# Wheat Weekly Research Report

Table of Contents


- Review and Outlook
- Export/Import
- Weather
- Weekly Price Change
- Stocking Norms
- FOB Quotes
- NCDEX Wheat Contracts
- Wheat Technical Analysis
- Spot Price at NCDEX Delivery Centers
- Domestic Outlook and Spot Prices
- Progressive Sowing
- International Wheat Market
- IGC
- CBOT Future Contract
- CBOT Trend
- International FOB Trend
- International Weekly Outlook

## Wheat Domestic Market Fundamentals

(Back to Table of Contents)

During the week of Aug 9 to 15, 2021, the weekly average price in India increased by 1.07 percent to Rs. 2015.27 per quintal against Rs. 1993.75 per quintal in the previous week. Wheat average prices also increased by 1.21 percent from Rs. 1991.08 per quintal in last year during the same period of time. Prices are increasing due to less supplies ahead of improved demand in export markets. The government's procurement are completed in India now and the imposition of the PMGKAY program until November 2021 may curb any major rice 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. 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 to firm tone in the coming week.

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

***Weather Outlook***: Fairly widespread to widespread rainfall activity very likely over Maharashtra (except Vidarbha area) during next 3 days till 19 Aug with reduction thereafter. Isolated heavy falls very likely over these areas during 16 and 17th August and Isolated heavy to very heavy falls very likely on 19th August. Subdued rainfall very likely to continue over northwest India and Gujarat during next 4 days.

