

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 Sep 16 to Sep 23, 2021, the weekly average price in India rose by 3.05 percent to Rs. 2024.52 per quintal against Rs. 1964.54 per quintal in the previous week. Wheat average prices also increased by 10.69 percent from Rs. 1828.92 per quintal in last year during the same period of time. The availability of stocks added with higher export demand helps increase in the wheat prices.

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: Compared to previous months the availability of stocks for wheat is decreasing along with increase in demand for Indian wheat in international market which makes the wheat cash market to trade steady to slightly firm in the coming week.

Trade Call: There is no NCDEX trading currently.

Weather Outlook: Fairly widespread to widespread rainfall with isolated heavy falls very likely over East Rajasthan during next 05 days, and over Madhya Pradesh, Vidarbha and Chhattisgarh during next 04 days; over Konkan & Goa, Madhya Maharashtra, Marathwada during next 03 days and over Gujarat region during next 02 days. Isolated very heavy falls is also likely over East Rajasthan on 20th & 21st September, 2021. Scattered to fairly widespread rainfall with isolated heavy falls very likely over Uttarakhand during 20th-24th September, 2021. Fairly widespread to widespread Rainfall with isolated heavy falls very likely to continue over Odisha and Gangetic West Bengal on 20th & 21st September, 2021 and decrease in rainfall activity thereafter. Isolated very heavy falls is also likely Gangetic West Bengal on 20th September, 2021. A cyclonic circulation likely to form over East central and adjoining Northeast Bay of Bengal around 25th September. It is likely to move west- north westwards and reach Odisha coast during subsequent 48 hours. Under its influence, a fresh spell of heavy rainfall likely over Odisha and adjoining areas from 26th September.

Wheat Weekly Export
[\(Back to Table of Contents\)](#)

A week-on-week Exports	Quantity in MT	Average FoB (\$/T)
01-08 Aug-2021	164329	280.51
9-15 Aug-2021	97112	244.88
16-23 Aug-2021	108626	300.26
24-31 Aug-2021	89666	293.11
Total	450839.399	245.00

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:

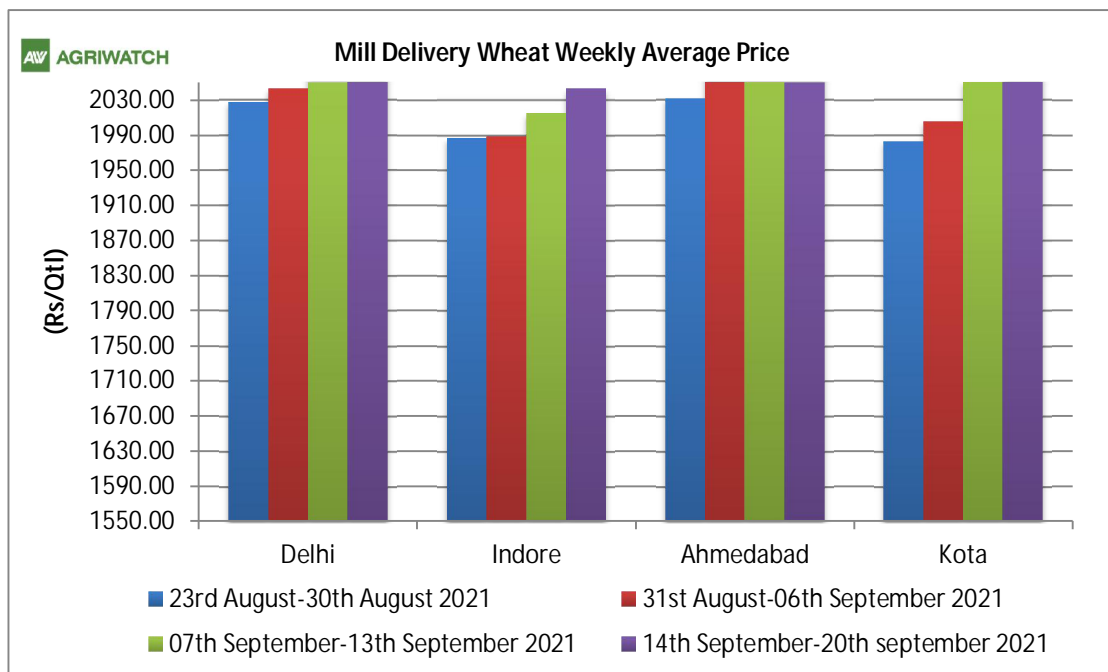
Forecast:- September 2021



Source: IMD

Wheat Weekly Average Price Chart
[\(Back to Table of Contents\)](#)

Wheat prices were almost steady at various trading centers in this week between September 14th to 20th September, 2021, with Indore market showing firm prices due to lower supplies compared to previous weeks. Wheat is projected to trade steady to slightly firm tone in expectation of low supplies in mandies and higher export pace.


