Week
		30-Jul-21	23-Jul-21	30-June-21	31-Jul-20	
USA (Chicago)	2srw	256	266.94	-	-	-4.09
France	FCW3	281	277	-	-	1.44
Australia	ASW	-	-	-	-	-
Russia	SRW	-	-	-	-	-
India	Fob	246.25	244.53	244.92	240.74	0.70

International Weekly Outlook:

Prices for all U.S. wheat classes have decreased in the week due to dull demand in global market. Hard Red Winter (HRW) is also lower by 2.93% to \$298 on declining demand in feed markets compared to last week. Soft Red Winter (SRW) is lower by 4.09% to \$256 on weak feed demand against last week.

NCDEX Wheat Contracts

Wheat Futures Contact: NCDEX Price

Date: 06.07.2021

Contract Month	+/-	Open	High	Low	Close	Volume	Change From previous day	Open Interest	Change From previous day
21-Aug	-	-	-	-	1903	-	-	-	-
21-Sep	-	-	-	-	-	-	-	-	-
	-	-	-	-	-	-	-	-	-

Wheat Technical Analysis:

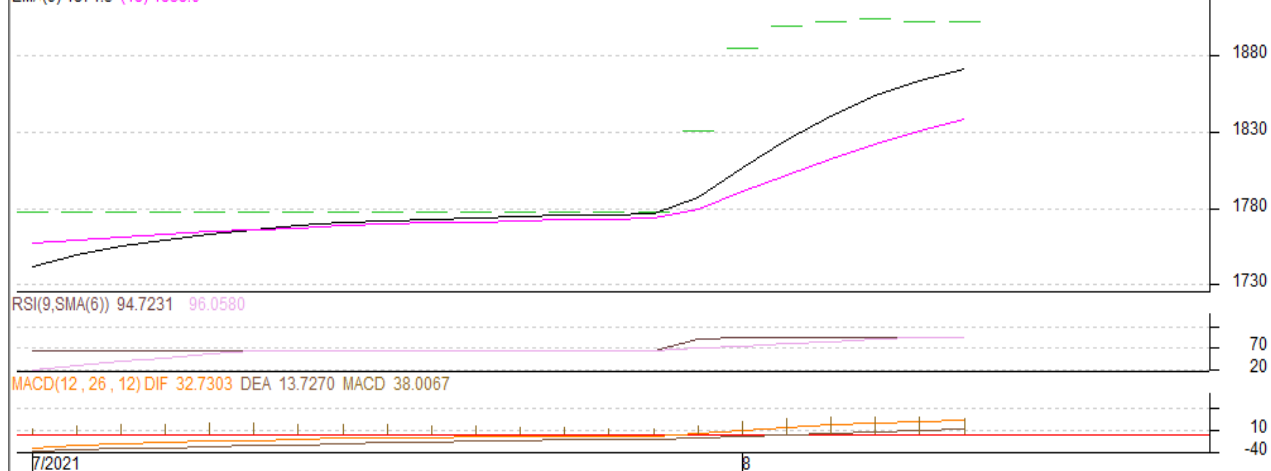
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Wheat- Technical outlook

Contract Expiry: 20th Sep, 2021

WHEAT DELHI 2108(NCWDH01)2021/08/09 - Daily
O 1903.00 H 1903.00 L 1903.00 C 1903.00 ↑ V 010 0 +0.00%

EMA(9) 1871.5 (18) 1838.6



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	1903	-	-	-

*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
	07-Jul-21	31-Jul-21	7-June-21	7-Jul-20	
Indore	-	-	-	-	-
Delhi	1872	1872	1872	1964	-4.68
Kanpur	1725	1725	1705	1955	-11.76
Rajkot	1840	1840	1755	1919	-4.12
Kota	1889	1889	1900	1886	0.16

