Wheat Weekly Research Report
13th Sep-2021

Wheat Weekly Research Report

Table of Contents

Wheat Domestic Market Fundamentals

(Back to Table of Contents)

During the week of Sep 09 to Sep 15, 2021, the weekly average price in India rose by 0.82 percent to Rs. 2052.44 per quintal against Rs. 2035.73 per quintal in the previous week. Wheat average prices also increased by 10.84 percent from Rs. 1851.66 per quintal in last year during the same period of time. Prices are increasing due very high export demand leading to lesser stocks available domestically.

As per 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 1.53% higher than 107.86 from last year record amid good monsoon rain last year.

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 government has hiked the minimum support price for wheat by Rs 40 from Rs 1975 to Rs 2015 per quintal. According to officials, CCEA has approved increase in MSP's of six rabi crops for 2021-22 crop year (July-June) and 2022-2023 marketing year. The cost of production of wheat is estimated at Rs 1008 per quintal. The expected returns to farmers over their cost of production are estimated to be highest for wheat and mustard.

The UP government has informed that Rs 40 hike in MSP of wheat won't impact the farmers as the growth of grain production in India has risen by over 35% in four years. The UP agricultural minister has said that the production of wheat in UP has increased from 28 quintals per hectare in 2016-17 to 28 quintals per hectare in 2020-21.

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.

Upto 1st September 2021, the total available stock of wheat in central pool of FCI is 51.78 million tonnes which is around 4.7 million tonnes less than the previous months. The current availability is 3.95 million tonnes higher than the previous year availability of 47.83 million tonnes.

Outlook & Recommendation: As the stocks available for wheat is decreasing and demand for Indian wheat is increasing in international market the 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 over Odisha and Chattisgarh with isolated heavy to very heavy rainfall and isolated extremely heavy rainfall are likely over these areas on 13th with reduction thereafter. Fairly widespread to widespread rainfall likely over Konkan & Goa, Gujarat, East Rajasthan, north Madhya Maharashtra and Madhya Pradesh for next 3-4 days.

Wheat Weekly Export

(Back to Table of Contents)

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.

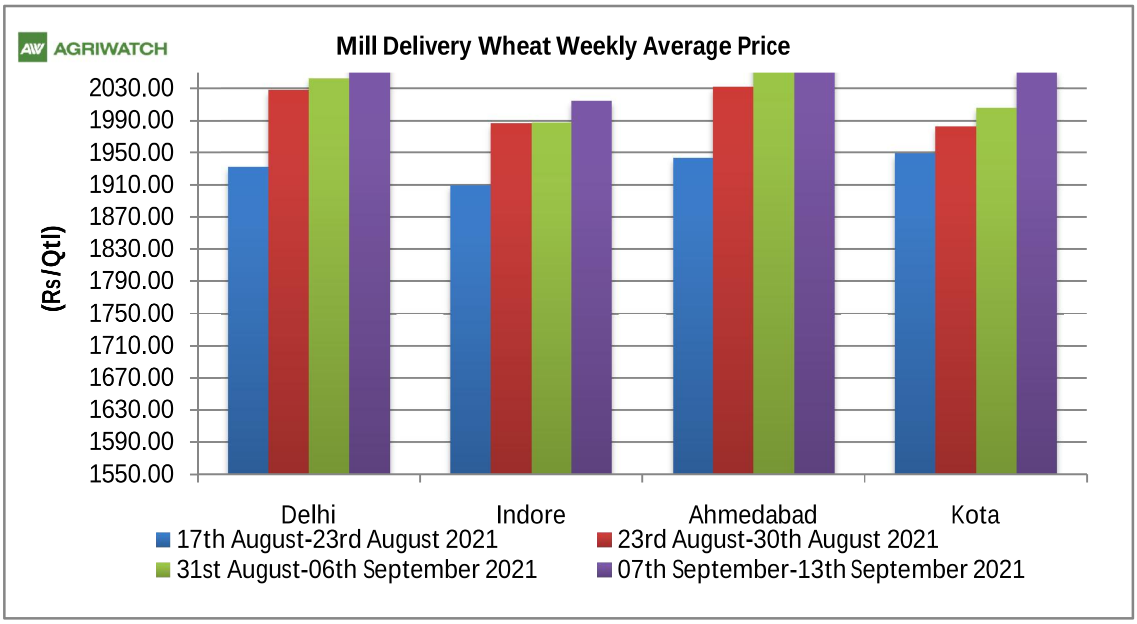
Monsoon:-
Probability rainfall forecast:
Forecast:- September 2021

Source: IMD

Wheat Weekly Average Price Chart

(Back to Table of Contents)

Wheat prices extended its gain at various trading centers in this week between September 07th to 13th September, 2021, on huge exports demand along with lower supplies compared to previous weeks. 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 and higher export pace.



