

# Wheat Weekly Research Report

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

During the week of Aug 24 to 31, 2021, the weekly average price in India rose by 1.13 percent to Rs. 2004.93 per quintal against Rs. 1982.36 per quintal in the previous week. Wheat average prices also increased by 7.2 percent from Rs. 1869.03 per quintal in last year during the same period of time. Prices are increasing due to fewer supplies ahead of improved demand in export markets. We expect the price remain firm due to high export demand amid lower supply.

According to the agriculture ministry's fourth advance estimate, Wheat output is expected to reach a new high of 109.52 million tonnes in 2020-21. 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 food grain 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.

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 have 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 389.93 LMT in previous seasons. The current RMS procurement operations have already benefited over 49.20 lakh farmers with MSP value of Rs.85,603.57 crore. 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 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 steady to firm tone in the coming week.

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

**Weather Outlook:** Fairly widespread to widespread rainfall activity will continue in Uttarakhand over next 5 days. Scattered to fairly widespread rainfall activity with isolated heavy falls over Southern peninsula during next 24 hours. Isolated very heavy rainfall likely over Telangana on 30<sup>th</sup> August. Fairly widespread rainfall likely over Northeast India during next 24 hours and reduction thereafter and then enhance further from 1<sup>st</sup> September onwards.

### 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

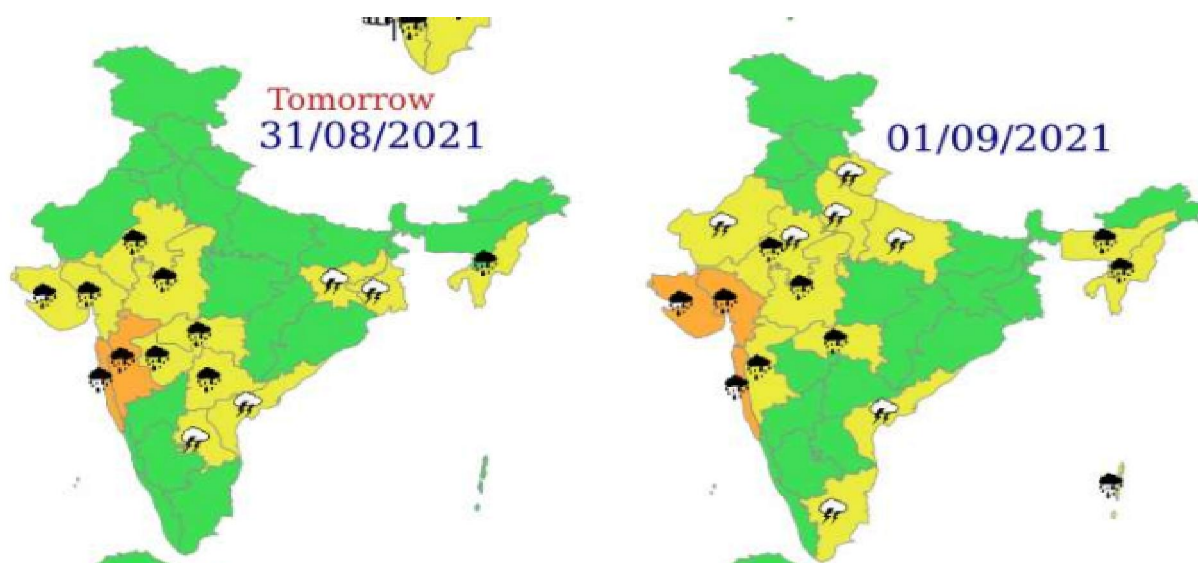
Date	Origin	Port	Quantity in MT
Oct-2021	Australia, UK	Tuticorin	4.0
	Mexico		2.3
	Total		6.38

Source: Traders  
No Import so far.

### Monsoon:-

Probability rainfall forecast:

Forecast:-August & September 2021



Source: IMD

Wheat Weekly Average Price Chart
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Wheat prices extended its gain at various trading centers in this week between August 23<sup>rd</sup> to 30<sup>th</sup> August, 2021, on robust exports demand amid lower supplies. Price in all the market increased due to low supplies at the current market level. Wheat is projected to trade steady to firm tone in expectation of low supplies in mandies.