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
			7-Aug-21	6-Aug-21	31-Jul-21	7-Jul-21	7-Aug-20
Delhi	Lawrence Road	Mill Delivery	1880	1890	1900	1800	1890
	Narella	Mill Quality Loose	1790	1800	1830	Closed	1740
	Nazafgarh	Mill Quality Loose	1780	1780	1825	Closed	1730
Gujarat	Rajkot	Mill Delivery	1820	1820	1800	1810	1735
	Ahmedabad	Mill Delivery	1885	1890	1990	1890	1810
	Surat	Mill Delivery	1965	1970	2050	1990	1850
	Dhrol	Mill Delivery	NA	NA	1850	1665	-
M.P.	Indore	Mill Delivery	1925	1930	1900	Closed	1780
	Bhopal	Mill Quality Loose	1830	1825	1800	Closed	1700
Rajasthan	Kota	Mill Quality Loose	1800	1800	1825	Closed	1680
		Mill Delivery	1950	1950	1975	Closed	1760
U.P.	Kanpur	Mill Delivery	1740	1740	Closed	1640	1770
	Mathura	Mill Quality Loose	1680	1680	Closed	1640	1675
	Kosi	Mill Quality Loose	1680	1670	Closed	1640	1760
	Hathras	Mill Quality Loose	1700	1680	Closed	1545	1700
	Aligarh	Mill Quality Loose	1700	1680	Closed	1660	1700
Punjab	Khanna	Mill Quality Loose	1760	1760	1800	1800	1750
	Ludhiana (Jagraon)	Mill Delivery	-	-	-	-	-
Haryana	Sirsa	Mill Delivery loose	1740	1740	1740	1725	1750
	Hodal	Mill Delivery	NA	NA	NA	-	-
	Bhiwani	Mill Quality Loose	1785	1785	1770	1740	1700
	Karnal	Mill Delivery	NA	NA	NA	-	-
	Panipat	Mill Quality Loose	NA	NA	NA	-	-



Tamil Nadu	Chennai	Mill Quality	2150	2150	2100	Closed	2050
	Madurai	Mill Quality	2207	2350	2300	Closed	2200
	Coimbatore	Mill Quality	2207	2400	2350	Closed	2250
Bihar	Khagariya	Mill Delivery	1700	1700	1850	1700	2050
	Muzaffarpur	Mill Delivery	1750	1750	1825	1700	1750

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](#))***

At weekend, CBOT wheat prices rose after harvest setbacks in North America, Russia, and Western Europe prompted concerns about reducing export supplies. Drought damage in North America, reduced Russian production predictions, and quality concerns over the European Union's harvest are all factors that could support CBOT prices in the coming days.

According to the Russian agriculture ministry, the country harvested 47.4 million mt of wheat from the start of the MY2021-22 and Aug. 3, 2021, down from 49.7 million mt the previous year over the same period. So far, farmers have harvested 13.8 million hectares of crop, up from 13.6 million hectares last year. Wheat yields have dropped to 34.3 kg/hectare, down from 36.6 kg/hectare in the previous year. From July 28 through August 3, 2021, the agency has set the wheat export tariff at \$31.4 per tonne. The FOB price of Russia's 12.5 percent protein wheat was \$262/mt on August 3, up 10.1 percent from \$238/mt the previous week, helped by a decreased floating export tariff of \$ 3.80/mt to \$ 31.40/mt for the period July 28-August 3, 2021. The wheat export duty remained at \$31.40 per metric ton for the period of August 4 to 10, 2021.

According to IKRA, due to low yields in the Central and Volga regions, Russia may produce 3 million MT less wheat harvest, bringing the total to 78.5 million MT. S&P Platts estimates the crop size for MY 2021-22 to be 83.8 million MT.

European Union soft wheat exports is kept unchanged at 30 million tonnes for 2021/22 compared to last month. EU union member countries may grow higher soft wheat production for 2021/22 at 127.7 million tonnes, against 125.8 million as estimated in June'21 and 119.4 million tonnes last year.

According to sources, **Argentina's wheat harvest** for 2021-22 was ruined last week due to early morning frosts and continuously cold temperatures. Argentina has achieved 99 percent of its wheat planting thus far.

According to the **European Commission**, soft wheat exports from the European Union in the 2021/22 season, which began on July 1, had reached 624,574 tonnes by July 25. By the same week in 2020/21, the figure had dropped to 1.24 million tonnes. Spring wheat was graded 9 percent good-to-excellent in USDA weekly condition ratings, down 2 percentage points from a week earlier and 1 percentage point below the average of experts' estimates.

