

Wheat Weekly Research Report

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

During the week of Sep 01 to Sep 08, 2021, the weekly average price in India rose by 3.14 percent to Rs. 2028.22 per quintal against Rs. 1935.88 per quintal in the previous week. Wheat average prices also increased by 9.19 percent from Rs. 1857.48 per quintal in last year during the same period of time. Prices are increasing due to low supplies and increased 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 9.05 million tonnes higher than the average production estimates of 100.47 million tonnes over the previous five years and also 1.53% higher than 107.86 from last year record amid good monsoon rain last year. 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 higher output of rice, wheat and pulses.

In the month of Jul'21, despite higher FOB price India exported 4.72 lakh tonnes of wheat higher against 4.10 lakh tonnes in June 2021 due to failed global production from Canada, Russia and USA and increased demand of Indian wheat in International markets.

Wheat procurement for the Rabi marketing season 2021-22 is completed in India. 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. The procurement of this season is biggest in four years. There were approx. 19,036 wheat procurement centers during the Rabi marketing season of 2021-22.

Wheat exports from India have increased sharply as the global supplies are affected due to lower production in Russia, Canada and USA. In India the export of wheat during this fiscal year is expected to be somewhere around 2.5 million to 3 million due to higher demand of Indian wheat and this is higher compared to 2.08 million tons last year valued at Rs 4033.81 crore. So far India has exported 1.5 million tons of wheat. Bangladesh, Nepal, UAE, Sri Lanka, Indonesia are considered to be big buyers of Indian wheat.

Due to the impact of Covid-19 pandemic, Pradhan Mantri Garib Kalyan Anna Yojana (PMGKAY) which was announced in 2020 is being re-implemented by extending 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 due to supply shortage and higher export demand.

Trade Call: There is no NCDEX trading currently.

Weather Outlook: Fairly widespread to widespread rainfall activity will likely over Odisha, Coastal Andhra Pradesh, Telangana, Karnataka, Vidarbha and Chhattisgarh on 06th-07th September and Marathwada, Madhya Maharashtra, Konkan, Gujarat during 06th-10th September. Isolated extremely heavy falls are also likely over Coastal Andhra Pradesh on 06th, over Telangana on 06th and 07th, over North Konkan during 07th-08th, Gujarat state on 08th-09th September.

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

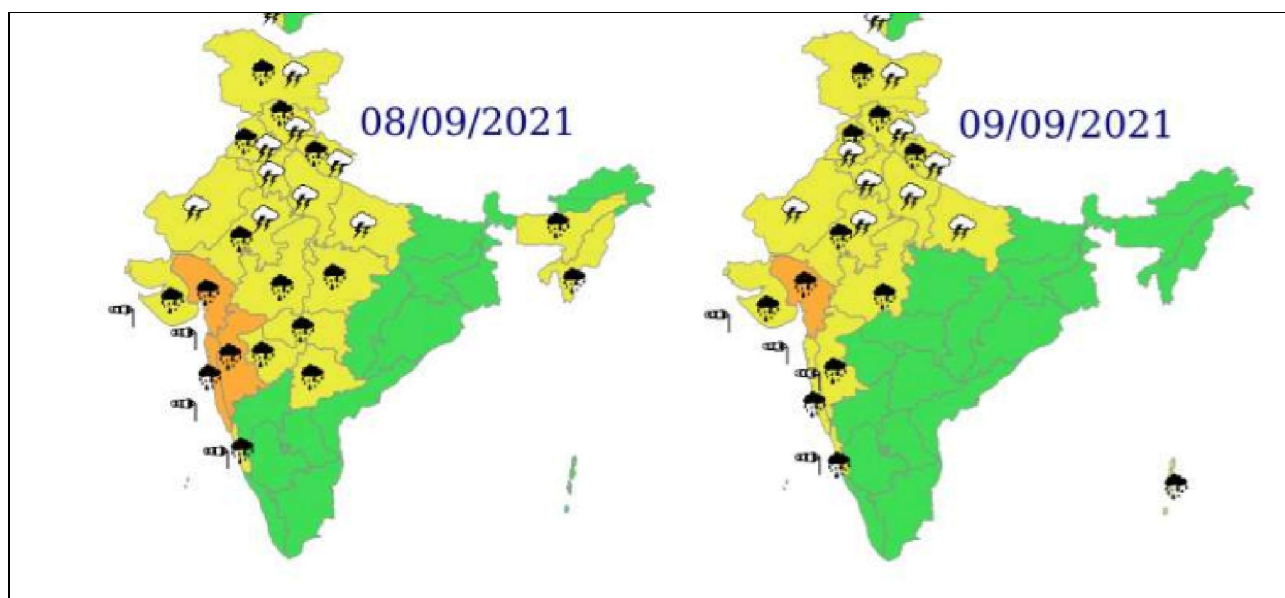
Date	Origin	Port	Quantity in MT
Oct-2021	Australia, UK	Tuticorin	4.0
	Mexico		2.3
	Total		6.38

