

Wheat Weekly Research Report

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Wheat Domestic Market Fundamentals**[\(Back to Table of Contents\)](#)**

During the week of Oct 16 to Oct 23, 2021, the weekly average price in India decreased by 1.54 percent to Rs. 2022.27 per quintal against Rs. 2053.86 per quintal in the previous week. Wheat average prices also increased by 10.17 percent from Rs. 1835.51 per quintal in last year during the same period of time. The price continues to decreased compared to last week due to less selling of wheat owing to lower demand.

As per the sources, the wheat stocks arrivals as well as the sale of the wheat have decreased as most of the traders are busy with the procurement of rice for the ongoing marketing season. The stocks available in the market was used by the local traders and very less is sent to the other markets.

Wheat procurement for the Rabi marketing season 2021-22 is completed in India with procurement in excess of 433.32 lakh MT benefitting 49.20 lakh farmers with MSP value of Rs.85,603.57 crore.

In Himachal Pradesh, the price of wheat seeds has been increased by Rs. 2 per kg. The subsidy received were decreased by Rs. 2. The price of wheat has been Rs. 33 per kg this year which after a subsidy of Rs. 13 is sold at Rs. 20 per kg. Last year the price were Rs. 18 per kg after a subsidy of Rs. 15 per kg.

DAP requirement shortage was seen in Haryana for the Rabi season. As per reports, around 2 lakh metric tonnes of DAP were required by Haryana for the upcoming rabi season out of which only one third of the requirement has been supplied. The farmers were supplied with fertilizers through 700 PACS and other dealers.

As per sources, 56,614 MT of wheat vessel AGGELOS is loading at Kandla Port since 10th October 2021. And 60,500 MT of wheat vessel BELPAREIL is loading at Kandla Port since 08th October 2021. And 5,500 MT of wheat vessel SEAWAY K loading at Kandla Port since 09th October 2021. And 28,000 MT of wheat vessel SHIMANAMI STAR is loading at Kandla Port since 13th October 2021. And 56,056 MT of wheat vessel BULK BEQUIA is waiting for loading at Kandla Port since 15th October 2021. Also, 32,000 MT of wheat vessel PORT ALBERNI is waiting for loading at Kandla Port since 30th September 2021.

Upto 01st October 2021, the total available stock of wheat in central pool of FCI is 46.85 million tonnes which is around 4.93 million tonnes less than the previous months.

As of 08th October 2021, the current reservoir storage status of major wheat producing states include 1.01 billion cubic meter in Punjab which is 41% down from last 10 years average, while in Madhya Pradesh the storage status is 24.45 billion cubic meter which is 3% down from last 10 years average.

Outlook & Recommendation: As the current season is off season for wheat. And there are limited stocks available within the market. The availability of stocks with the government is enough which would prevent from any major drastic inflation in the price of wheat. The price is expected to increase till January- February the market is expected to stay in the range bound in the coming week.

Trade Call: There is no NCDEX trading currently.

Weather Outlook: Isolated very heavy falls also very likely over Kerala & Mahe and Tamilnadu Puducherry & Karaikal on 21st & 22nd October. Moderate to severe thunderstorms accompanied with lighting & gusty winds (speed reaching occasionally 30-40 kmph) very likely over Uttarakhand, Haryana, Chandigarh & Delhi, West Uttar Pradesh, Northeast Rajasthan, Madhya Pradesh, Bihar, Jharkhand, West Bengal & Sikkim and Odisha during next 24 hours.

Wheat Weekly Export
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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