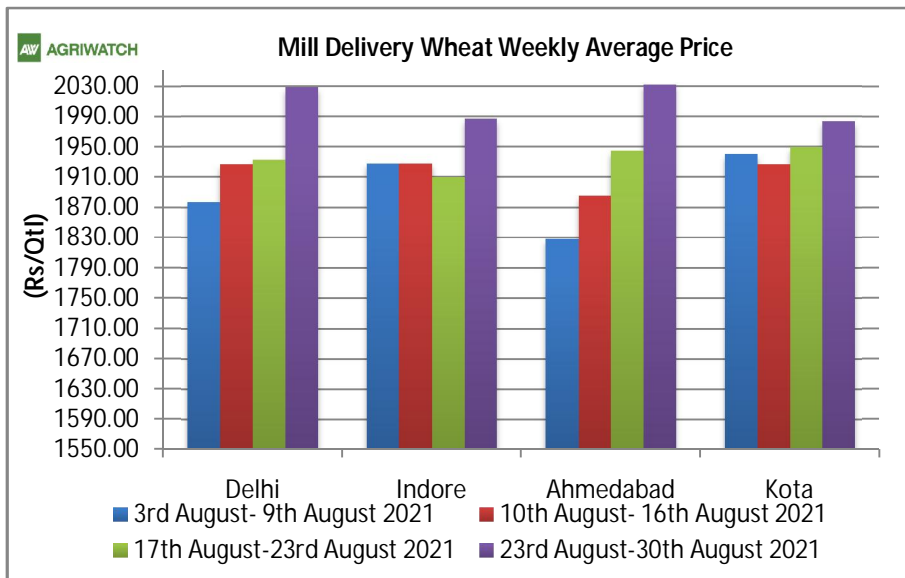

Wheat and Rice Stocking Norms
Wheat Stock Norms

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

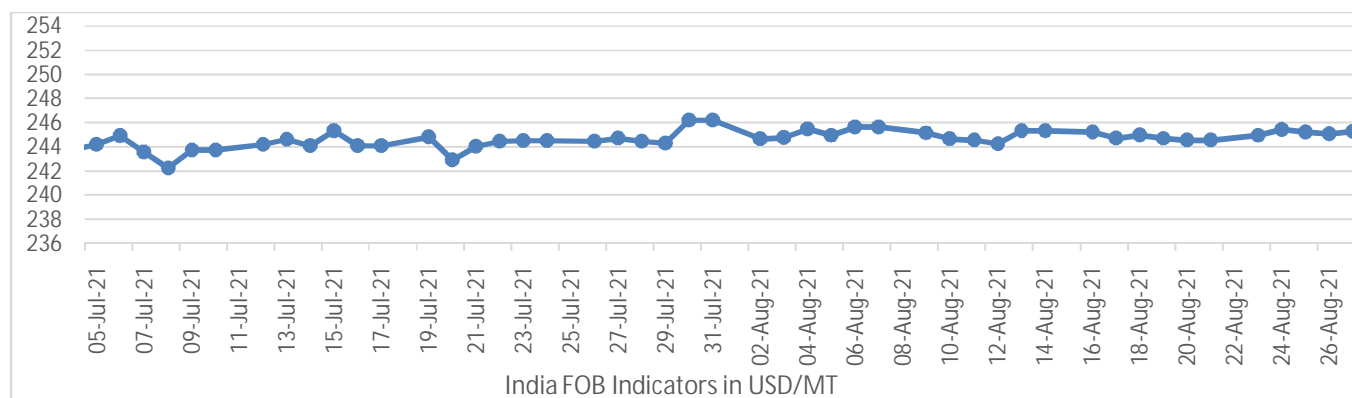
Procurement RMS 2021-22

State/UTs	Procurement as of 15 <sup>th</sup> 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	128.16	128.16
Bihar	0	4.56	4.56

<b>Rajasthan</b>	16.56	6.84	23.4
<b>Others</b>	0.6	3.16	3.76
<b>All-India</b>	<b>37.69</b>	<b>395.63</b>	<b>433.32</b>

### FOB Quote for Wheat at Kandla

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The wheat FoB quote in India showed firm tone in the past week. Exporters in wheat markets is strong due to high 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 \$245.30-\$ 245.70 per tonnes.

