

Wheat Domestic Fundamentals:

The first shipment of 2,500 metric tonnes of wheat sent by India for Afghan people through the land border route as part of a humanitarian aid reached Jalalabad town of Afghanistan on 26th February 2022. The consignment, which was part of the 50,000 metric tonnes that the Indian government has committed to send to the war-torn country, was dispatched on February 22.

We are expecting the market to trade firm in coming days as good export demand is there from various international markets.

Due to the Russia-Ukraine war, many countries are finding alternative for wheat from India. India's ending stock in the central pool is expected to be 23 MMT at the end of March. And huge export demand in coming 2-3 months would create a huge inflation in the prices of wheat.

There are high chances that India's wheat exports would increase drastically in coming months as Ukraine and Russia would be unable to supply the wheat as per the global needs. Due to the ongoing issue, most of the purchasers were reluctant to purchase the wheat from black sea region with the fear that the trade would be halted anywhere in between. Turkey, Egypt and Bangladesh are a large importer of Russian and Ukrainian wheat and India can improvise its exports to these countries as India's stocks in the central pool is way ahead of the buffer and strategic reserve pools.

Due to the cold wave that has occurred in the state of Punjab between December 15th and February 15th has helped improve the crop yield in the state. The yield has increased by 1-2 quintals per hectare in the state. The production in the state is expected to be higher this current season though reports of yellow rust in crops were reported in various places of the states. But the impact of yellow rust seems negligible and as of now the crop condition is very good in the state.

International Market Update:

Libya's wheat reserves are sufficient for more than a year as confirmed by the ministry, amid global concern due to the Ukrainian crisis. Ukrainian crisis would impact the grain market in the country because it covers only 20% of Libya's wheat imports. Libya consumes one million tons of wheat annually, and import only 200 thousand tons from Ukraine, stock of soft wheat is sufficient for six months, and there will be no crisis in flour.

Odessa Port of Ukraine captured by Russia. The movement of vessels are nil as all the ports from Ukraine side has been closed. Though Russian ports are still operating. Ukraine has asked Turkey to shut the Dardanelles strait in order to block Russian ships and vessels. Turkey has not yet reacted but most of the wheat purchasers are doubtful regarding easy passage of vessels through black sea and hence shifting to other alternate.

China has approved to purchase Russian wheat from all the regions. The approval was done on 24th February. Earlier China has banned the imports of wheat from Russia due to smut fungus infestation. The decision has come after most of the global nations are imposing sanctions on Russia. It is expected that China would be an alternative for Russia to export wheat.

Lebanon is left with only one month's wheat reserves and is facing serious supply issue of wheat as the country imports 60 percent of the wheat from Ukraine. The country's wheat silos were destroyed due to the 2020 Beirut Port explosion and is considering to purchase wheat for affordable price to secure reserves for at least two months. Lebanon is in talks with USA, India, France and other European countries for an alternative to Ukrainian wheat.

Wheat's sharp gains over the past few days highlight that the market sees a high chance of wheat from Russia being largely sanctioned off market. The most-active Chicago Board of Trade May wheat contract was down 3.4% at \$9.03 per bushel pulling back after peaking at \$9.60 per bushel earlier in the session, its highest since June 2008.

The European Commission on 24th February lowered its forecast of 2021-22 usable production of common wheat, or soft wheat, to 129.8 million tonnes from 130.5 million previously. In monthly supply and demand projections, the Commission also reduced its outlook for common wheat stocks at the end of the season, to 12.6 million tonnes from 13.3 million, while keeping unchanged its forecast of 2021-22 common wheat exports at 32.0 million tonnes.

Bangladesh purchased about 50,000 tonnes of milling wheat in an international tender which closed on February 14th. The purchase was made at an estimated \$390.92 per tonne CIF. And Thailand issued an international tender to purchase up to 294,600 tonnes of animal feed wheat. The wheat can be sourced from any optional origins worldwide except Pakistan. Turkey issued an international tender to purchase about 435,000 tonnes of milling wheat. The deadline for submission of price offers in the wheat tender is March 2.

Weather Outlook: Scattered to fairly widespread light/moderate rainfall/snowfall with isolated thunderstorm & lightning activity very likely over Jammu-Kashmir-Gilgit- Baltistan-Muzaffarabad, Himachal Pradesh and Uttarakhand during next 2 days and isolated rainfall/snowfall during subsequent 2 days. Isolated hailstorm also likely over Uttarakhand during next 2 days.

