

Wheat Domestic Fundamentals:

As per the sources, only 42.72 LMT of wheat was procured from April 1 to May 15, which is around 50% less than the last year's 84.93 LMT. Also 1.32 LMT was procured by the private traders as per the government record. This is the lowest procurement in the state after 2007-08 when the government agencies had procured 33.5 LMT wheat. The extension of Procurement period is unlikely to increase the procurement numbers.

Punjab and Haryana governments have decided that the wheat procurements in the two states will continue and the markets will remain open till May 31.

Currently, the wheat export ban was prompted by a sharp rise in consumer inflation, which rose to an eight-year high of 7.79%, while food inflation touched 8.38%. Cereal inflation was fairly high at nearly 6%.

Government has banned the exports of all type of wheat stating food security concern as a major reason. Though government has made transitional arrangement for those who have issue irrevocable letter of credit (ICLC) on or before 13th May. Also, government has stated that the export of wheat will be done to the countries where the government of that country requests Indian government for wheat.

With the export ban, the price trend has reversed. The CBOT wheat prices are shooting up while domestic wheat prices have crashed by Rs. 100 per quintal in most of the benchmark market.

Punjab and Haryana government has revised the shriveled grain norms for the procurement from earlier 6% to 18%.

International Market Update:

CBOT most-active wheat contract was down 1.7% at \$12.56 per bushel. CBOT wheat had climbed more than 8% over last two days after India unexpectedly banned exports of the grain and following worsening condition of US winter crop.

As per sources, Iraq's current wheat reserves are sufficient for four months after buying 800,000 tonnes from local farmers.

USDA report is indicating the worsening condition of the U.S. winter crop which is creating supply worries in an already-tight market. The USDA on Monday 27% of the U.S. winter wheat crop in good to excellent condition, which is down by 2 percentage points from the previous week, while spring wheat was 39% planted, below expectations of 43%.

Russian wheat export prices rose last week due to higher CBOT prices and Russia's export pace is also slowing due to seasonal factors. Prices for wheat with 12.5% protein content for supply in May from Black Sea ports were at \$390 FOB, up by \$5 from a week earlier. Russia has exported 330,000 tonnes of grains last week compared with 440,000 tonnes a week earlier. It is expected that the pace of wheat exports from Russia to slow to 1 MMT in May from 2.2 MMT in April as the state export quota is being depleted.

As per USDA, wheat output for China is expected to fall by 1.4 % to 135 MMT. The production in Argentina, Australia and EU is likely to be lower compared to last year. However, the wheat crop in Russia is likely to be 80 MMT, higher than previous year production but still lower than Russia's own estimate of 87 MMT.

USDA is forecasting a 2022-23 harvest of 21.5 MMT, down by 35 percent from last year and 23 percent below the five-year average. It is in line with pre-USDA report estimate which is forecasting 21 MMT. The fighting is ongoing and that a large part of the country's wheat production comes from areas of eastern Ukraine where the conflict is most intense, as a result the real production figures are likely to be lower than the current crop cover might suggest The USDA is forecasting a 21 percent reduction in wheat harvested area and an 18 percent drop in yields in Ukraine.

Due to Canada's crop being hit by drought in 2021-22, some of the importers have been hit. Canada harvested 19 MMT of non-durum wheat last fall, which is 34 percent drop from the previous year. China and Indonesia are the two markets that were the hardest hit. Sales to China through the first seven months of the crop year were 529,000 MT, which is 1.25 MMT drop from the same period a year ago. Indonesia has imported 599,000 MT of Canadian wheat in that same time frame, down by 713,000 MT from a year ago.

Algeria is believed to have purchased a total of around 450,000 MT of optional-origin milling wheat in an international tender this week. The purchase was said to have been made at around \$466 per tonne CNF.

Weather Outlook: Widespread light/moderate rainfall with isolated heavy to very heavy falls very likely over Arunachal Pradesh, Assam-Meghalaya and Sub-Himalayan West Bengal & Sikkim during next 5 days. Isolated extremely heavy falls very likely over Meghalaya on 17th & 18th May and Widespread light/moderate rainfall with isolated heavy falls very likely over Mizoram & Tripura on 17th & 18th May.