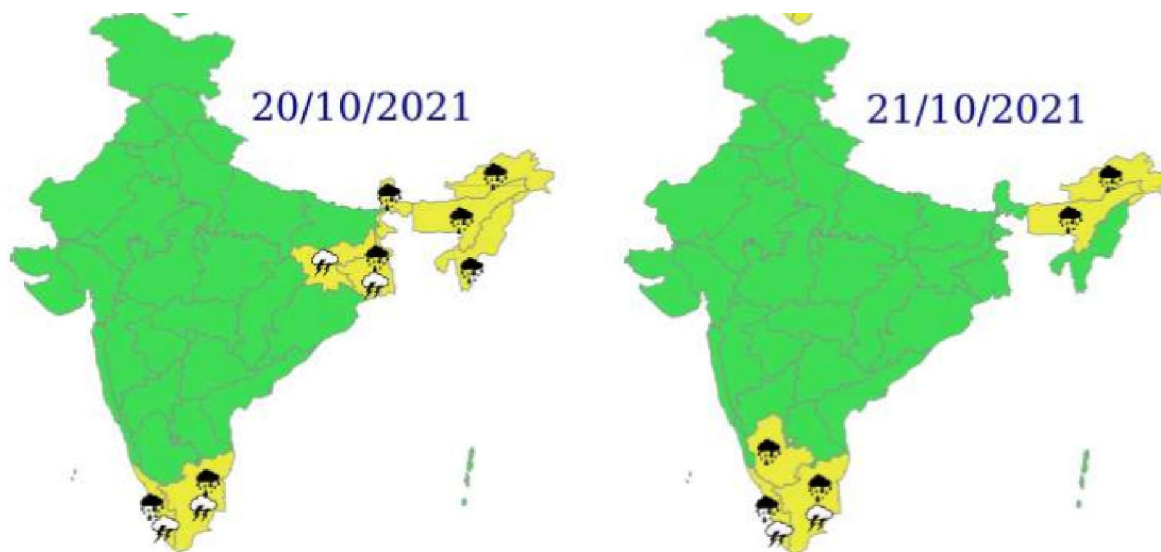
Date	Origin	Port	Quantity in MT
Oct-2021	Australia, UK	Tuticorin	4.0
	Mexico		2.3
	Total		6.38

Source: Traders
No Import so far.

Monsoon:-

Probability rainfall forecast:

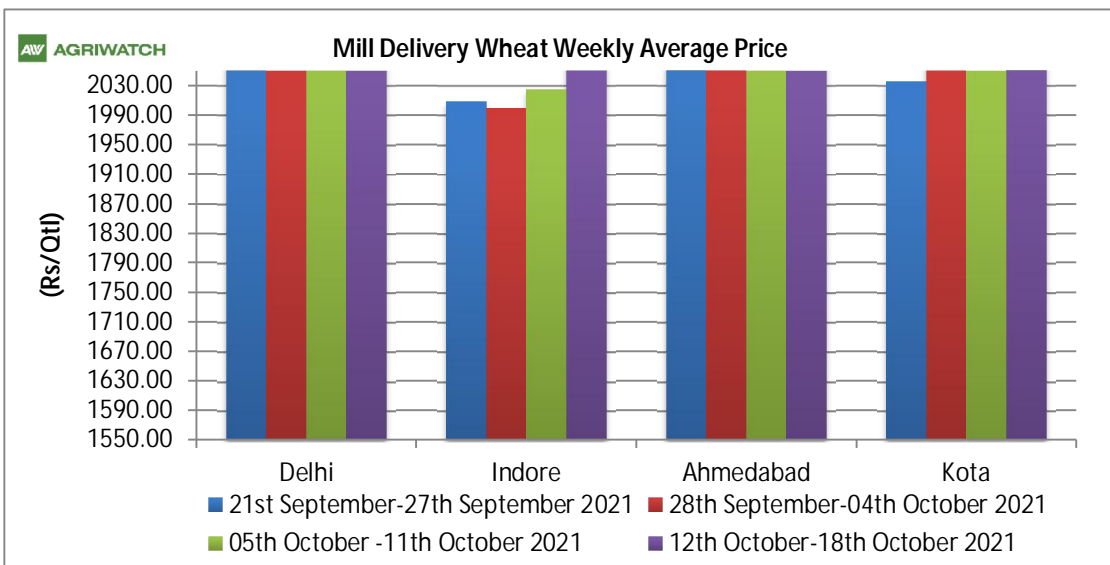
Forecast:- October 2021



Source: IMD

Wheat Weekly Average Price Chart
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Wheat prices were trading steady to firm in these four markets. At Indore market a major rise in the prices were seen mainly due to higher demand received from Southern states like Karnataka and others. The prices were almost steady in Delhi and Kota market. The prices in the market is expected to trade in the range bound due to supply shortage going around.