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						

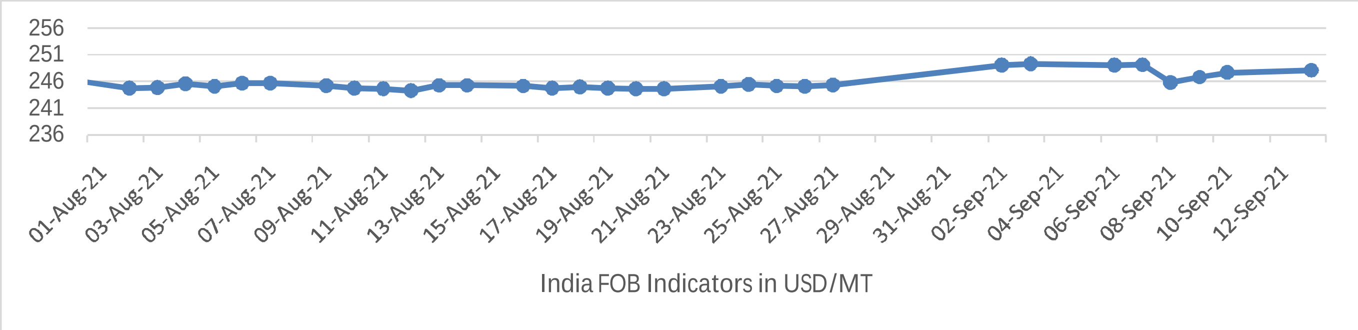
Procurement RMS 2021-22

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	128.16	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 Quotefor Wheat at Kandla

(*Back to Table of Contents*)



The wheat FoB quote in India showed weak 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 slightly firm tone in the coming weeks due to higher domestic price of wheat and likely to hover in the range of $248.20-$ 249.00 per tonnes.

Indicative FOB Quotes:						
Wheat FOB	**Variety**	**Today**	**Week Ago**	**Month Ago**	**Year Ago**	**% Change over Prev. Week**
		10-Sep-21	**03-Sep-21**	**10-Aug-21**	**10-Sep-20**	
USA (Chicago)	2srw	293	311	-	-	-5.78
France	FCW3	293	300	-	-	-2.33
Australia	ASW	-	-	-	-	-
Russia	SRW	-	-	-	-	-
India	Fob	247.65	249.28	244.69	227.37	-0.65

International Weekly Outlook:

Prices for all U.S. wheat U.S. Soft Red Winter wheat have decreased in the week due to lower demand by the main markets and irregular harvesting and production. Hard Red Winter (HRW) is decrease by 3.59% to $322 on dull demand in feed markets compared to last week. Soft Red Winter (SRW) is lower by 5.78% to $266.48 on weak demand in international mmarket 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
	10-Sep-21	03-Sep-21	10-Aug-21	10-Sep-20	
Indore	1988	1938	1889	1710	**16.26**
Delhi	2083	2047	1872	1825	**14.14**
Kanpur	1930	1915	1725	1690	**14.20**
Rajkot	2075	2000	18149	1650	**25.76**
Kota	2028	1969	1904	1757	**15.42**

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
			10-Sep-21	09-Sep-21	03-Sep-21	10-Aug-21	10-Sep-20
Delhi	Lawrence Road	Mill Delivery	2090	2080	2050	1875	1850
	Narella	Mill Quality Loose	2000	2000	1950	1780	1720
	Nazafgarh	Mill Quality Loose	1980	1980	1925	1790	1700
Gujarat	Rajkot	Mill Delivery	2080	2085	2000	1875	1600
	Ahmedabad	Mill Delivery	2130	2120	2060	1895	1715
	Surat	Mill Delivery	2180	2160	2100	1990	1760
	Dhrol	Mill Delivery	2115	2090	-	1825	-
M.P.	Indore	Mill Delivery	2000	2000	1970	1930	1750
	Bhopal	Mill Quality Loose	1900	1900	1840	1800	1600
Rajasthan	Kota	Mill Quality Loose	1900	1880	1875	1810	1550
		Mill Delivery	2050	2030	2025	1960	1675
U.P.	Kanpur	Mill Delivery	1950	1960	1930	1730	1750
	Mathura	Mill Quality Loose	1890	1900	1880	1675	1670
	Kosi	Mill Quality Loose	1860	1850	1840	1680	1720
	Hathras	Mill Quality Loose	1880	1850	1875	1650	1620
	Aligarh	Mill Quality Loose	1900	1850	1825	1680	1645
Punjab	Khanna	Mill Quality Loose	1850	1760	1850	1750	1725
	Ludhiana (Jagraon)	Mill Delivery	-	-	-	-	-
Haryana	Sirsa	Mill Delivery loose	1850	1860	1850	1735	1730
	Hodal	Mill Delivery	-	-	-	-	-
	Bhiwani	Mill Quality Loose	1860	1880	1880	1770	1600
	Karnal	Mill Delivery	-	-	-	-	-
	Panipat	Mill Quality Loose	-	-	-	-	-

