

# 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 24 to Sep 30, 2021, the weekly average price in India reduced by 0.31 percent to Rs. 2020.08 per quintal against Rs. 2026.51 per quintal in the previous week. Wheat average prices also increased by 8.09 percent from Rs. 1868.90 per quintal in last year during the same period of time. The price remained almost steady compare to last week due to similar export demand compared to last week and no major fluctuation in supplies.

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.

As on 15<sup>th</sup> September 2021, 56.53% of foodgrains have been lifted in the country under PMGKAY phase IV. A total 112.39 LMT of foodgrains is lifted against 198.78 LMT allocated, as per Ministry of consumer affairs, food & public distribution. In wheat, 49.53 LMT is lifted against allocated 97.09 LMT making lifting percentage as 51.01%. Andaman & Nicobar tops the country for lifting highest percentage of foodgrains with 93%. The PMGKAY is extended till November 2021.

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 1<sup>st</sup> 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:** According to traders the stock availability problem is spread locally and regular government supply balance the problem. The demand of Indian wheat is higher in international market and hence it is expected to trade steady to slightly firm in the coming week.

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

**Weather Outlook:** On 27th Sept, Heavy to very heavy rainfall with extremely heavy falls very likely at isolated places over north Coastal Andhra Pradesh, south Chhattisgarh, Vidarbha, Marathwada, Kerala and Telangana; Heavy to very heavy rainfall at isolated places over south Odisha, Madhya Maharashtra, Konkan, Gujarat State, North Interior Karnataka and Tamilnadu. On 28th Sept, Heavy to very heavy rainfall with extremely heavy falls very likely at isolated places over Gujarat Region, Madhya Maharashtra and Konkan; Heavy to very heavy rainfall at isolated places over Marathwada and Saurashtra & Kutch.

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

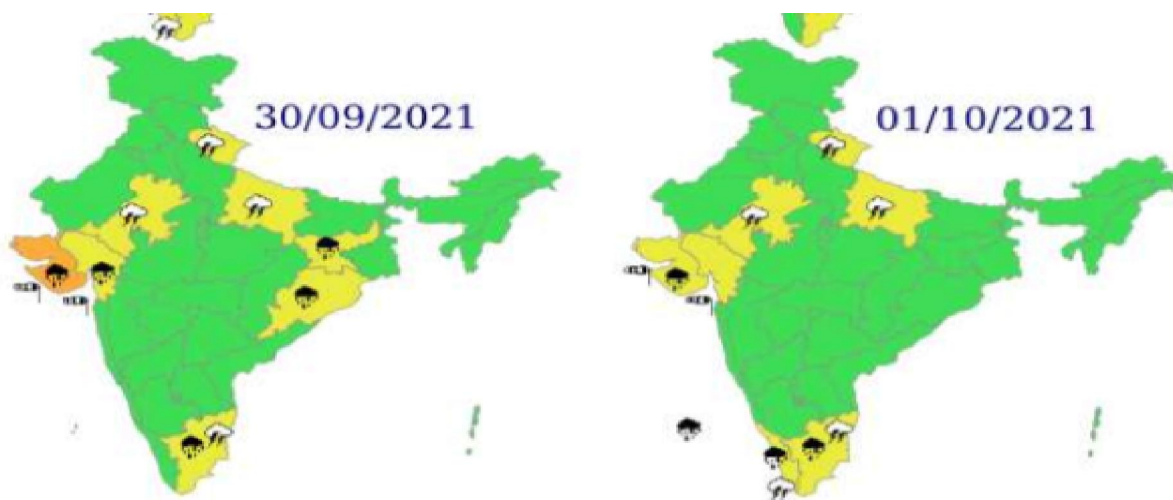
Date	Origin	Port	Quantity in MT
Oct-2021	Australia, UK	Tuticorin	4.0
	Mexico		2.3
	Total		6.38

Source: Traders  
 No Import so far.