## 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

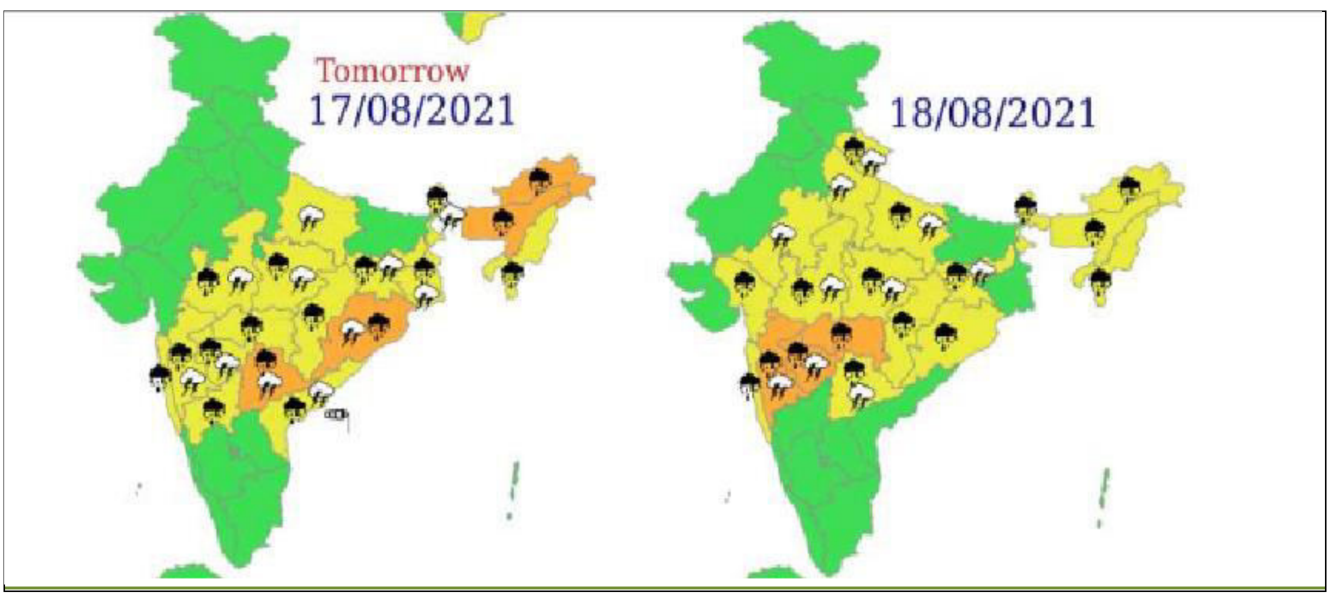
## Wheat Import

| 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:- August 2021**

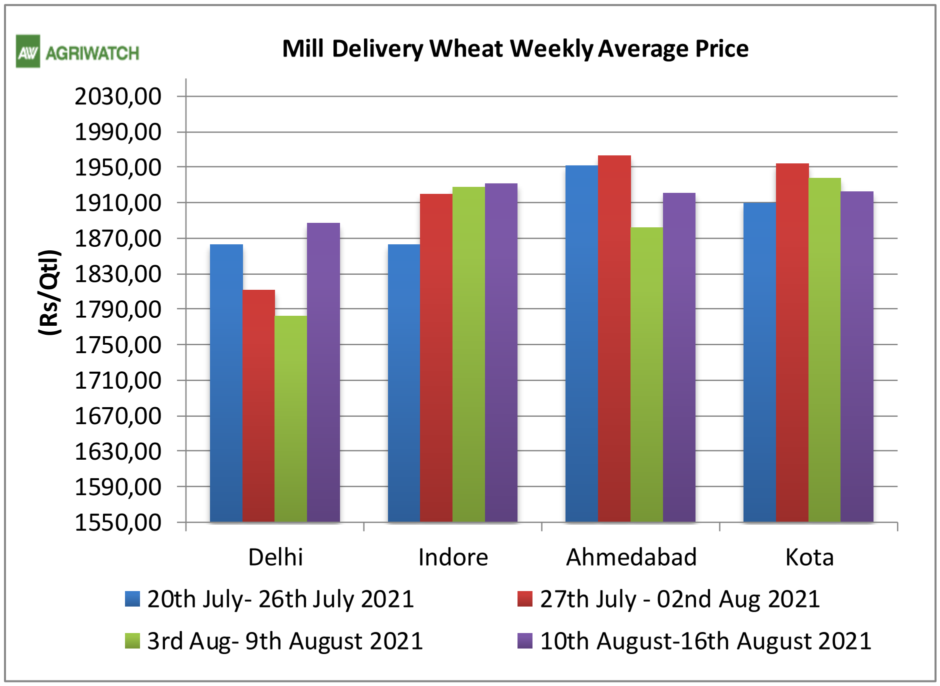



Source: IMD

## Wheat Weekly Average Price Chart

(Back to Table of Contents)

Wheat prices rose at various trading centers in this week between August 10th to 16th August, 2021, on improved exports demand amid lower supplies. However, Kota prices declined due to slow demand. Wheat is projected to trade steady to firm in the near term amid firm global cues and robust export demand.




## 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 | | | | | | |

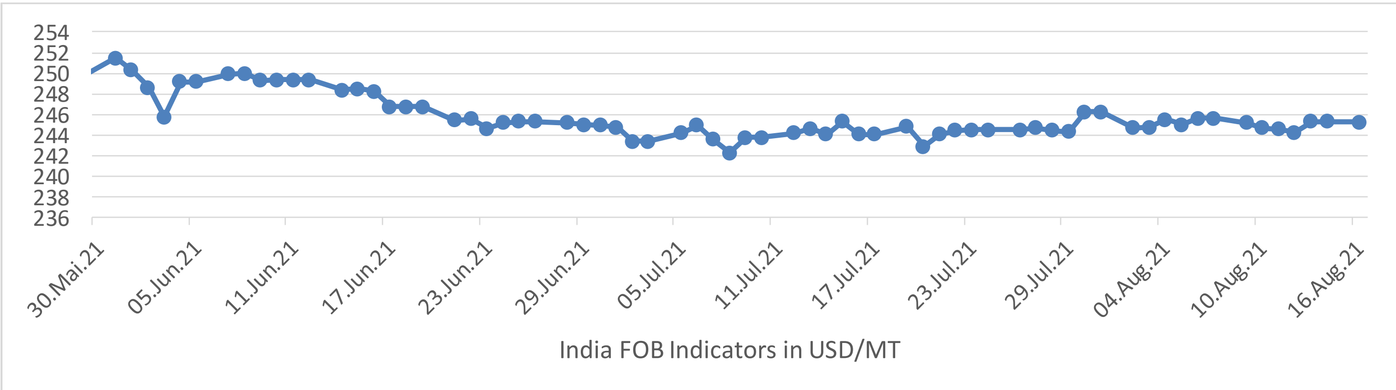
## Procurement RMS 2021-22

| 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 extended a weak tone in the past week. Exporters are slow in wheat markets due to dull demand from neighboring countries. However, 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 $245-$246.50 per tonnes.