Source: Traders
No Import so far.

Monsoon:-

Probability rainfall forecast:

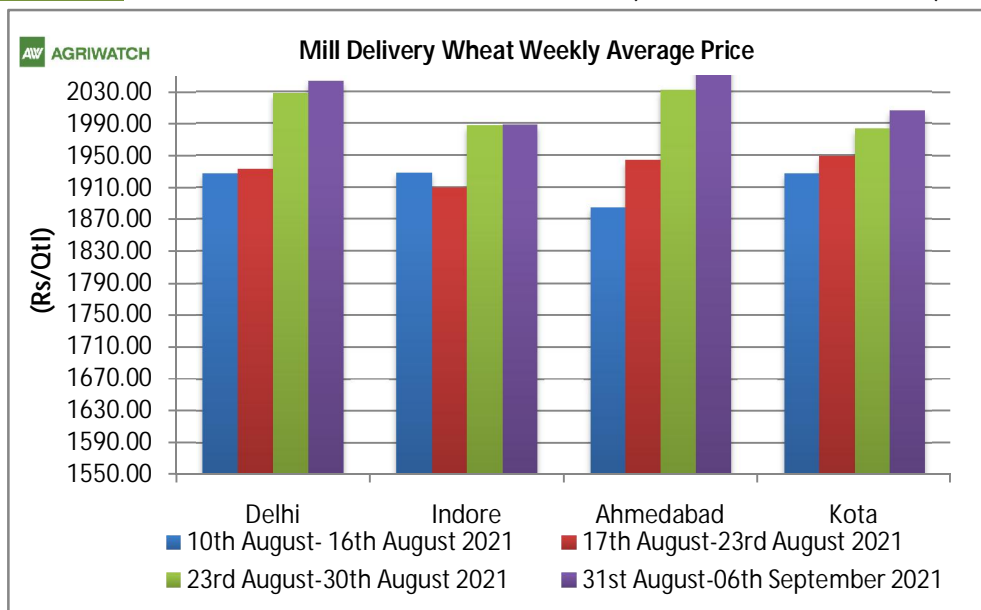
Forecast:- September 2021



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 31st to 06th September, 2021, on high 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