Wheat Daily Prices and Arrivals

Centre	Market	Variety	Prices (Rs/Qtl)		Change
			26-Feb-22	25-Feb-22	
Delhi	Lawrence Road	Mill Delivery	2275	2270	5
	Narella	Mill Quality Loose	2100	2100	Unch
	Nazafgarh	Mill Quality Loose	2125	2125	Unch
Gujarat	Rajkot	Mill Delivery	2140	2120	20
	Ahmedabad	Mill Delivery	2200	2200	Unch
	Surat	Mill Delivery	2275	2270	5
	Dhrol	Mill Quality Loose	2205	2205	Unch
M.P.	Indore	Mill Delivery	2185	2175	10
	Bhopal	Mill Quality Loose	1990	2000	-10
Rajasthan	Kota	Mill Quality Loose	1980	2000	-20
		Mill Delivery	2130	2130	Unch
U.P.	Kanpur	Mill Delivery	2130	2140	-10
	Mathura	Mill Quality Loose	2050	2070	-20
	Kosi	Mill Quality Loose	2050	2050	Unch
	Hathras	Mill Quality Loose	2030	2050	-20
	Aligarh	Mill Quality Loose	2100	2090	10
Punjab	Khanna	Mill Quality Loose	2040	2040	Unch
	Ludhiana (Jagraon)	Mill Delivery	-	-	Unch
Haryana	Sirsa	Mill Delivery loose	2070	2070	Unch
	Hodal	Mill Delivery	-	-	-
	Bhiwani	Mill Quality Loose	2325	2325	Unch
	Karnal	Mill Delivery	-	-	-
	Panipat	Mill Quality Loose	-	-	-
Tamil Nadu	Chennai	Mill Quality	2450	2450	Unch
	Madurai	Mill Quality	2507	2507	Unch
	Coimbatore	Mill Quality	2507	2507	Unch
Bihar	Khagariya	Mill Delivery	2200	2200	Unch
	Muzaffarpur	Mill Delivery	-	-	-
FOR	Kandla (Rajasthan-Rajkot)	Mill Quality	-	-	-
	Gandhidham (Rajasthan-Rajkot)	Mill Quality	-	-	-

Centre	Market	Variety	Prices (Rs/Qtl)		Change
			26-Feb-22	25-Feb-22	
Gujarat	Rajkot	Lokwan	2200	2200	Unch
M.P.	Indore	Lokwan	2000	2000	Unch
	Bhopal	Lokwan	2200	2200	Unch
	Bina	Sarbati 306	-	-	-
Rajasthan	Kota	LokwanBilty	2105	2125	-20
	Baran	Lokwan	2200	2150	50

Wheat Arrivals in Key Centres:

Centre	Market	Variety	Arrivals (Bags/Qtl)		Change
			26-Feb-22	25-Feb-22	
Delhi	Lawrence Road	Mill Delivery	4000	5000	-1000
	Narella	Mill Quality Loose	10	20	-10
	Nazafgarh	Mill Quality Loose	10	30	-20
Gujarat	Rajkot	Mill Quality Loose	1200	1600	-400
	Dhrol	Mill Quality Loose	63	129	-66
M.P.	Indore	Mill Quality Loose	3000	3500	-500
Rajasthan	Kota	Mill Quality	2500	4000	-1500
U.P.	Kanpur	Mill Quality Loose	700	800	-100
	Mathura	Mill Quality Loose	200	150	50
	Kosi	Mill Quality Loose	100	300	-200
	Hathras	Mill Quality Loose	300	250	50
	Aligarh	Mill Quality Loose	300	200	100
Punjab	Khanna	Mill Quality Loose	600	400	200
	(Ludhiana)Jagraon	Mill Quality Loose	-	-	Unch
Haryana	Sirsa	Mill Quality Loose	400	400	Unch
	Hodal	Mill Quality Loose	40	60	-20
	Bhiwani	Mill Quality Loose	30	50	-20
	Karnal	Mill Delivery	-	-	-
	Panipat	Mill Quality Loose	-	-	-

Wheat (CBOT) Future Price: 25.01.2022					
Contract Month	Open	High	Low	Close	Change
22-Mar	923.25	951.25	841.5	843	-83
22-May	930.25	960.75	859.75	859.75	-75
22-Jul	918	942.75	850	850	-75
22-Sep	904.5	926.25	839	839	-75
22-Dec	900	923.25	832.75	835.25	-72.25
23-Mar	904.75	911.25	829.25	830.25	-68.5

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.asp> © 2022 Indian Agribusiness Systems Limited.