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.

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.	
				24.06.2021	29.07.2021
Production	732	761	773	789	788
Trade	168	185	190	191	192
Consumptions	740	745	770	787	787
Carryover stocks	260	276	279	283	280
Y-O-Y change	-8	17	3	-	1
Major Export	69	64	62	60	57

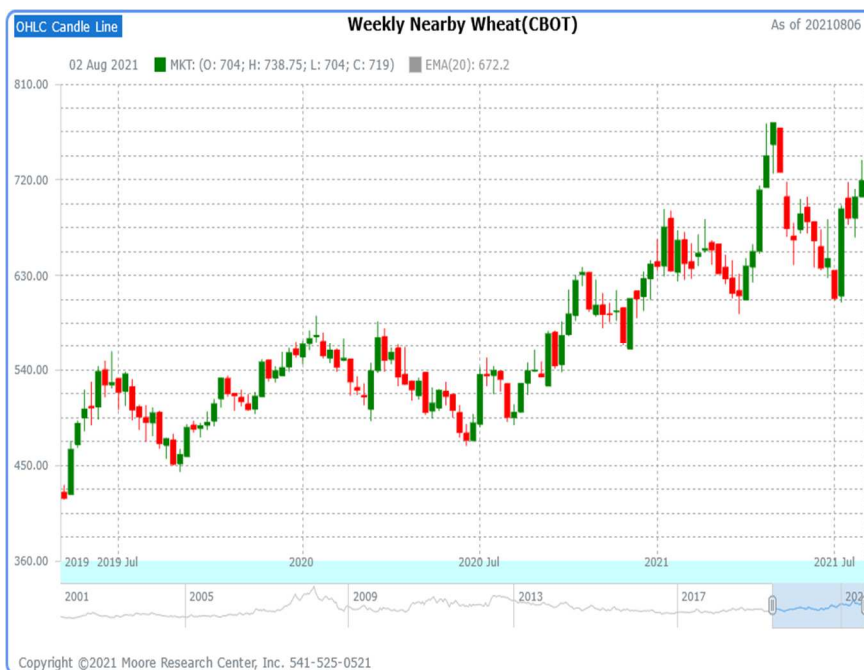
- IGC has estimated global wheat production at 788 MMT for 2021-22, lower by 1 MMT as compared to last month's estimate. According to estimates by IGC the 2019-20 global wheat production was around 761 MMT and 732 MMT for 2018-19.
- The trade estimates for 2021-22 have increased to 192 MMT. It is 1 MMT higher compared to the previous estimate and also higher from 2020-21.
- Consumption has been placed same at 787 MMT for 2021-22. The forecast is higher by 17 MMT compared to 2020-21.
- Carryout for 2021-22 is forecast at 280 MMT compared to an estimate of 283 MMT in previous month. It is higher by around 1 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
	6-Aug-21	29-Jul-21	6-Jul-21	6-May-21	4-Feb-21	6-Aug-20	
Sep-21	264.16	259.11	228.61	277.11	232.10	195.36	35.21
Dec-21	269.40	262.23	231.65	278.31	234.22	198.95	35.41
Mar-22	273.16	264.80	234.49	279.68	236.24	201.70	35.43
May-22	274.26	264.44	236.24	277.20	233.21	0.00	-
Jul-22	265.17	257.46	236.24	259.75	225.58	0.00	-
Sep-22	266.46	258.19	237.89	259.75	212.45	0.00	-
Dec-22	268.02	259.84	-	-	-	-	-

CBOT Sep-21
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1st Support: 660
2nd Support: 622
1st Resistance: 760
2nd Resistance: 790
(\$ per tonne)

The Sep'21 contract extended higher trend by the end of the week and likely to rise from the current level in coming week as well. Candlestick's pattern denotes a bullish trend in the chart. Rise in price and open interest compared to last week, interprets firmness in market. We expect wheat prices to 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 \$245.65 per tonne.

Wheat is in lower demand on the worldwide market in the last week. Following reduced FOB international pricing, Indian FOB prices are listed lower. Exports, on the other hand, are expected to rise on average this year, potentially supporting prices in the future. Export to neighboring countries will be beneficial, but it will have no effect on the bottom line.

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