

Wheat Domestic Fundamentals:

In Madhya Pradesh, the registration date for wheat procurement at the MSP has been extended from March 5 to March 10. Till now, 17 lakh farmers have registered for selling wheat at MSP. The support price of one quintal of wheat has been fixed at Rs 1937 by the state government.

With the ongoing issue between Russia and Ukraine, there are chances that India could end up exporting a record 7-8 million tonne of wheat in FY22. It had sold 2.09 million tonne of the food grain in 2020-21. Philippines which happens to buy a lot of Russian wheat, is looking at India to meet its demand. Although Asia Pacific countries do not directly import large quantities of food from Russia, the only exception is the Philippines, where wheat is the second-largest import from Russia. Currently the situation is moving in a way that the net food importing countries will be pushed to import the wheat from wherever it is available. India is a large wheat exporter and hence will find itself at an advantageous position.

Due to the Ukraine and Russian war, there is high possibility that countries from South Asia, South East Asia would be dependent on India for the requirement of wheat. India's exports are going to be higher and there is high possibility of price inflation that can be seen in the month of March. The prices can be seen stabilizing in April month once the arrivals start in major producing states of Punjab, Uttar Pradesh.

Indian wheat is receiving huge demand from international markets. In most of the places, rakes are being filled for transporting the stocks for exports. In Banaras, wheat is being loaded at Rs. 2150 -2200 per quintal, however there is low arrivals in the market as a result it is expected that in coming days the prices can reach Rs. 2400 per quintal.

International Market Update:

Food prices are increasing globally amid the Russia-Ukraine war. According to FAO, the world food prices hit a record high in February to post a 24.1% hike year on year. Wheat prices have also increased more than 55% since the week before the invasion, as Russia and Ukraine are two of the major exporters of the food grain.

Bulgaria plans to increase its grain reserves and buy enough grain from local producers to ensure domestic needs for a year ahead as it sees high risks from Russia's invasion of Ukraine and volatility of grain markets. The government plans to buy about 1.5 million tonnes of wheat out of 3 million tonnes that are still in the country's silos and might restrict wheat exports until it has carried out the planned purchases. Hungary has also banned exports of wheat in order control the domestic prices.

Egypt is finding it difficult to find alternative supplies after the Ukraine war disrupted its major source of grain. It is currently in turmoil, receiving no bids at its February tender for deliveries between April 13-26. Australia is one option for Egypt to look at for alternative supplies, but while Indian wheat is cheap on the world stage but there is little export capacity to process new business until at least the end of April.

The wheat prices are increasing drastically in both consuming and producing markets globally. A constant surge is seen in wheat prices and is trading near an all-time high in the US markets. Argentina, also has seen prices at a 14-year high. Chinese prices also jumped up above 3,000 yuan per tonne. There is an opportunity for Indian wheat because in global prices there is a surge of almost 30 percent in the last two weeks, which is unusual for a commodity like wheat. Too much exports from Indian market doesn't sound healthy and can lead to inflation domestically.

The Ukraine and Russian war have halted the wheat flows from the Black Sea region as a result buyers are starting to consider forward contracts for Australian grains as far out as the third quarter. Though satisfying demand in the near term is a challenge for Australia with export capacity limited and shipping slots fully booked for months. With the black sea situation creating added pressure, buyers are driven to purchase positions much further out.

Weather Outlook: Fairly widespread to widespread light/moderate rainfall/snowfall with isolated thunderstorm/lightning very likely over J&K & HP on 06th & 07th and isolated light/moderate rainfall/snowfall with thunderstorm/lightning over Uttarakhand on 07th March, 2022. Isolated heavy rainfall/snowfall is also very likely over J&K on 6th March 2022. Isolated light rainfall very likely over Punjab and Haryana during 06th-07th March, 2022.