Monsoon:-

Probability rainfall forecast:

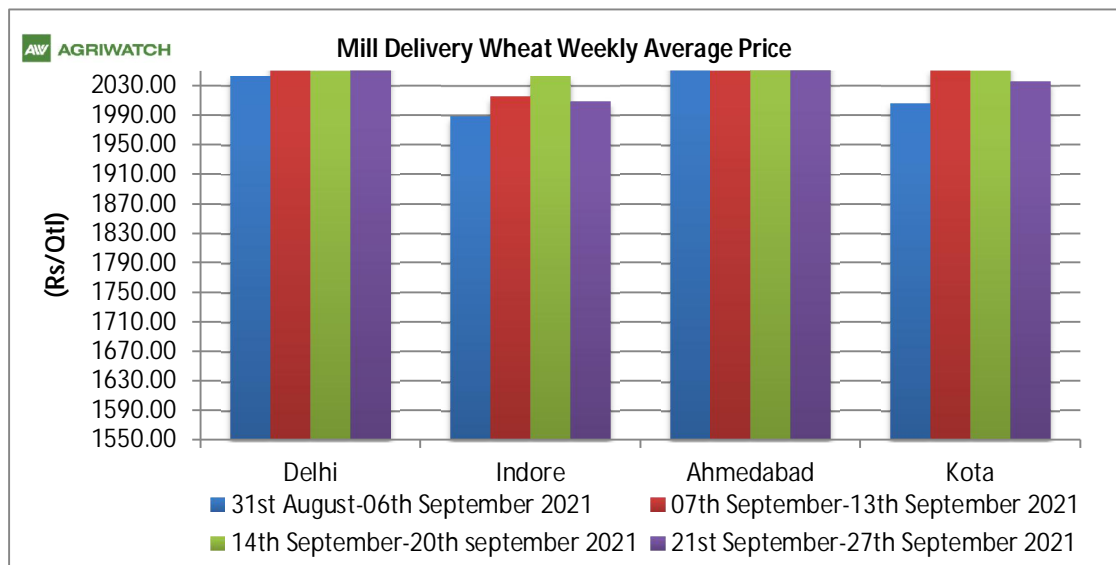
Forecast:- September 2021



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 21<sup>st</sup> to 27<sup>th</sup> September, 2021. In Indore market, the prices were down by 1.71% compared to last week while in Kota, the prices were down by 1.17%. In Delhi market, the prices



were slightly firm by 0.53% and the prices were steady in Ahmedabad market. The price is expected to trade steady to very slightly firm in the coming week due to regular supply from the Government and equally balanced export demand.

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						

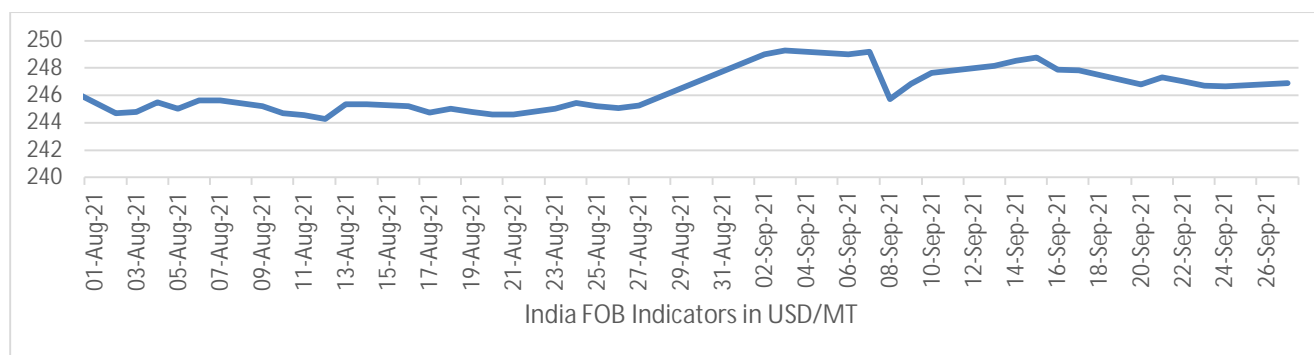
Procurement RMS 2021-22

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

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



The wheat FoB quote in India showed slight weak to steady tone in the past week. Exports in wheat markets are experiencing strong demand from neighboring countries and international market along with good domestic supply. Wheat FoB quotes for Kandla are likely to witness steady to slightly firm tone in the coming weeks due to slightly firm domestic price and is likely to hover in the range of \$246.90-\$ 247.80 per tonnes.