<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

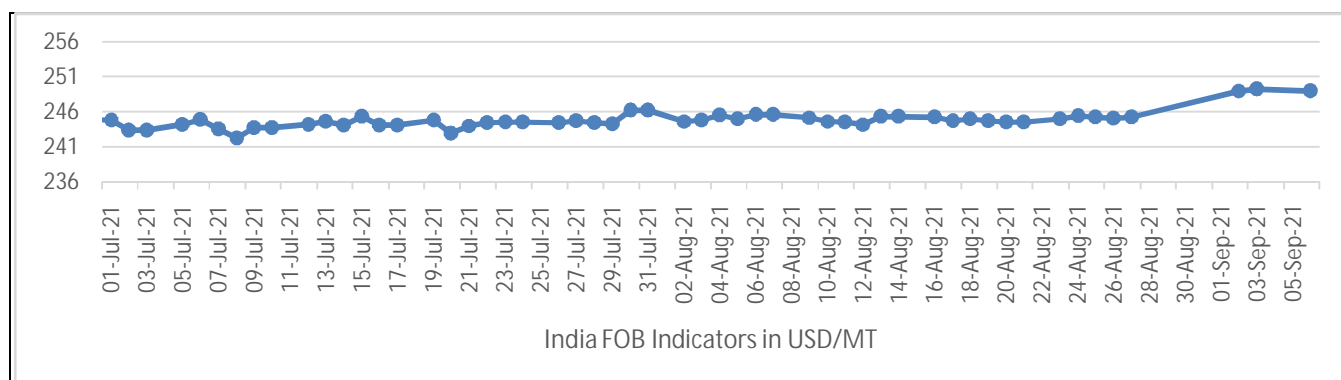
Procurement RMS 2021-22

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	128.16	128.16
Bihar	0	4.56	4.56

Rajasthan	16.56	6.84	23.4
Others	0.6	3.16	3.76
All-India	37.69	395.63	433.32

FOB Quote for Wheat at Kandla

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The wheat FoB quote in India showed firm tone in the past week. Exports in wheat markets are experiencing strong demand from neighboring countries and International market. Wheat FoB quotes for Kandla are likely to witness steady to firm tone in the coming weeks as well and likely to hover in the range of \$249.20-\$ 249.70 per tonnes.

Indicative FOB Quotes:						
Wheat FOB	Variety	Today	Week Ago	Month Ago	Year Ago	% Change over Prev. Week
		03-Sep-21	27-Aug-21	03-Aug-21	03-Sep-20	
USA (Chicago)	2srw	266.48	270.61	-	-	-1.52
France	FCW3	300	301	-	-	-0.33
Australia	ASW	-	-	-	-	-
Russia	SRW	-	-	-	-	-
India	Fob	249.28	245.30	244.79	229.28	1.62

International Weekly Outlook:

Prices for all U.S. wheat U.S. Soft Red Winter wheat have decreased in the week due to low demand and irregular harvesting and production. Hard Red Winter (HRW) is decrease by 0.30% to \$322 on dull demand in feed markets compared to last week. Soft Red Winter (SRW) is lower by 1.52% to \$266.48 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
	03-Sep-21	27-Aug-21	03-Aug-21	03-Sep-20	
Indore	1938	1925	1847	-	-
Delhi	2047	2040	1864	1825	12.16
Kanpur	1915	1950	1710	1680	13.98
Rajkot	2000	2025	1816	1664	20.19
Kota	1969	1959	1896	1791	9.93

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
			03-Sep-21	02-Sep-21	27-Aug-21	03-Aug-21	03-Sep-20
Delhi	Lawrence Road	Mill Delivery	2050	2040	2050	1880	1825
	Narella	Mill Quality Loose	1950	1950	1900	1760	1665
	Nazafgarh	Mill Quality Loose	1925	1925	1840	1760	1665
Gujarat	Rajkot	Mill Delivery	2000	2000	2050	1825	1620
	Ahmedabad	Mill Delivery	2060	2050	2090	1875	1710
	Surat	Mill Delivery	2100	2105	2150	1955	1750
	Dhrol	Mill Delivery	-	-	2005	1780	1585
M.P.	Indore	Mill Delivery	1970	1950	2050	1925	Closed
	Bhopal	Mill Quality Loose	1840	1850	1925	1850	Closed
Rajasthan	Kota	Mill Quality Loose	1875	1840	1875	1780	1560
		Mill Delivery	2025	1990	2050	1930	1680
U.P.	Kanpur	Mill Delivery	1930	1925	1975	1730	1690
	Mathura	Mill Quality Loose	1880	1875	1825	1700	1610
	Kosi	Mill Quality Loose	1840	1830	1820	1700	1715
	Hathras	Mill Quality Loose	1875	1880	1850	1700	1620
	Aligarh	Mill Quality Loose	1825	1840	1860	1680	1630
Punjab	Khanna	Mill Quality Loose	1850	1850	1850	1790	1725
	Ludhiana (Jagraon)	Mill Delivery	-	-	-	-	-
Haryana	Sirsa	Mill Delivery loose	1850	1850	1750	1740	1730
	Hodal	Mill Delivery	-	-	-	-	-
	Bhiwani	Mill Quality Loose	1880	1880	1860	1770	1610
	Karnal	Mill Delivery	-	-	-	-	-
	Panipat	Mill Quality Loose	-	-	-	-	-

