

Wheat Weekly Research Report

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

During the week of Oct 24 to Oct 31, 2021, the weekly average price in India decreased by 0.93 percent to Rs. 2044.33 per quintal against Rs. 2063.61 per quintal in the previous week. Wheat average prices also increased by 9.67 percent from Rs. 1864.02 per quintal in last year during the same period of time. The prices are expected to be in the range bound with mix bias in the coming days till Diwali due to fluctuations in demand and supplies.

As per the sources, the wheat stocks arrived in the major market are mainly used by the flour millers and for local meal purpose and very less stocks are traded to the other markets. The big stockists continue to export the stock available to foreign market as the foreign demand is good.

After the reports of poor-quality wheat distributed under PMGKY, the Chandigarh administration and the department of food and supply decided to replace the poor-quality wheat distributed between August 24 and September 9.

India has turned out to be a major wheat supplier for countries in South Asia and the Indian Ocean region mainly West Asia as prices in the global market have surged near eight years high. Rising freight charges have also resulted in these countries turning to India to meet their wheat demand.

The USDA in its World market report projected India's wheat export at 45 lakh tonnes, the highest since 2013-14 when 55.72 lakh tonnes were shipped. Basically, Indian wheat is in high demand as Russia and Australia is quoting higher prices for their produce. India's wheat export price has also increased from \$265 a tonne to \$315-18 a tonne.

Most of the wheat consignments for exports is through the road to the neighboring countries and trucks carrying wheat accounts for almost a third of total vehicles crossing the Ghogadanga border. For example, On October 19, 92 trucks carried wheat to neighboring countries out of the total 312 that passed through the border.

As per sources, 56,065 MT of wheat vessel BULK BEQUIA is loading at Kandla Port since 20th October 2021. And 5,500 MT of wheat vessel PENEY loading at Kandla Port since 20th October 2021. And 32,000 MT of wheat vessel PORT ALBERNI is loading at Kandla Port since 19th October 2021. And 54,000 MT of wheat vessel MEGHNA ENERGY is waiting for loading at Kandla Port since 21st October 2021. Also, 54,600 MT of wheat vessel MANDARIN CROWN is waiting for loading at Kandla since 22nd October 2021. Also, 55,000 MT of wheat vessel MERIDA is waiting for loading at Kandla Port since 20th October 2021. And 51,000 MT of wheat vessel OCEAN REEF is expected to arrive at Kandla Port on 22nd October 2021. And 31,000 MT of wheat vessel EAST AYUTTHAYA is expected to arrive at Kandla Port on 23rd October 2021.

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 stay in the range bound with mix bias till Diwali after which firm bias can be seen till January- February.

Trade Call: There is no NCDEX trading currently.

Weather Outlook: Isolated heavy rainfall also likely over Tamilnadu, Puducherry & Karaikal during 25th-29th; over Kerala & Mahe during 25th-27th; over South Interior Karnataka on 25th & 26th; over Coastal Andhra Pradesh and Rayalaseema on 28th & 29th October, 2021. Light to moderate fairly widespread to widespread rainfall with thunderstorm & lightning very likely over Kerala & Mahe, Tamilnadu, Puducherry & Karaikal.

Wheat Weekly Export
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A week-on-week Exports	Quantity in MT	Average FoB (\$/T)
01-08 Sep-2021	70550.24	327.97
9-15 Sep-2021	31206.52	300.29
16-23 Sep-2021	5236.02	343.20
24-30 Sep-2021	5915.70	313.23
Total	185054.82	323.66

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:

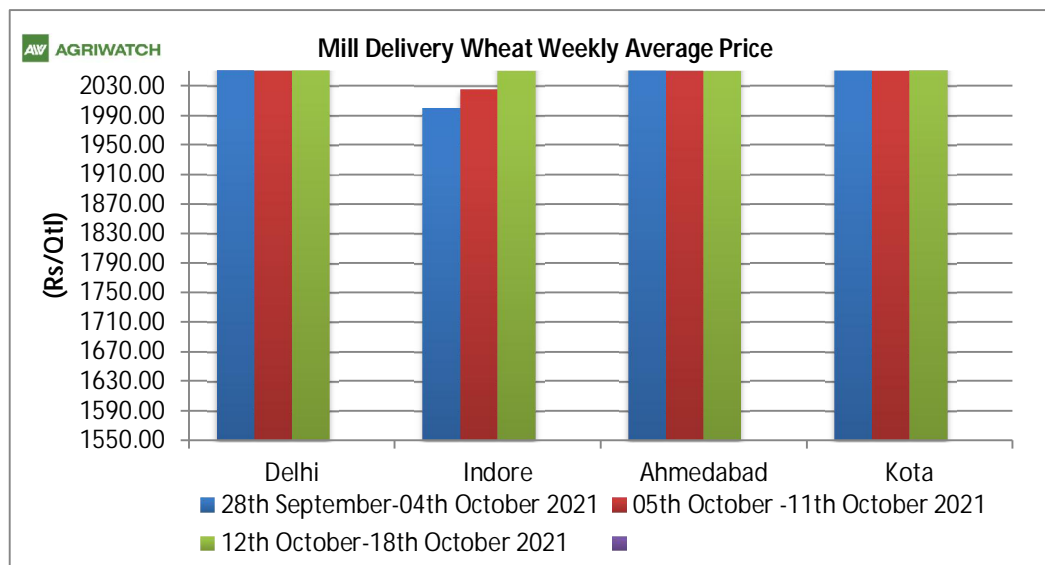
Forecast:- October 2021



Source: IMD

Wheat Weekly Average Price Chart
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Wheat prices were trading almost steady in these four markets. There were no major arrivals or selling happened during the last week which has led to no major movement in the market. The market is expected to trade with similar trend in the coming weeks upto Diwali after which there would be firm movement in the market. The prices in the market are expected to trade in the range bound with mix bias due to fluctuation in supply and demand.


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

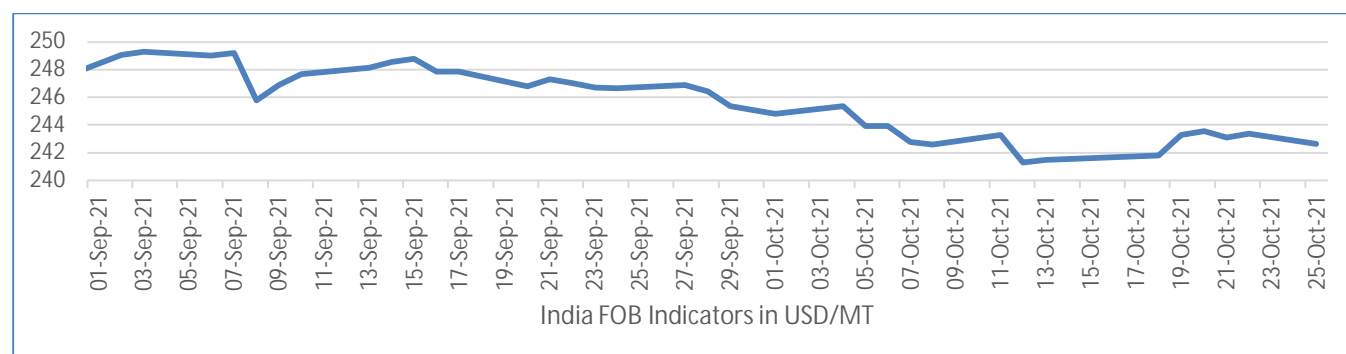
37.69

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 range bound with mix bias in the coming weeks due to no major fluctuation expected in the price of wheat in the coming week and hover in the range of \$241.70-\$243.50 in the coming week.