### Indicative FOB Quotes:

Wheat FOB	Variety	Today	Week Ago	Month Ago	Year Ago	% Change over Prev. Week
		24-Sep-21	17-Sep-21	24-Aug-21	24-Sep-20	
USA (Chicago)	2srw	271.07	262.85	-	-	3.13
France	FCW3	308	302	-	-	1.99
Australia	ASW	-	-	-	-	-
Russia	SRW	-	-	-	-	-
India	Fob	246.65	247.86	245.45	225.49	-0.49

### International Weekly Outlook:

Prices for all U.S. wheat U.S. Soft Red Winter wheat have increased in the week due to increased domestic demand, fall in dollar and rumor of further increase in export duty by Russia. Hard Red Winter (HRW) is up by 2.92% to \$353 on high demand in domestic markets compared to last week. Soft Red Winter (SRW) is up by 3.13% to \$271.07 on higher demand in domestic 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
	24-Sep-21	10-Sep-21	24-Aug-21	24-Sep-20	
Indore	2013	1996	1910	1675	20.18
Delhi	2086	2069	1944	1791	16.47
Kanpur	1950	1920	1825	1667	16.98
Rajkot	2010	2025	1950	1622	23.92
Kota	2005	2010	1926	1722	16.43

### 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
			24-Sep-21	23-Sep-21	17-Sep-21	24-Aug-21	24-Sep-20
Delhi	Lawrence Road	Mill Delivery	2100	2100	2070	2000	1810
	Narella	Mill Quality Loose	1980	1990	1980	1900	1680
	Nazafgarh	Mill Quality Loose	1980	1980	1980	1850	1665
Gujarat	Rajkot	Mill Delivery	2000	2010	2040	1950	1600
	Ahmedabad	Mill Delivery	2130	2125	2125	1995	1635
	Surat	Mill Delivery	2170	2170	2175	2065	1700
	Dhrol	Mill Delivery	1925	1945	2130	1915	1520
M.P.	Indore	Mill Delivery	2010	2020	2050	1940	Closed
	Bhopal	Mill Quality Loose	1810	1800	1810	1850	Closed
Rajasthan	Kota	Mill Quality Loose	1900	1900	1930	1800	1530
		Mill Delivery	2030	2030	2070	1950	1655
U.P.	Kanpur	Mill Delivery	1940	1940	1940	1850	Closed
	Mathura	Mill Quality Loose	1890	1890	1870	1760	Closed
	Kosi	Mill Quality Loose	1875	1900	1860	1700	Closed
	Hathras	Mill Quality Loose	1890	1875	1870	1750	Closed
	Aligarh	Mill Quality Loose	1900	1900	1900	1740	Closed
Punjab	Khanna	Mill Quality Loose	1840	1830	1850	1760	1700
	Ludhiana (Jagraon)	Mill Delivery	-	-	-	-	-
Haryana	Sirsa	Mill Delivery loose	1875	1875	1860	1745	1700
	Hodal	Mill Delivery	-	-	-	-	-
	Bhiwani	Mill Quality Loose	1940	1940	1870	1830	1680
	Karnal	Mill Delivery	-	-	-	-	-
	Panipat	Mill Quality Loose	-	-	-	-	-
Tamil	Chennai	Mill Quality	2300	2300	2300	2200	2000



Nadu	Madurai	Mill Quality	2357	2450	2450	2400	2150
	Coimbatore	Mill Quality	2357	2500	2500	2450	2200
Bihar	Khagariya	Mill Delivery	1900	1900	1850	2000	1900
	Muzaffarpur	Mill Delivery	1900	1900	1875	1900	1790

[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](#))*

**For second straight week, US wheat remained firm on Friday, a gain due to rising prices, strong demand and weaker dollar.** CBOT December soft red winter wheat gained 6 cents to settle at \$7.23-3/4 per bushel which is the highest closing price since September 3<sup>rd</sup>. CBOT December contract was up by 2.1% for the week. KC December hard red winter wheat ended ¼ cent lower at \$7.19-3/4 per bushel while MGEX December spring wheat added 4-1/2 cents at \$9.16 per bushel.