Tamil Nadu	Chennai	Mill Quality	2300	2300	2200	2100	2000
	Madurai	Mill Quality	2357	2500	2400	2300	2150
	Coimbatore	Mill Quality	2357	2550	2450	2350	2200
Bihar	Khagariya	Mill Delivery	1900	1900	2000	1700	1850
	Muzaffarpur	Mill Delivery	1900	1900	1900	1750	1600

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:*([Back to Table of Contents](#))*

Ukraine has completed the wheat harvesting of the current season threshing 32.52 million tonnes of wheat from 99.4% sown area with a yield of 4.62 tonnes per hectare. The ministry allowed export of 23.8 million tonnes of wheat in the 2021/22 July-June season.

The export price of wheat in Russia rose for the consecutive eighth week. The reason for the increase includes high export tax, high domestic demand, lower 2021 crop output and stronger value of ruble. Russian wheat loading from Black sea with 12.5% protein was \$299.50 a tonne FOB at the end of the week up by \$0.50 from last week.

Russian agricultural consultancy has reduced the forecast of Russia's 2021 wheat crop to 75.4 million tonnes from 76.2 million tonnes due to low spring wheat yields. The yield impact is due to climatic factors where both Volga and Ural region received only 50-80% of normal rainfall in past three months along with 3-5 degree more temperature than the normal.

Drought in Canada has impacted the wheat production to a 14 year low. The estimated value of wheat production this year stood at 22.9 million tons, down 35% from last year and slightly larger than average trade expectation of 22.6 million tons.

The wheat buyers in Asia are struggling to keep the supplies as the farmers in top exporting countries are holding back sales following production cuts which has made global wheat price reach multi year highs. The wheat processing in the current year is expected to decrease by 10%. Generally Asian countries pay much more price often due to long distance from major market which adds to delivery costs. Currently they are paying \$35 per tonne more in shipping cost from Canada.

Widespread rain in the major part of Argentina during the last 24 hours brought a great relief for the farmers ahead of 2021/22 harvest improving production prospects after a drier than normal winter. In 70% of farming area in Central region received 30 to 50 mm of rainfall. The Rosario grains exchange last week has cut down the estimate of wheat production to 20.1 million tones.

U.S. wheat futures ended slightly lower as wheat maintain its status as the bullish leader of the world grain space. The major reason behind the bullish trade is the continued tightening of major exporter balance sheets amid reduced production in Canada. Only a smaller portion of U.S. wheat exports belongs to Gulf elevators, as most U.S. wheat export shipments are executed off the Pacific Northwest.

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
	03-Sep-21	27-Aug-21	03-Aug-21	03-Jun-21	05-Mar-21	03-Sep-20	
Sep-21	262.51	263.98	266.18	250.11	235.87	208.68	25.79
Dec-21	266.82	269.12	269.95	252.95	237.71	211.99	25.87
Mar-22	271.05	273.80	272.89	255.62	239.36	214.47	26.38
May-22	273.16	275.37	272.52	255.71	238.72	-	-
Jul-22	262.87	263.98	262.87	251.94	231.37	-	-
Sep-22	264.44	262.60	249.56	246.62	212.45	-	-
Dec-22	265.54	266.09	264.53	-	-	-	-

CBOT Sep-21

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1st Support: 680

2nd Support: 655

1st Resistance: 740

2nd Resistance: 780

(\$ per tonne)

The Sep'21 contract showed steady trend by the end of the week and likely to increase from the current level in coming week. Candlestick's pattern denotes a bullish trend in the chart. Increasing price and domestic demand to last week, interprets firmness in market. We expect wheat prices to slightly firm in the coming week but better production by major countries may curb any further increase of price.



International FOB Weekly Price Movement

Indian FoB quote is based on local prices. Indian FoB quote is being quoted at \$249.28 per tonne. Wheat is in higher demand on the worldwide market in the last week. There was decrease in FOB international pricing mainly due to lower demand and irregular harvesting though Indian FOB prices are listed higher in the past week due to high wheat price domestically. 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 before the new crop arrives.

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