Wheat Daily Prices and Arrivals

Centre	Market	Variety	Prices (Rs/Qtl)		Change
			18-May-22	17-May-22	
Delhi	Lawrence Road	Mill Delivery	2280	2260	20
	Narella	Mill Quality Loose	Closed	2100	-
	Nazafgarh	Mill Quality Loose	Closed	2100	-
Gujarat	Rajkot	Mill Delivery	2230	2240	-10
	Ahmedabad	Mill Delivery	2340	2300	40
	Surat	Mill Delivery	2400	2350	50
	Dhrol	Mill Quality Loose	2340	2375	-35
M.P.	Indore	Mill Delivery	Closed	Closed	-
	Bhopal	Mill Quality Loose	Closed	Closed	-
Rajasthan	Kota	Mill Quality Loose	2150	2150	Unch
		Mill Delivery	2300	2300	Unch
U.P.	Kanpur	Mill Delivery	2130	2110	20
	Mathura	Mill Quality Loose	2125	2100	25
	Kosi	Mill Quality Loose	2150	2200	-50
	Hathras	Mill Quality Loose	2125	2080	45
	Aligarh	Mill Quality Loose	2100	2100	Unch
Punjab	Khanna	Mill Quality Loose	2080	2100	-20
	Ludhiana (Jagraon)	Mill Delivery	2250	2250	Unch
Haryana	Sirsa	Mill Delivery loose	2015	2015	Unch
	Hodal	Mill Delivery	-	-	-
	Bhiwani	Mill Quality Loose	2100	2100	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	2250	2250	Unch
	Muzaffarpur	Mill Delivery	2200	2200	Unch
FOR	Kandla (Rajasthan-Rajkot)	Mill Quality	-	-	-
	Gandhidham (Rajasthan-Rajkot)	Mill Quality	-	-	-

Centre	Market	Variety	Prices (Rs/Qtl)		Change
			18-May-22	17-May-22	
Gujarat	Rajkot	Lokwan	2325	2300	25
M.P.	Indore	Lokwan	Closed	Closed	-
	Bhopal	Lokwan	Closed	Closed	-
	Bina	Sarbati 306	-	-	-
	Sehore	Sarbati	Closed	Closed	-
	Vidisha	Sarbati	Closed	Closed	-
Rajasthan	Kota	LokwanBilty	2350	2350	Unch
	Baran	Lokwan	2250	2200	50

Wheat Arrivals in Key Centres:

Centre	Market	Variety	Arrivals (Bags/Qtl)		Change
			18-May-22	17-May-22	
Delhi	Lawrence Road	Mill Delivery	6000	4000	2000
	-rella	Mill Quality Loose	Closed	1000	-
	-zafgarh	Mill Quality Loose	Closed	250	-
Gujarat	Rajkot	Mill Quality Loose	1400	1400	Unch
	Dhrol	Mill Quality Loose	77	73	4
M.P.	Indore	Mill Quality Loose	Closed	Closed	-
Rajasthan	Kota	Mill Quality	30000	20000	10000
U.P.	Kanpur	Mill Quality Loose	3000	3000	Unch
	Mathura	Mill Quality Loose	2000	1000	1000
	Kosi	Mill Quality Loose	3500	2000	1500
	Hathras	Mill Quality Loose	500	200	300
	Aligarh	Mill Quality Loose	600	200	400
Punjab	Khan-	Mill Quality Loose	3000	3000	Unch
	(Ludhia-)Jagraon	Mill Quality Loose	-	-	-
Harya-	Sirsa	Mill Quality Loose	300	400	-100
	Hodal	Mill Quality Loose	200	250	-50
	Bhiwani	Mill Quality Loose	300	500	-200
	Kar-l	Mill Delivery	-	-	-
	Panipat	Mill Quality Loose	-	-	-

Wheat (CBOT) Future Price: 18.05.2022					
Contract Month	Open	High	Low	Close	Change
22-May	1268	1284	1200.75	1277.5	30
22-Jul	1268	1285	1203.75	1278.75	27.75
22-Sep	1264.75	1282	1205.5	1279	24.75
22-Dec	1250	1273.25	1200.25	1271.75	26.25
23-Mar	1219	1242	1167.75	1241	30.75
23-May	1119.75	1161	1073.25	1159.75	43

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