**Indicative FOB Quotes:**

| Wheat FOB | Variety | Today | Week Ago | Month Ago | Year Ago | % Change over Prev. Week |
|---|---|---|---|---|---|---|
| | | 13-Aug-21 | 6-Aug-21 | 13-Jul-21 | 13-Aug-20 | |
| USA (Chicago) | 2srw | 272.63 | 275.02 | 242.41 | 202.91 | -0.87 |
| France | FCW3 | - | - | - | - | - |
| Australia | ASW | - | - | - | - | - |
| Russia | SRW | - | - | - | - | - |
| India | Fob | 245.35 | 245.56 | 244.62 | Closed | -0.08 |

**International Weekly Outlook:**

Prices for all U.S. wheat U.S. Soft Red Winter wheat have decreased in the week due to dull demand. However, hard Red Winter (HRW) is increased by 0.62% to $323 on improving demand in feed markets compared to last week. Soft Red Winter (SRW) is lower by 0.87% to $272.63 on weak feed demand against last week.

## 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 |
| | 14-Aug-21 | 07-Aug-21 | 14-Jul-21 | 14-Aug-20 | |
| **Indore** | 1899 | 1871 | - | 1795 | 5.79 |
| **Delhi** | 1884 | 1871 | 1808 | 1876 | 0.43 |
| **Kanpur** | 1725 | 1710 | 1650 | 1766 | -2.32 |
| **Rajkot** | 1860 | 1831 | 1797 | - | - |
| **Kota** | 1898 | 1898 | 1868 | 1897 | 5.79 |

## 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 |
| | | | 14-Aug-21 | 13-Aug-21 | 7-Aug-21 | 14-Jul-21 | 14-Aug-20 |
| **Delhi** | Lawrence Road | Mill Delivery | 1880 | 1900 | 1880 | 1820 | 1880 |
| | Narella | Mill Quality Loose | 1880 | 1870 | 1790 | Closed | 1740 |
| | Nazafgarh | Mill Quality Loose | 1825 | 1830 | 1780 | Closed | 1700 |
| **Gujarat** | Rajkot | Mill Delivery | 1880 | 1900 | 1820 | 1845 | Closed |
| | Ahmedabad | Mill Delivery | 1940 | 1935 | 1885 | 1890 | Closed |
| | Surat | Mill Delivery | 2030 | 2020 | 1965 | 1980 | Closed |
| | Dhrol | Mill Delivery | NA | 1865 | 1795 | 1780 | 0 |
| **M.P.** | Indore | Mill Delivery | 1925 | 1940 | 1925 | 1850 | 1850 |
| | Bhopal | Mill Quality Loose | 1825 | 1850 | 1830 | 1725 | 1700 |
| **Rajasthan** | Kota | Mill Quality Loose | 1780 | 1775 | 1800 | 1750 | 1700 |
| | | Mill Delivery | 1930 | 1900 | 1950 | 1900 | 1830 |
| **U.P.** | Kanpur | Mill Delivery | Closed | 1740 | 1740 | 1700 | 1750 |
| | Mathura | Mill Quality Loose | Closed | 1700 | 1680 | 1650 | 1675 |
| | Kosi | Mill Quality Loose | Closed | 1670 | 1680 | 1640 | 1820 |
| | Hathras | Mill Quality Loose | Closed | 1680 | 1700 | 1600 | 1700 |
| | Aligarh | Mill Quality Loose | Closed | 1690 | 1700 | 1600 | 1700 |
| **Punjab** | Khanna | Mill Quality Loose | 1800 | 1820 | 1760 | 1780 | 1750 |
| | Ludhiana (Jagraon) | Mill Delivery | - | - | - | - | - |
| **Haryana** | Sirsa | Mill Delivery loose | 1735 | 1735 | 1740 | 1725 | 1765 |
| | Hodal | Mill Delivery | NA | 0 | 0 | 0 | 0 |
| | Bhiwani | Mill Quality Loose | 1790 | 1800 | 1785 | 1750 | 1700 |
| | Karnal | Mill Delivery | - | - | - | - | - |
| | Panipat | Mill Quality Loose | - | - | - | - | - |
| **Tamil** | Chennai | Mill Quality | 2150 | 2150 | 2150 | 2100 | 2050 |

