Wheat Weekly Research Report

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Wheat Domestic Market Fundamentals

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During the week of Aug 16 to 23, 2021, the weekly average price in India rose by 1.13 percent to Rs. 1997.51 per quintal against Rs. 1963.69 per quintal in the previous week. Wheat average prices also increased by 0.71 percent from Rs. 1983.46 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 output is expected to reach a new high of 109.52 million tonnes in 2020-21, according to the agriculture ministry's fourth advance estimate. It is 9.10 million tonnes higher than the average production estimates of 100.42 million tonnes over the previous five years. It is also higher by 1.53% from 107.86 from last year record amid good monsoon rain last year. Due to higher output of rice, wheat, and pulses, India's foodgrain production is expected to rise by 3.74 percent to a new record of 308.65 million tonnes in the crop year 2020-21 compared to 297.5 million tonnes in 2019-20 due to good monsoon rains last year. From its third estimate of 305.43 million tonnes for the same year, the estimate has been revised higher by 3.22 million tonnes.

In the month of Jul'21, India exported 4.72 lakh tonnes of wheat higher against 4.10 lakh tonnes in June 2021. Indian wheat exports has increased amid global supplies concern. Indian wheat export volume has also increased in Jul month despite higher FOB price. In 2020-21 fiscal year, the country exported total 20.80 lakh tonnes.

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.

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 with isolated heavy falls very likely to continue over Bihar, East Uttar Pradesh and Uttarakhand till 27th August. Scattered to fairly widespread rainfall activity with isolated heavy falls over Tamilnadu and Kerala & Mahe on 23rd, 26th & 27th August.

Wheat Weekly Export

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A week-on-week Exports	Quantity in MT	Average FoB ($/T)
01-08 Jul-2021	188305	292.42
9-15 Jul-2021	91514	296.59
16-23 Jul-2021	88503	296.28
24-31 Jul-2021	104223	312.85
Total	**472545**	**299.535**