Indicative FOB Quotes:						
Wheat FOB	Variety	Today	Week Ago	Month Ago	Year Ago	% Change over Prev. Week
		27-Aug-21	20-Aug-21	27-Jul-21	27-Aug-20	
USA (Chicago)	2srw	270.61	275.02	-	-	-1.60
France	FCW3	302	306	-	-	-1.30
Australia	ASW	-	-	-	-	-
Russia	SRW	-	-	-	-	-
India	Fob	245.30	244.59	244.72	232.71	0.29

### International Weekly Outlook:

Prices for all U.S. wheat U.S. Soft Red Winter wheat have decreased in the week due to dull demand and irregular harvesting. Hard Red Winter (HRW) is decrease by 2.12% to \$323 on dull demand in feed markets compared to last week. Soft Red Winter (SRW) is lower by 1.60% to \$270.61 on weak 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
	27-Aug-21	20-Aug-21	27-Jul-21	27-Aug-20	
Indore	1925	1895	-	1691	13.83
Delhi	2040	1912	1870	1807	12.89
Kanpur	1950	1730	1725	1675	16.41
Rajkot	2025	1918	1825	1725	17.39
Kota	1959	1894	1896	1771	10.61

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
			27-Aug-21	26-Aug-21	20-Aug-21	27-Jul-21	27-Aug-20
Delhi	Lawrence Road	Mill Delivery	2050	2030	1950	1875	1825
	Narella	Mill Quality Loose	1900	1900	1900	1800	1660
	Nazafgarh	Mill Quality Loose	1840	1840	1800	1780	1670
Gujarat	Rajkot	Mill Delivery	2050	2030	1950	1845	1665
	Ahmedabad	Mill Delivery	2090	1985	1980	1975	1715
	Surat	Mill Delivery	2150	2080	2080	2075	1760
	Dhrol	Mill Delivery	2005	1960	1905	1920	-
M.P.	Indore	Mill Delivery	2050	2000	1925	1900	1700
	Bhopal	Mill Quality Loose	1925	1900	1800	1725	1600
Rajasthan	Kota	Mill Quality Loose	1875	1800	1800	1800	1600
		Mill Delivery	2050	1960	1950	1950	1680
U.P.	Kanpur	Mill Delivery	1975	1975	1760	1725	1700
	Mathura	Mill Quality Loose	1825	1825	1710	1715	1600
	Kosi	Mill Quality Loose	1820	1800	1700	1700	1700
	Hathras	Mill Quality Loose	1850	1850	1725	1700	1570
	Aligarh	Mill Quality Loose	1860	1825	1700	1680	1620
Punjab	Khanna	Mill Quality Loose	1850	1750	1725	1800	1740
	Ludhiana (Jagraon)	Mill Delivery	-	-	-	-	-
Haryana	Sirsa	Mill Delivery loose	1750	1750	1740	1730	1725
	Hodal	Mill Delivery	-	-	-	-	-
	Bhiwani	Mill Quality Loose	1860	1860	1800	1750	1650
	Karnal	Mill Delivery	-	-	-	-	-



	Panipat	Mill Quality Loose	-	-	-	-	-
Tamil Nadu	Chennai	Mill Quality	2200	2200	2200	2100	2050
	Madurai	Mill Quality	2257	2400	2400	2300	2200
	Coimbatore	Mill Quality	2257	2450	2450	2350	2250
Bihar	Khagariya	Mill Delivery	2000	2000	1700	1700	1950
	Muzaffarpur	Mill Delivery	1900	1900	1700	1780	1700

[Final Sowing Status2020-21:](#)

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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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**The US trading at CBOT for wheat was steady at 2 percent per bushel after falling at Thursday.** CBOT December soft red winter wheat faced a contract resistance at a weekly high of \$7.45 a bushel during the trading session. CBOT December soft red winter was last traded up 3/4 cents at \$7.40 per bushel. K.C. December hard red winter wheat was last traded at 1-1/2 cent lower at \$7.26 per bushel and MGEX December spring wheat was traded at 1 cent up at \$9.12.

**The projected yield of soft wheat in EU is expected to decline in the August month compared to the last month.** The projected value of August is still 5 percent higher than the last year and 5 percent above the average of last 5 years. The forecasted value of soft is expected to reach 5.98 tons per hectare less than the previous month value of 6.05 tons.

**Traders and analyst suggests Russia's wheat export stretching to the second half of the season due to Moscow's** export taxes and heavy competition from Ukraine and Romania, both of which maintained good harvesting which led to reduced sales of Russian wheat. The export estimate of wheat from Russia is 5.3 for first two moth of the season, down from 7 million by end of August last year.

**This week's export sales of US wheat missed the expectations of grain trader.** According to USDA, for the marketing year 2021-22 wheat sales totalled 116,000 metric tons for the week ended Aug 19 down 67 percent from prior 4 week average.