| | | | | | | | |
|---|---|---|---|---|---|---|---|
| Nadu | Madurai | Mill Quality | 2207 | 2350 | 2350 | 2300 | 2150 |
| | Coimbatore | Mill Quality | 2207 | 2400 | 2400 | 2350 | 2200 |
| Bihar | Khagariya | Mill Delivery | 1600 | 1600 | 1700 | 1600 | 2100 |
| | Muzaffarpur | Mill Delivery | 1650 | 1650 | 1750 | 1650 | 1775 |

***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***

<u>International Market Update:</u> (*Back to Table of Contents*)

**Wheat prices on the CBOT extended its gain in last week after lower production estimates of the major** exporting countries in USDA recent reports. USDA cut production estimates by 24% for Canada from its July estimates and also cut 15% for Russia on account of hot and dry condition. It also cut U.S. production estimates by 2.8% due to drought.

USDA cut **U.S. wheat supply, domestic use and ending stocks** in Aug 2021 for MY 2021/21, which might support an increase in the CBOT price in the near future. In Aug'21 report, U.S. wheat output for 2021/22 is estimated to be 46.18 MMT, down from 47.52 MMT in Jul '21 report, based primarily on reductions to hard red winter and soft white winter production. 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 17.05 MMT from 18.09 MMT in the previous report.

**Due to poor weather conditions in many parts of the world, the USDA decreased world wheat output** predictions to 776.91 MMT for 2021/22, down from 792.40 MMT in July 2021. In this month's report, the agency cut global import volume to 196.42 MMT, down from 201.99 MMT in the previous month's report. Beginning stocks, exports, and ending stocks for the current month are expected to be 288.83 MMT, 198.23 MMT, and 279.06 MMT, respectively, down from 290.18 MMT, 203.99 MMT, and 291.68 MMT in the previous report.

**According to the Russian agriculture ministry, the country harvested 50.2 million MT of wheat from the start** of the MY2021-22 and Aug. 3, 2021, down from 53.4 million MT the previous year over the same period. So far, farmers have harvested 14.7 million hectares of crop, up from 14.5 million hectares last year.

**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 finished wheat planting now.

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, 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.

## 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. | |
|---|---|---|---|---|---|
| | | | | 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 |
| | 13-Aug-21 | 6-Aug-21 | 13-Jul-21 | 13-May-21 | 12-Feb-21 | 13-Aug-20 | |
| Sep-21 | 280.05 | 264.16 | 232.84 | 257.64 | 231.37 | 194.91 | 43.69 |
| Dec-21 | 284.46 | 269.40 | 236.15 | 259.20 | 233.57 | 198.95 | 42.98 |
| Mar-22 | 288.04 | 273.16 | 239.18 | 260.95 | 235.60 | 201.70 | 42.81 |
| May-22 | 288.13 | 274.26 | 240.83 | 258.37 | 233.30 | 0.00 | - |
| Jul-22 | 272.24 | 265.17 | 239.54 | 246.80 | 225.86 | 0.00 | - |
| Sep-22 | 272.15 | 266.46 | 241.20 | 246.80 | 212.45 | 0.00 | - |
| Dec-22 | 272.89 | 268.02 | - | - | - | - | - |

# Wheat Weekly Research Report
16th Aug-2021

## *CBOT Sep-21*

(Back to Table of Contents)

**1st Support: 719**
**2nd Support: 704**
**1st Resistance: 780**
**2nd Resistance: 815**
**($ 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 $245.35 per tonne. Wheat is in higher demand on the worldwide market in the last week. Following reduced FOB international pricing, Indian FOB prices are listed lower in the past week. However, 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.