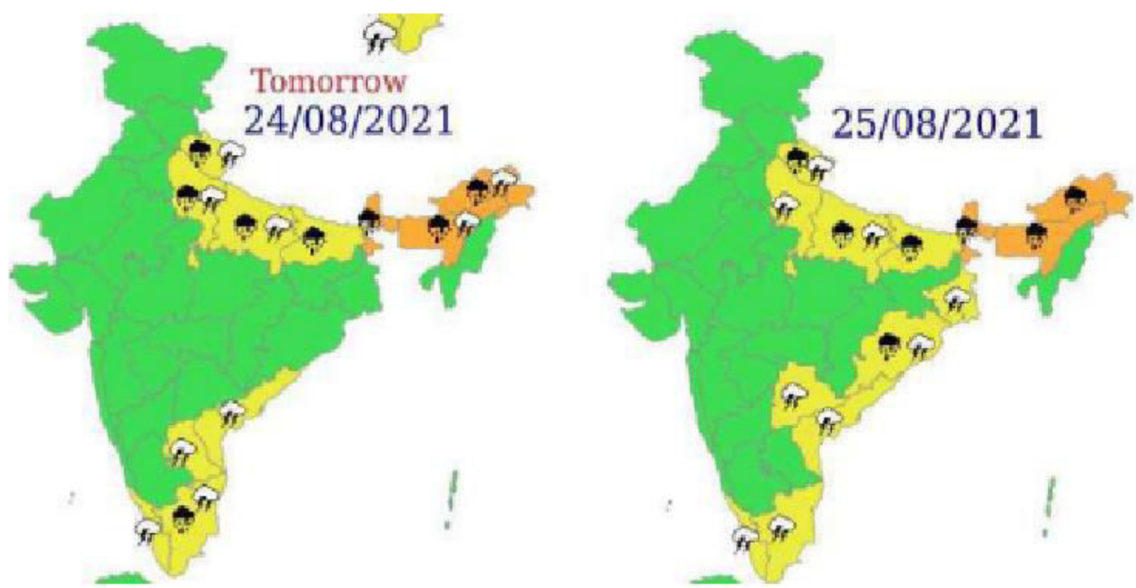
Source: Trade

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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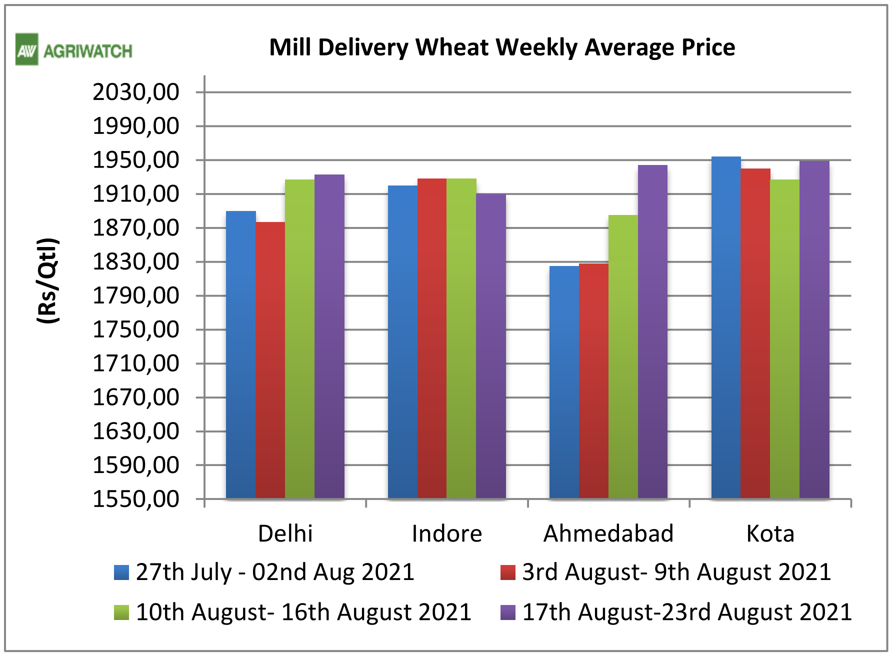
Despite Indore market, Wheat prices extended its gain at various trading centers in this week between August 17th to 23rd August, 2021, on robust exports demand amid lower supplies. However, price in Indore market declined due to good supplies at the current market level. Wheat is projected to trade steady to firm tone in expectation of less supplies in mandies.



Wheat and Rice Stocking Norms

Wheat Stock Norms

Fig. In Lakh Tonne / As on	Operational Stock			Strategic Reserve		
	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

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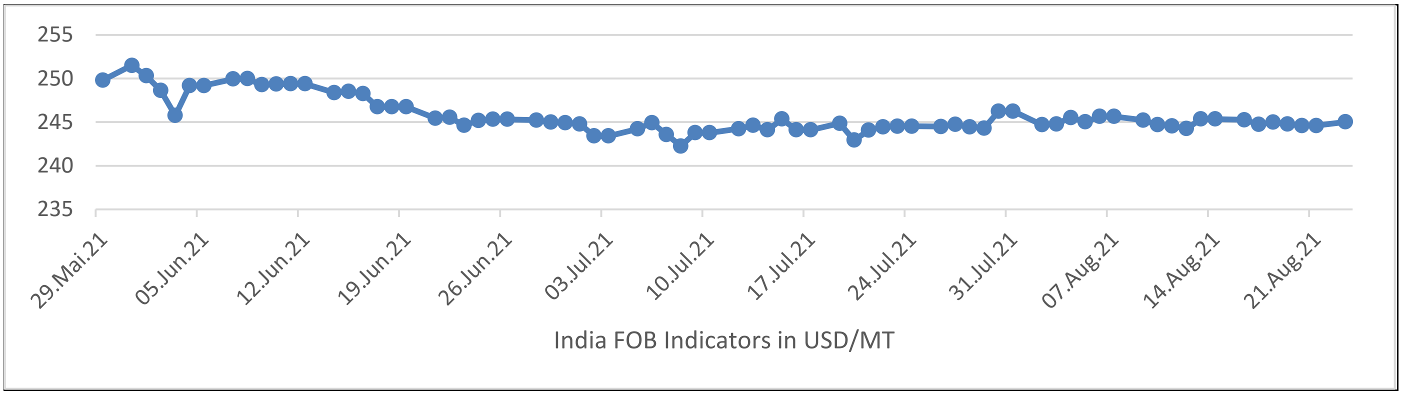

The wheat FoB quote in India extended a weak tone in the past week. Exporters are slow in wheat markets due to dull demand from neighboring countries. However, Wheat FoB quotes for Kandla are likely to witness steady to weak tone in the coming weeks and likely to hover in the range of $243.59-$ 244.40 per tonnes.