Indicative FOB Quotes:

Wheat FOB	Variety	Today	Week Ago	Month Ago	Year Ago	% Change over Prev. Week
		22-Oct-21	15-Oct-21	22-Sep-21	22-Oct-20	
USA (Chicago)	2srw	333	319	-	-	4.39
France	FCW3	329	323	-	236.68	1.86
Australia	ASW	-	-	-	-	-
Russia	SRW	-	-	-	244.00	-
India	Fob	243.38	241.80	247.05	242.82	0.65

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 concerns regarding low production in the coming season and concerns over global wheat supplies. Hard Red Winter (HRW) is up by 4.32% to \$362 on higher demand in domestic markets along with higher price compared to last week. Soft Red Winter (SRW) is up by 4.39% to \$333 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
	22-Oct-21	16-Oct-21	22-Sep-21	22-Oct-20	
Indore	2051	2000	2005	1670	22.81

Delhi	2131	2142	2087	1784	19.45
Kanpur	1995	2000	1960	1645	21.28
Rajkot	2120	2125	2020	1750	21.14
Kota	2100	2100	2005	1760	19.32

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
			22-Oct-21	21-Oct-21	16-Oct-21	21-Sep-21	22-Oct-20
Delhi	Lawrence Road	Mill Delivery	2180	2180	2180	2100	1830
	Narella	Mill Quality Loose	2000	2000	2040	1980	1680
	Nazafgarh	Mill Quality Loose	2000	2010	2015	1990	1660
Gujarat	Rajkot	Mill Delivery	2125	2125	2090	2040	1725
	Ahmedabad	Mill Delivery	2160	2160	2145	2120	1770
	Surat	Mill Delivery	2240	2240	2180	2165	1825
	Dhrol	Mill Delivery	2035	2010	2000	1995	1630
M.P.	Indore	Mill Delivery	2100	2100	Closed	2000	1655
	Bhopal	Mill Quality Loose	1950	1950	Closed	1840	1540
Rajasthan	Kota	Mill Quality Loose	2015	2000	2000	1920	1600
		Mill Delivery	2165	2150	2150	2050	1725
U.P.	Kanpur	Mill Delivery	2050	2040	2010	1940	1620
	Mathura	Mill Quality Loose	1965	1940	1930	1860	1620
	Kosi	Mill Quality Loose	1950	1950	1940	1860	1600
	Hathras	Mill Quality Loose	1880	1920	1940	1870	1525
	Aligarh	Mill Quality Loose	1930	1930	1930	1870	1540
Punjab	Khanna	Mill Quality Loose	1800	1800	1830	1850	1600
	Ludhiana (Jagraon)	Mill Delivery	-	-	-	-	-
Haryana	Sirsa	Mill Delivery loose	1950	1950	1950	1875	1725
	Hodal	Mill Delivery	-	-	-	-	-
	Bhiwani	Mill Quality Loose	2040	2010	1970	1940	1650
	Karnal	Mill Delivery	-	-	-	-	-
	Panipat	Mill Quality Loose	-	-	-	-	-
Tamil Nadu	Chennai	Mill Quality	2400	2400	2400	2300	1950
	Madurai	Mill Quality	2457	2600	2600	2450	2100
	Coimbatore	Mill Quality	2457	2650	2650	2500	2150
Bihar	Khagariya	Mill Delivery	1900	1900	1900	1900	1800
	Muzaffarpur	Mill Delivery	1950	1950	1950	1900	1725

[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:***([Back to Table of Contents](#))***

Russian wheat export fell 13% on year to 13.6 million MT. Turkey and Egypt remains the largest buyer of Russian wheat. Wheat export taxes raised to \$61.3 per tonne for October 20-26. Wheat harvest is expected to be down by 12% to 77.1 million MT. Turkey was the largest importer of wheat from Russia purchasing a volume of 3 million MT as of Oct 14 followed by Egypt at 1.7 million MT and Saudi Arabia at 0.8 million MT.

Venezuela is expected to import 16% more wheat in 2021-22. Exports are expected to total 1.1 million tonnes up from last year forecast of 950,000 tonnes.