Wheat Daily Prices and Arrivals

Centre	Market	Variety	Prices (Rs/Qtl)		Change
			05-Mar-22	04-Mar-22	
Delhi	Lawrence Road	Mill Delivery	2340	2350	-10
	Narella	Mill Quality Loose	2000	2200	-200
	Nazafgarh	Mill Quality Loose	2200	2210	-10
Gujarat	Rajkot	Mill Delivery	2400	2400	Unch
	Ahmedabad	Mill Delivery	2500	2400	100
	Surat	Mill Delivery	2525	2450	75
	Dhrol	Mill Quality Loose	2340	2460	-120
M.P.	Indore	Mill Delivery	2200	2200	Unch
	Bhopal	Mill Quality Loose	2100	2100	Unch
Rajasthan	Kota	Mill Quality Loose	2200	2100	100
		Mill Delivery	2350	2250	100
U.P.	Kanpur	Mill Delivery	2250	2250	Unch
	Mathura	Mill Quality Loose	2070	2080	-10
	Kosi	Mill Quality Loose	2100	2100	Unch
	Hathras	Mill Quality Loose	2100	2100	Unch
	Aligarh	Mill Quality Loose	2080	2100	-20
Punjab	Khanna	Mill Quality Loose	2070	2050	20
	Ludhiana (Jagraon)	Mill Delivery	-	-	Unch
Haryana	Sirsa	Mill Delivery loose	2080	2080	Unch
	Hodal	Mill Delivery	-	-	-
	Bhiwani	Mill Quality Loose	2325	2325	Unch
	Karnal	Mill Delivery	-	-	-
	Panipat	Mill Quality Loose	-	-	-
Tamil Nadu	Chennai	Mill Quality	2550	2500	50
	Madurai	Mill Quality	2607	2557	50
	Coimbatore	Mill Quality	2607	2557	50
Bihar	Khagariya	Mill Delivery	2250	2250	Unch
	Muzaffarpur	Mill Delivery	-	-	-
FOR	Kandla (Rajasthan-Rajkot)	Mill Quality	-	-	-
	Gandhidham (Rajasthan-Rajkot)	Mill Quality	-	-	-

Centre	Market	Variety	Prices (Rs/Qtl)		Change
			05-Mar-22	04-Mar-22	
Gujarat	Rajkot	Lokwan	2450	2450	Unch
M.P.	Indore	Lokwan	2300	2300	Unch
	Bhopal	Lokwan	2300	2300	Unch
	Bina	Sarbati 306	NR	0	-
	Sehore	Sarbati	3500	3600	-100
	Vidisha	Sarbati	3600	3550	50
Rajasthan	Kota	LokwanBilty	2325	2225	100
	Baran	Lokwan	2400	2300	100

Wheat Arrivals in Key Centres:

Centre	Market	Variety	Arrivals (Bags/Qtl)		Change
			05-Mar-22	04-Mar-22	
Delhi	Lawrence Road	Mill Delivery	5000	6000	-1000
	Narella	Mill Quality Loose	250	400	-150
	Nazafgarh	Mill Quality Loose	50	60	-10
Gujarat	Rajkot	Mill Quality Loose	3700	2800	900
	Dhrol	Mill Quality Loose	58	61	-3
M.P.	Indore	Mill Quality Loose	3000	4000	-1000
Rajasthan	Kota	Mill Quality	2500	1500	1000
U.P.	Kanpur	Mill Quality Loose	800	500	300
	Mathura	Mill Quality Loose	400	200	200
	Kosi	Mill Quality Loose	200	300	-100
	Hathras	Mill Quality Loose	100	100	Unch
	Aligarh	Mill Quality Loose	200	150	50
Punjab	Khanna	Mill Quality Loose	600	500	100
	(Ludhiana)Jagraon	Mill Quality Loose	-	-	Unch
Haryana	Sirsa	Mill Quality Loose	400	400	Unch
	Hodal	Mill Quality Loose	50	50	Unch
	Bhiwani	Mill Quality Loose	30	50	-20
	Karnal	Mill Delivery	-	-	-
	Panipat	Mill Quality Loose	-	-	-

Wheat (CBOT) Future Price: 04.03.2022					
Contract Month	Open	High	Low	Close	Change
22-Mar	1340	1348	1201.5	1348	59
22-May	1209	1209	1209	1209	75
22-Jul	1191.25	1191.25	1108.5	1175.25	59
22-Sep	1080	1105.75	986.25	1063	32.25
22-Dec	996	1040.75	906.75	980	14.25
23-Mar	974.75	996	882.25	945.25	24.25

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