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

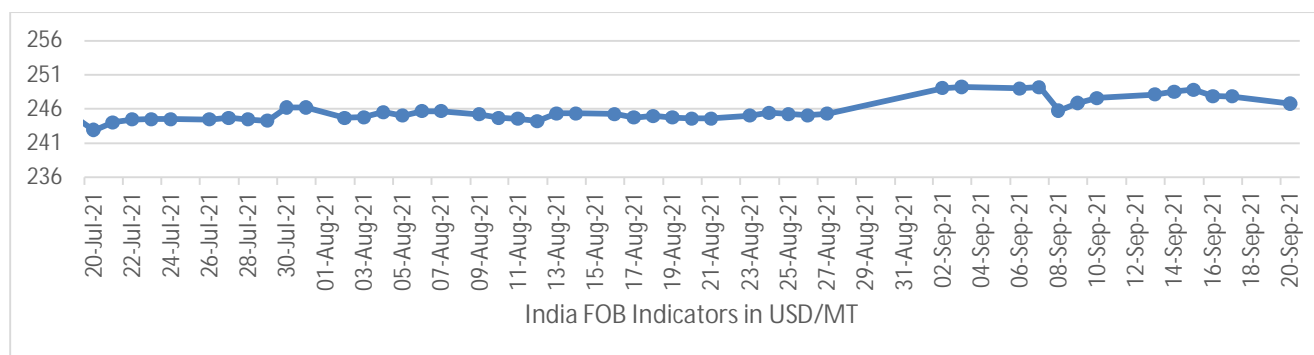
Procurement RMS 2021-22

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

[\(Back to Table of Contents\)](#)



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 \$246.80-\$ 248.00 per tonnes.

Indicative FOB Quotes:

Wheat FOB	Variety	Today	Week Ago	Month Ago	Year Ago	% Change over Prev. Week
		17-Sep-21	10-Sep-21	17-Aug-21	17-Sep-20	
USA (Chicago)	2srw	262.85	268.32	-	-	-2.03
France	FCW3	302	293	-	-	-3.07
Australia	ASW	-	-	-	-	-
Russia	SRW	-	-	-	-	-
India	Fob	247.86	247.65	244.75	228.72	0.08

International Weekly Outlook:

Prices for all U.S. wheat U.S. Soft Red Winter wheat have decreased in the week due to continued lower demand by the main markets and irregular harvesting and production. Hard Red Winter (HRW) is decreased by 0.30% to \$331 on dull demand in feed markets compared to last week. Soft Red Winter (SRW) is lower by 2.03% to \$262.85 on weak demand in international market 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
	17-Sep-21	10-Sep-21	17-Aug-21	17-Sep-20	
Indore	1996	1988	1852	1692	17.97
Delhi	2069	2083	1883	1805	14.62
Kanpur	1920	1930	1750	1657	13.69
Rajkot	2025	2075	1911	1650	22.73
Kota	2010	2028	1890	1742	15.38

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
			17-Sep-21	16-Sep-21	10-Sep-21	17-Aug-21	17-Sep-20
Delhi	Lawrence Road	Mill Delivery	2070	2075	2090	1885	1830
	Narella	Mill Quality Loose	1980	1980	2000	1830	1700
	Nazafgarh	Mill Quality Loose	1980	1970	1980	1800	1700
Gujarat	Rajkot	Mill Delivery	2040	2040	2080	1950	1620
	Ahmedabad	Mill Delivery	2125	2120	2130	1990	1705
	Surat	Mill Delivery	2175	2170	2180	2080	1750
	Dhrol	Mill Delivery	2130	-	2115	1925	-
M.P.	Indore	Mill Delivery	2050	2050	2000	1860	Closed
	Bhopal	Mill Quality Loose	1810	1800	1900	1760	Closed
Rajasthan	Kota	Mill Quality Loose	1930	1900	1900	1770	1625
		Mill Delivery	2070	2050	2050	1920	1750
U.P.	Kanpur	Mill Delivery	1940	1920	1950	1730	1800
	Mathura	Mill Quality Loose	1870	1860	1890	1680	1680
	Kosi	Mill Quality Loose	1860	1825	1860	1680	1700
	Hathras	Mill Quality Loose	1870	1850	1880	1680	1650
	Aligarh	Mill Quality Loose	1900	1900	1900	1700	1650
Punjab	Khanna	Mill Quality Loose	1850	1850	1850	1700	1700
	Ludhiana (Jagraon)	Mill Delivery	-	-	-	-	-
Haryana	Sirsa	Mill Delivery loose	1860	1860	1850	1745	1725
	Hodal	Mill Delivery	-	-	-	-	-
	Bhiwani	Mill Quality Loose	1870	1870	1860	1800	1660
	Karnal	Mill Delivery	-	-	-	-	-