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

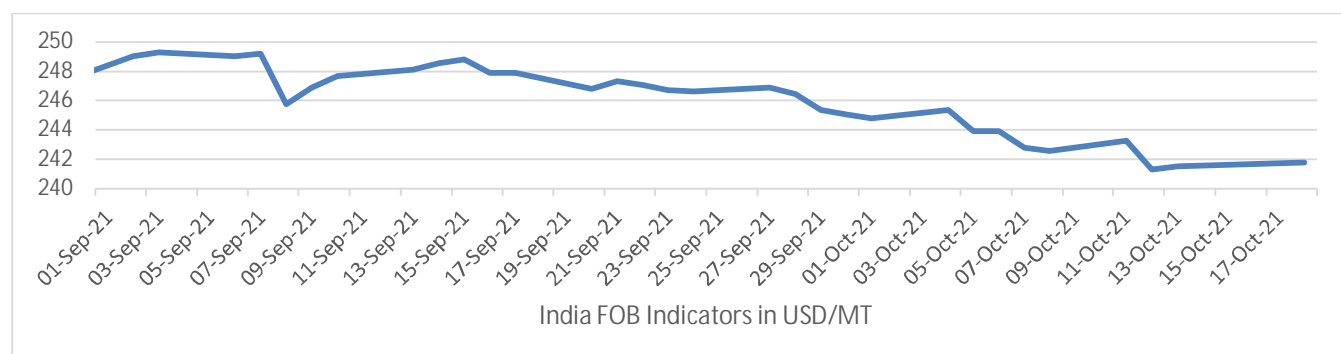
37.69

395.63

433.32

FOB Quote for Wheat at Kandla

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The wheat FoB quote in India showed steady tone in the past week. Exports in wheat markets have started the momentum even after an increase in the freight charges. Wheat FoB quotes for Kandla are likely to witness steady to slightly firm tone in the coming weeks due to price of wheat to trade in the range bound and hover in the range of \$242-\$243.50 in the coming week.

Indicative FOB Quotes:

Wheat FOB	Variety	Today	Week Ago	Month Ago	Year Ago	% Change over Prev. Week
		15-Oct-21	08-Oct-21	16-Sep-21	16-Oct-20	
USA (Chicago)	2srw	319	314	-	-	1.59
France	FCW3	323	321	-	236.68	0.62
Australia	ASW	-	-	-	-	-
Russia	SRW	-	-	-	244.00	-
India	Fob	241.80	242.57	248.80	231.24	-0.32

International Weekly Outlook:

Prices for all U.S. wheat U.S. Soft Red Winter wheat have increased in the week due to increase in the domestic price owing to USDA report of lower production this season. Hard Red Winter (HRW) is up by 0.86% to \$347 on higher demand in domestic markets along with higher price compared to last week. Soft Red Winter (SRW) is up by 1.59% to \$319 on higher price 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
	16-Oct-21	08-Oct-21	15-Sep-21	15-Oct-20	
Indore	2000	2011	1997	1650	21.21

Delhi	2142	2103	2062	1775	20.68
Kanpur	2000	2000	1910	1600	25.00
Rajkot	2125	2100	2053	1612	31.82
Kota	2100	2087	2012	1733	21.18

Domestic Market Weekly Outlook:

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Spot Market Price:							
Centre	Market	Variety	Prices (Rs/Qtl)				
			Today	Yesterday	Week Ago	Month Ago	Year Ago
			15-Oct-21	14-Oct-21	08-Oct-21	14-Sep-21	15-Oct-20
Delhi	Lawrence Road	Mill Delivery	Closed	2170	2135	2075	1790
	Narella	Mill Quality Loose	Closed	2050	2020	1990	1680
	Nazafgarh	Mill Quality Loose	Closed	2000	2000	1970	1650
Gujarat	Rajkot	Mill Delivery	Closed	Closed	2120	2050	1630
	Ahmedabad	Mill Delivery	Closed	Closed	2170	2120	1660
	Surat	Mill Delivery	Closed	Closed	2210	2170	1710
	Dhrol	Mill Delivery	Closed	1990	1930	2030	1585
M.P.	Indore	Mill Delivery	Closed	Closed	2000	2065	1600
	Bhopal	Mill Quality Loose	Closed	Closed	1900	1855	1515
Rajasthan	Kota	Mill Quality Loose	Closed	2000	1900	1925	1580
		Mill Delivery	Closed	2150	2050	2075	1700
U.P.	Kanpur	Mill Delivery	Closed	2010	1990	1940	1620
	Mathura	Mill Quality Loose	Closed	1940	1900	1890	1630
	Kosi	Mill Quality Loose	Closed	1950	1900	1820	1600
	Hathras	Mill Quality Loose	Closed	1930	1900	1850	1550
	Aligarh	Mill Quality Loose	Closed	1940	1880	1890	1580
Punjab	Khanna	Mill Quality Loose	Closed	1825	1800	1850	1630
	Ludhiana (Jagraon)	Mill Delivery	Closed	-	-	-	-
Haryana	Sirsa	Mill Delivery loose	Closed	1950	1910	1860	1725
	Hodal	Mill Delivery	Closed	-	-	-	-
	Bhiwani	Mill Quality Loose	Closed	1970	1950	1860	1670
	Karnal	Mill Delivery	Closed	-	-	-	-
	Panipat	Mill Quality Loose	Closed	-	-	-	-
Tamil Nadu	Chennai	Mill Quality	Closed	2400	2300	2300	1950
	Madurai	Mill Quality	Closed	2600	2500	2450	2100
	Coimbatore	Mill Quality	Closed	2650	2550	2500	2150
Bihar	Khagariya	Mill Delivery	Closed	1900	1900	1900	1800
	Muzaffarpur	Mill Delivery	Closed	1950	1950	1900	1700