As per USDA, In Ukraine the wheat output is expected to rise by 27% to 32.1 million tonnes this year, while the wheat exports stay at 23.8 million tonnes which would be 41% increase.

Argentina's GM wheat may shift Brazil's import market to US, Canada and other European Nations. Brazil imports 46% of the Argentina's wheat production. But the Brazilian consumers are ambiguous about the GM wheat and hence are reluctant to buy the imported wheat. This makes Brazil import wheat from US, Canada and other European markets ultimately increasing the wheat price and also Argentina is expected to lose its main market.

Due to insufficient rain, Algerian grain production declined by 38% during 2021-22 season. As a result, grain imports are expected to increase. USDA estimates an import of around 8 million tonnes despite policies against imports by Algeria.

Iraq expects to plant 550,000 hectares with wheat for 2021-22 winter crop season, down by 50% from previous year due to shortage of water.

FAS Cairo forecasted Egypt's wheat import in marketing year 2021-22 to be at 12.4 million MT, up from previous week due to higher consumption driven by population growth.

Australia's ports are fully booked up to the end of December for the wheat which will be harvested from November onwards. Robust demand for Australian wheat is quickly filling up shipping slots. Australian wheat is charging \$370-\$375 a tonne including C&F for Indonesia for February shipment. It is competitive than Black Sea region wheat which is quoted at \$385 per tonne.

As per traders, Tunisia gets offer in 100,000 tonne soft wheat tender on 22nd October which was believed to be \$373.45 a tonne C&F. The lowest offer was submitted by GrainCorp for 25,000 tonnes followed by an offer of \$373.85 a tonne C&F by Cofco.

Recent rains in central Argentina have helped country's 2021-22 wheat crop, although high temperature in the coming days could pose a risk to the development. As per reports only 2% of 2021-22 wheat crop has been brought in so far into the market.

IGC Wheat Balance Sheet:

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IGC Forecast (Fig-In MMT)	2018-19	2019-20	2020-21 est.	2021-22 F'cast	
				23.09.2021	21.10.2021
Production	732	761	773	781	781
Trade	168	185	190	191	194
Consumptions	740	745	770	783	783
Carryover stocks	260	276	279	277	276
Y-O-Y change	-8	16	3		-3
Major Export	69	63	60	54	54

- IGC has estimated global wheat production at 781 MMT for 2021-22, same 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 194 MMT. It is 3 MMT higher compared to the previous estimate and also higher from 2020-21.
- Consumption has been same at 783 MMT for 2021-22. The forecast is higher by 13 MMT compared to 2020-21.
- Carryout for 2021-22 is forecast at 276 MMT compared to an estimate of 277 MMT in previous month. It is lower by around 3 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
	22-Oct-21	15-Oct-21	21-Sep-21	22-Jul-21	23-Apr-21	22-Oct-20	
Dec-21	277.75	269.67	253.60	254.33	261.86	226.13	22.83
Mar-22	281.98	274.26	257.55	257.73	263.06	228.34	23.49
May-22	282.81	275.64	259.02	260.21	264.25	229.07	23.46
Jul-22	277.94	271.23	254.42	260.39	260.85	225.86	23.06
Sep-22	278.21	271.97	255.43	253.87	249.19	-	-
Dec-22	279.78	274.26	257.73	253.87	212.45	-	-
Mar-23	280.42	275.00	258.47	-	-	-	-

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 bearish trend by the end of the week and likely to remain in the range bound with mix bias in the coming days. Candlestick's pattern denotes a bearish trend in the chart. As the USDA report expect lower production and export demand is increasing also concerns over global production in coming season is going, we expect wheat prices to trade in the range bound with mix bias in the coming week.


International FOB Weekly Price Movement

Indian FoB quote is based on local prices. Indian FoB quote is being quoted at \$243.38 per tonne. Wheat is in higher demand on the worldwide market. The domestic FOB slightly rises mainly due to slight increase in wheat price in the domestic market, the international market rose mainly due to the concerns over global production and supplies. 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 with mix bias in coming days.

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