	Panipat	Mill Quality Loose	-	-	-	-	-
Tamil Nadu	Chennai	Mill Quality	2300	2300	2300	2150	2000
	Madurai	Mill Quality	2357	2450	2450	2350	2125
	Coimbatore	Mill Quality	2357	2500	2500	2400	2175
Bihar	Khagariya	Mill Delivery	1850	1850	1900	1700	1700
	Muzaffarpur	Mill Delivery	1875	1875	1900	1700	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:*[\(Back to Table of Contents\)](#)*

Wheat has reached near 8 days high on 20th September due to global supply concerns. The wheat futures have edged up on Monday due to growing concerns of global supplies following Canada's drought affected harvest and lowering of production estimate by European Union and France. The wheat futures on CBOT were up 0.1% to reach \$7.09-3/4 per bushel.

Russia resumes wheat export to Algeria after 5 years. The first shipment of 30,000 tonnes is on the way and second shipment is currently being loaded in Black Sea and expected to sail soon. Russia is also expected to send two vessels containing 60,000 tons of wheat in September. It marked first major supply of wheat from Russia to Algeria since 2016.

As on 20th September 2021, Russia's wheat export prices have risen for 10th consecutive week following higher global benchmark in Chicago and Paris. The Russian wheat with 12.5% protein, loading from Black Sea ports were at FOB \$301 per tonne last week, up by \$1 from previous week.

Statista Canada has issues lower than expected estimate for Canadian wheat production, while France reduced its soft wheat crop estimate. Strategie Canada has sharply lowered its projection for world output, partly due to reduced estimate for the European Union.

Jordan has issued a tender to buy 120,000 tonnes of milling wheat. The deadline for submission of wheat is Sept 22. The new tender is expected as there was no purchase in its previous tender of 120,000 tonnes of wheat which has closed on 15th September 2021.

The harvest of Ukrainian wheat has completed for 2021 with a threshing of 33 million tonnes in the bunker weight with a yield of 4.65 tonnes per hectare. By September 16, 45.7 million tonnes of grains have been harvested with the yield averaging 4.39 tonnes per hectare. Ukraine's plan is to thresh a record of 80 million tonnes of grains in 2021 up by 15 million from 65 million previous year.

The USDA in its September World Agricultural Supply and Demand Estimate lowered its forecast for the carryover of wheat on June 1, 2022 to 615 million bushels down 12 million from the August outlook and down 229 million bushel or 27% from 844 million bushel in 2021. It would be the smallest US wheat carryover since 590 million bushels in 2014.

After eighteen months of drought in Australian farms, the grain growers are on the course to harvest a second consecutive bumper crop as global wheat price is reach eight year high. The agricultural revival has also boosted an increase in the rural land prices in Australia.

The estimate of 2021 soft wheat production in France has been lowered in the European Union's biggest grain grower to 36.06 million tonnes from 36.69 million last month projected due to wet summer weather. The lower forecast would still be 23.6% above last year's production and 8.1% higher than the past five years average.

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
	17-Sep-21	10-Sep-21	17-Aug-21	17-Jun-21	19-Mar-21	17-Sep-20	
Sep-21	260.39	248.00	269.86	236.24	230.18	210.34	23.80
Dec-21	264.44	252.95	275.00	238.72	232.01	213.73	23.72
Mar-22	265.54	256.90	279.68	241.20	232.20	216.12	22.86
May-22	258.56	259.11	280.79	242.02	224.57	216.03	19.69
Jul-22	259.38	253.41	268.29	240.19	225.49	-	-
Sep-22	261.50	254.33	268.39	240.19	212.45	-	-
Dec-22	261.96	256.63	269.40	-	-	-	-

CBOT Sep-21

(Back to Table of Contents)

1st Support: 670

2nd Support: 645

1st Resistance: 740

2nd Resistance: 770

(\$ per tonne)

The Sep'21 contract showed firm 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. Better exports and diminishing global wheat production concerns interprets firm trend in last week. We expect wheat prices to slightly firm in the coming week but expected higher 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 \$247.86 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 lowered production estimate by France and European Union along with continued harsh production in Canada and increasing export taxes in Russia. 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.

Disclaimer: The information and opinions contained in the document have been compiled from sources believed to be reliable. The company does not warrant its accuracy, completeness and correctness. Use of data and information contained in this report is at your own risk. This document is not, and should not be construed as, an offer to sell or solicitation to buy any commodities. This document may not be reproduced, distributed or published, in whole or in part, by any recipient hereof for any purpose without prior permission from the Company. IASL and its affiliates and/or their officers, directors and employees may have positions in any commodities mentioned in this document (or in any related investment) and may from time to time add to or dispose of any such commodities (or investment). Please see the detailed disclaimer at <http://www.agriwatch.com/disclaimer.php> © 2021 Indian Agribusiness Systems Ltd.