Indicative FOB Quotes:

Wheat FOB	Variety	Today	Week Ago	Month Ago	Year Ago	% Change over Prev. Week
		20-Aug-21	13-Aug-21	20-Jul-21	20-Aug-20	
USA (Chicago)	2srw	284	302	-	-	-5.96
France	FCW3	306	290	-	-	5.517
Australia	ASW	-	-	-	-	-
Russia	SRW	–	–	–	–	-
India	Fob	244.59	245.35	242.93	235.40	-0.30

International Weekly Outlook:

Prices for all U.S. wheat U.S. Soft Red Winter wheat have decreased in the week due to dull demand. Hard Red Winter (HRW) is decrease by 5.01% to $322 on dull demand in feed markets compared to last week. Soft Red Winter (SRW) is lower by 5.96% to $284 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
	20-Aug-21	13-Aug-21	20-Jul-21	19-Aug-20	
Indore	1895	1899	-	-	-
Delhi	1912	1884	1835	1826	4.71
Kanpur	1730	1725	1675	1675	3.28
Rajkot	1918	1860	1805	1738	10.36
Kota	1894	1898	1867	1870	1.28

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
			20-Aug-21	19-Aug-21	13-Aug-21	20-Jul-21	20-Aug-20
Delhi	Lawrence Road	Mill Delivery	1950	1950	1900	1825	1860
	Narella	Mill Quality Loose	1900	1900	1870	1770	1750
	Nazafgarh	Mill Quality Loose	1800	1800	1830	1720	1730
Gujarat	Rajkot	Mill Delivery	1950	1950	1900	1845	1700
	Ahmedabad	Mill Delivery	1980	1980	1935	1930	1775
	Surat	Mill Delivery	2080	2080	2020	2015	1835
	Dhrol	Mill Delivery	1905	1885	1865	NA	1620
M.P.	Indore	Mill Delivery	1925	1925	1940	1880	1750
	Bhopal	Mill Quality Loose	1800	1800	1850	1730	1650
Rajasthan	Kota	Mill Quality Loose	1800	1800	1775	1750	1660
		Mill Delivery	1950	1950	1900	1900	1760
U.P.	Kanpur	Mill Delivery	1760	1760	1740	1700	1760
	Mathura	Mill Quality Loose	1710	1725	1700	1630	1650
	Kosi	Mill Quality Loose	1700	1710	1670	1640	1770
	Hathras	Mill Quality Loose	1725	1725	1680	1600	1680
	Aligarh	Mill Quality Loose	1700	1710	1690	1650	1700
Punjab	Khanna	Mill Quality Loose	1725	1725	1820	1750	1780
	Ludhiana (Jagraon)	Mill Delivery	0	0	0	0	0
Haryana	Sirsa	Mill Delivery loose	1740	1740	1735	1730	1750
	Hodal	Mill Delivery	NA	NA	0	0	0
	Bhiwani	Mill Quality Loose	1800	1800	1800	1720	1710
	Karnal	Mill Delivery	NA	NA	0	0	0
	Panipat	Mill Quality Loose	NA	NA	0	0	0

Tamil Nadu	Chennai	Mill Quality	2200	2200	2150	2100	2050
	Madurai	Mill Quality	2257	2400	2350	2300	2150
	Coimbatore	Mill Quality	2257	2450	2400	2350	2200
Bihar	Khagariya	Mill Delivery	1700	1700	1600	1700	2050
	Muzaffarpur	Mill Delivery	1700	1700	1650	1700	1800

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

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

The wheat harvest in Ukrain is completed producing a total of 32 million tonnes from 97.6 percent of sown area. According to agriculture ministry, the productivity came out to be 4.62 tonne per hectare.

Russia, the world's largest wheat exporter is expected to send a total of 120,000 tonnes of Russian wheat to Algeria in September. Also, Algeria agreed to import 290,000 tonnes of optional milling wheat from Russia earlier this week. Algeria's import relaxations regarding bug damage has helped Russia to export wheat with higher protein from Black Sea.

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.

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.

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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.

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.

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
	20-Aug-21	13-Aug-21	20-Jul-21	20-May-21	19-Feb-21	20-Aug-20	
Sep-21	262.42	280.05	257.36	249.01	236.33	198.95	31.90
Dec-21	267.56	284.46	260.39	250.57	235.78	201.24	32.95
Mar-22	272.34	288.04	262.69	252.59	237.80	205.19	32.72
May-22	274.08	288.13	262.97	251.67	239.54	-	-
Jul-22	262.51	272.24	256.54	242.76	237.52	-	-
Sep-22	262.60	272.15	257.18	242.76	212.45	-	-
Dec-22	264.07	272.89	258.74	-	-	-	-

CBOT Sep-21

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Wheat Weekly Research Report
23rd Aug-2021

1st Support: 708
2nd Support: 680
1st Resistance: 738
2nd Resistance: 780
($ per tonne)

The Sep'21 contract showed lower trend by the end of the week and likely to fall from the current level in coming week as well. 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 $244.59 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 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.