Tamil Nadu	Chennai	Mill Quality	2300	2300	2300	2150	2000
	Madurai	Mill Quality	2357	2450	2500	2350	2125
	Coimbatore	Mill Quality	2357	2500	2550	2400	2175
Bihar	Khagariya	Mill Delivery	1900	1800	1900	1600	1700
	Muzaffarpur	Mill Delivery	1900	1850	1900	1625	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

International Market Update:

(*Back to Table of Contents*)

The CBOT values of wheat continue to trade in the range not seen since the massive price spike in early 2008. With new season, prices are moving above $350 a tonne and close to $380 a tonne. The markets around the world are watching how big the harvest of Australian crop will be and how much it can balance the downgrade being put up by Russian and Canadian crops.

Australia's forecast of wheat harvest to reach 32.6 mn tonnes of wheat for 2021-22 marketing season down by 2% from 33.3 mn tonnes in 2020-21. This year the sown area increased 1% to 12.96 mn ha from 12.89 mn ha last year. Average rainfall in major growing season of June and July helped in overall development of the crop.

Egypt's state grain buyer, GASC has announced the result of its latest tender of wheat. Russia is missing once again due to highly expensive price. 60,000 tonnes of Romanian wheat at FOB $308.50 per tonne, 60,000 tonnes of Ukrainian wheat at FOB $304.25 per tonne.

Ukraine has started sowing of winter wheat for 2022 harvest season. According to agriculture ministry, a total of 16.5 million acres of winter wheat are expected to be sown. The farmers had sown 134,400 acres of winter wheat as of September 6th.

The Turkish government has decided to lift the import duties on wheat will subject to 0pc import duty till December 31 from 17.3-130pc previously applied. Russia and Ukraine are the major exporters of wheat to Turkey but were held back in the black sea congestion due to ongoing construction work around strait of Gallipoli.

According to September World Agricultural supply and demand estimates, the US wheat acreage and yield were left unchanged but ending stocks are lowered by 12 million bushels from last month to 627 million bushels but it is down 12% from 2020 and lowest in last eight years. Exports were unchanged at 875 million bushels. World wheat 2021-22 carryout was raised by more than 4 million metric tons to 283.2 million tons, with increase in Australia and India's production.

Russia's wheat export price continues to grow for consecutive ninth week due to continued growth in export taxes. Russian wheat with 12.5% protein loading from Black sea ports for supply in early October at $300 per tonne FOB has grown by $0.5 tonnes from last week.

Irregular weather in Canada and Europe is resulting in the spike of price of raw materials which along with increase in freight prices is spiraling the durum wheat market completely out of control. The price of durum has skyrocketed by approx 90% due to poor weather that has affected the quality and yield of wheat.

Saudi Arabia's main state wheat buying agency (SAGO) has issued and international tender of 360,000 tonnes of milling wheat for purchase. They lowered the test weight requirement to 76 which would help European wheat in France and elsewhere which was damaged by late harvest rain.

IGC Wheat Balance Sheet:

(Back to Table of Contents)

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
	10-Sep-21	03-Sep-21	10-Aug-21	10-Jun-21	12-Mar-21	10-Sep-20	
Sep-21	248.00	262.51	267.10	253.41	232.47	208.41	19.00
Dec-21	252.95	266.82	271.69	256.17	234.95	211.90	19.38
Mar-22	256.90	271.05	275.27	258.56	237.16	214.29	19.89
May-22	705.25	743.50	752.00	705.25	645.25	-	-
Jul-22	689.75	715.50	727.00	697.50	625.25	-	-
Sep-22	692.25	717.75	728.00	698.00	-	-	-
Dec-22	698.50	722.75	732.00	703.50	-	-	-

AGRIWATCH

Wheat Weekly Research Report
13th Sep-2021

CBOT Sep-21
(Back to Table of Contents)

1st Support: 650
2nd Support: 625
1stResistance: 710
2nd Resistance: 740
($ 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 bearish trend in the chart. Reduced export and firmness of dollar value interprets weak trend in last weak. We expect wheat prices to slightly firm in the coming week but better production by major countries like Australia and Argentina 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 $247.65 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 harsh impact of Ida hurricae along with lower demand and irregular harvesting also Indian FOB prices are steady due to demand which is still persisting internationally. Increase in export demand from various countries is providing support to prices of exporting countries. Therefore, steady to slightly firm market is expected in short term before the new crop arrives.