**According to report, Philippines is tendering to purchase an estimated 224,000 tonnes of animal feed wheat.** The wheat was sought in four 56,000 tonne consignments for shipment between Oct 18, 2021 and Jan 16, 2022 depending on origin.

**As per the Grain Industry Association of Western Australia in its September report reduced its estimate for wheat output in Western Australia for the marketing year 2021-22 (October-September) to 10.6 million mt,** 6.2% lower from the 11.3 million mt in August. However, the output is 15.2 % higher than previous year at 9.2 million mt.

**China has started importing wheat from Australia despite a bitter tradeoff between the countries.** This came when Australia is expecting bumper production for second consecutive year and downgrade production in Northern hemisphere. China has emerged as leading buyer for wheat taking close to 2 million tonnes out of 5 million sold so far. China has cancelled some cargoes of French wheat over quality issues and are turning to Australia.

**According to ministry, Ukraine has completed 2021 wheat harvesting, threshing 33 million tonnes compared to 25 million tonnes in 2020.** The ministry had also increased the export estimate for 2021-22 season from previous estimate of 23.8 million tonnes to 24.4 million tonnes. The export was 16.6 million tonnes during 2020-21 season.

**The state-run Trading corporation of Pakistan is believed to have bought 575,000 tonnes of wheat in an international tender at \$383.50 c&f.** According to the report, Cargill has sold 290,000 tonnes, Agrocorp sold 60,000 tonnes, Falconbridge sold 120,000 tonnes and CHS sold 105,000 tonnes.

**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.

**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	2020-21 est.	2021-22 F'cast	
				29.07.2021	26.08.2021
Production	732	761	773	782	781
Trade	168	185	190	189	191
Consumptions	740	746	770	783	783
Carryover stocks	260	275	279	278	277
Y-O-Y change	-8	16	4	-	-2
Major Export	69	63	61	55	54

- IGC has estimated global wheat production at 781 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 191 MMT. It is 2 MMT higher compared to the previous estimate and also higher from 2020-21.
- Consumption has been higher at 783 MMT for 2021-22. The forecast is higher by 13 MMT compared to 2020-21.
- Carryout for 2021-22 is forecast at 277 MMT compared to an estimate of 278 MMT in previous month. It is lower by around 2 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
	24-Sep-21	17-Sep-21	24-Aug-21	24-Jun-21	26-Mar-21	24-Sep-20	
Sep-21	265.91	260.39	263.79	239.54	224.11	208.04	27.81
Dec-21	269.95	264.44	269.03	241.93	226.59	211.62	27.56
Mar-22	271.14	265.54	273.90	244.14	228.61	214.38	26.48
May-22	263.06	258.56	275.64	244.87	229.53	214.29	22.76
Jul-22	263.24	259.38	264.71	242.85	222.46	-	-
Sep-22	264.80	261.50	265.17	242.85	212.45	-	-
Dec-22	265.45	261.96	-	-	-	-	-

*CBOT Sep-21*

(Back to Table of Contents)

**1<sup>st</sup> Support: 660**

**2<sup>nd</sup> Support: 640**

**1<sup>st</sup> Resistance: 740**

**2<sup>nd</sup> Resistance: 780**

**(\$ 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. Higher demand and run of import tender along with falling dollars has impacted the trend in firm direction. We expect wheat prices to trade firm in the coming week as the rumor of increase in export duty by Russia is in round which would make wheat future trade firm.


*International FOB Weekly Price Movement*

Indian FoB quote is based on local prices. Indian FoB quote is being quoted at \$246.91 per tonne. Wheat is in higher demand on the worldwide market in the last week. There was increase in FOB international pricing mainly due to higher domestic price of wheat. Increase in export demand from various countries is providing support to prices of exporting countries but regular supplies from the government balances the support. Therefore, steady to slightly firm market is expected in short term before the new crop arrives.

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