**Importers from Philippines are trying to get a tender on the purchase of an estimated 168,000 tonnes in three** consignments of 56,000 tonnes each from different origin. The shipment of consignment will occur in the month of September to October from EU/Black sea region or Australia.

**A record wheat harvest was seen in the European Black sea region in which two of the major producer of the region** delivered 18.5 million mt. Romania has harvested a record of 11.4 million mt with productivity reaching 5.34 mt/ha, higher than the previous 4.7-4.8 mt/ha.

**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.



### IGC Wheat Balance Sheet:

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IGC Forecast (Fig-In MMT)	2018-19	2019-20 est.	2020-21F'cast.	2021-22 Proj.	
				29.07.2021	26.08.2021
Production	732	761	773	788	782
Trade	168	185	190	192	189
Consumptions	740	745	770	787	783
Carryover stocks	260	276	279	280	278
Y-O-Y change	-8	17	3	-	-1
Major Export	69	64	62	57	55

- IGC has estimated global wheat production at 782 MMT for 2021-22, lower by 6 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 decreased to 189 MMT. It is 3 MMT higher compared to the previous estimate and also lower from 2020-21.
- Consumption has been lower at 783 MMT for 2021-22. The forecast is higher by 13 MMT compared to 2020-21.
- Carryout for 2021-22 is forecast at 278 MMT compared to an estimate of 280 MMT in previous month. It is lower by around 1 MMT compared to 2020-21.

### CBOT FUTURES CONTRACT:

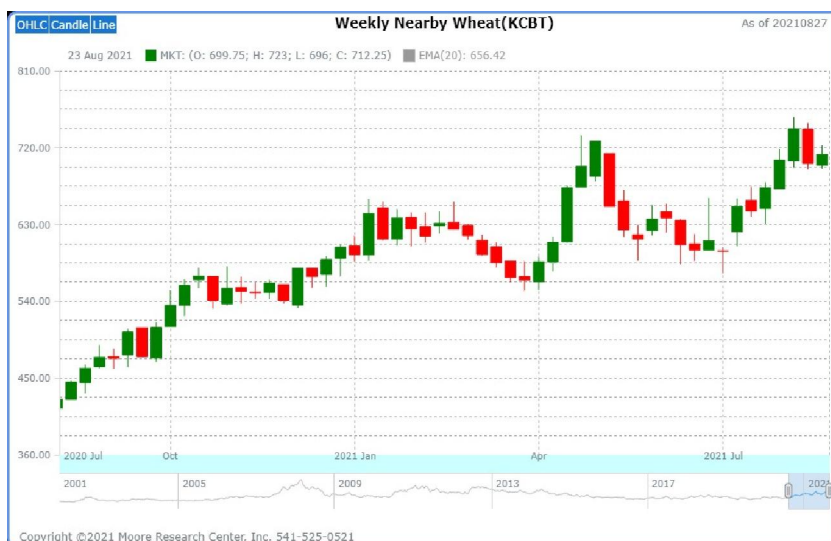
CBOT Futures Prices:(USD/T)							
CONTRACT MONTH	Today	Week Ago	Month Ago	3 Month Ago	6 Month Ago	Year Ago	% Change over prev. year
	27-Aug-21	20-Aug-21	27-Jul-21	20-May-21	19-Feb-21	20-Aug-20	
Sep-21	263.98	262.42	247.81	249.65	237.43	208.13	26.83
Dec-21	269.12	267.56	251.39	252.13	238.81	211.71	27.11
Mar-22	273.80	272.34	254.06	254.61	240.46	214.29	27.78
May-22	275.37	274.08	254.42	254.42	238.53	-	-
Jul-22	263.98	262.51	248.64	246.62	230.64	-	-
Sep-22	264.44	262.60	249.56	246.62	212.45	-	-
Dec-22	266.09	264.07	251.67	-	-	-	-

CBOT Sep-21

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1<sup>st</sup> Support: 695  
2<sup>nd</sup> Support: 670  
1<sup>st</sup> Resistance: 730  
2<sup>nd</sup> Resistance: 780  
(\$ per tonne)

The Sep'21 contract showed higher trend by the end of the week and likely to increase from the current level in coming week as well. Candlestick's pattern denotes a bullish trend in the chart. Increasing price and 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 \$245.30 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 higher in the past week. Increase in export demand from various countries is providing support to prices of exporting countries. Therefore, steady to firm market is expected in short to medium term.

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