[Final Sowing Status 2020-21:](#)
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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:

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CBOT December wheat contract may bounce more into \$7.43 to \$7.46 per bushel as it has a broken trendline and completed a pullback towards this line. EU wheat rebounds as export demand stays brisk.

China raises minimum purchase price for wheat to 2,300 yuan (\$357) per tonne in 2022 up from 2,260 yuan per tonne in 2021 in order to enhance grain security in the country.

The stock to use ratio for wheat is below 30% where its usually swings in between 35% as per latest USDA report. While the WASDE report were generally bullish for wheat but the supply and demand situation make the wheat more susceptible to price swings.

French soft wheat shipment outside the European Union dropped in September following a strong August month. Soft wheat exports to destination outside the 27-country totaled 695,400 tonnes in September. China was the largest non-EU destination for French soft wheat.

As per USDA, Iran is expected to import 2.5 million tonnes of wheat during 2021-22 season while IGC estimate that imports will total 2.4 million tons. Iran is expected to import a record 8 million tonnes of wheat 2021-22 after the domestic crop was hit by the drought considered as worst in 50 years. According to USDA, the US exporter sold 567,000 of wheat for the week ending 7th October. The exports were up by 70% from previous week and up by 42% from prior 4 weeks average. It is higher than trader's expectations

Turkey has issued an international tender to buy around 300,000 tonnes of red milling wheat. The deadline of the bid is October 21st.

China's wheat imports in September fell from previous year as international prices rises and domestic corn prices fell which curbed demand for overseas shipment. China bought 640,000 tonnes of wheat in September down by 44.8% from previous year.

IGC Wheat Balance Sheet:

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IGC Forecast (Fig-In MMT)	2018-19	2019-20	2020-21 est.	2021-22 F'cast	
				26.08.2021	23.09.2021
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
	15-Oct-21	08-Oct-21	14-Sep-21	15-Jul-21	16-Apr-21	15-Oct-20	
Dec-21	269.67	269.67	251.67	249.37	241.29	223.75	20.53
Mar-22	274.26	274.54	257.46	251.94	243.13	226.13	21.28
May-22	275.64	275.92	261.31	253.23	244.87	227.05	21.40
Jul-22	271.23	271.23	257.91	250.84	243.68	224.67	20.73
Sep-22	271.97	272.06	258.83	252.04	235.04	-	-
Dec-22	274.26	273.90	258.83	252.04	212.45	-	-
Mar-23	275.00	274.54	261.13	-	-	-	-

CBOT Dec -21

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1st Support: 670

2nd Support: 600

1st Resistance: 740

2nd Resistance: 780

(\$ per tonne)

The Sep'21 contract showed bullish 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. As the USDA report expect lower production and export demand is increasing, we expect wheat prices to trade in the range bound in the coming week.



International FOB Weekly Price Movement

Indian FoB quote is based on local prices. Indian FoB quote is being quoted at \$241.80 per tonne. Wheat is in higher demand on the worldwide market. Even though the domestic FOB fell mainly due to lower wheat price in the domestic market, the international market rose mainly due to the projection of USDA report of lower production as well as increase in the export demand. Though the export is picking up and the price of wheat is expected to rise in domestic market. Therefore, market is expected to trade in the range bound.

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