

Wheat Weekly Research Report

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

During the week of Nov 01 to Nov 08, 2021, the weekly average price in India increased by 7.97 percent to Rs. 2236.85 per quintal against Rs. 2071.68 per quintal in the previous week. Wheat average prices also increased by 21.23 percent from Rs. 1845.10 per quintal in last year during the same period of time. The prices are moving in the mix bias range bound but once the Diwali finishes and demand increases the prices are expected to trade firm.

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 Agriwatch sources, 1.85 lakh tonnes of wheat were exported from India during the month of September 2021 at an average FOB of \$323.66 per tonne. It is 59 percent lower compared to August with export of 4.51 lakh tonnes. This is due to the container shortages and more waiting time observed in various ports during the month of September. Bangladesh continues to be the largest importer of Indian wheat with 1.41 lakh tonnes 64 percent lower compared to previous month export of 3.89 lakh tonnes. Srilanka and Nepal are the second and third largest importers with 0.16 lakh tonnes and 0.15 lakh tonnes.

Last week's unseasonal record rains in Punjab which is considered to be the highest in 10 years in October month has led to delay in the paddy harvesting by which the wheat sowing has been delayed. As per reports around 50-55 percent of paddy harvesting is yet to be completed in Punjab. Wheat sowing is expected to be done in 86 lakh acres this rabi.

According to sowing data by Ministry, around 34,000 hectares of wheat has been sown so far in the rabi season 2021-22 as against 35,000 hectares in the previous year. Wheat planting has already started in Uttar Pradesh, Uttarakhand, Karnataka and Jammu & Kashmir but not started in Punjab and Haryana as the harvesting of paddy has not been completed in these states yet.

Most of the farmers in Haryana are shifting to Mustard from Wheat as the prices of mustard saw a skyrocketing price compared to previous year and also the input cost for mustard is very low compared to wheat.

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 54,000 MT of wheat vessel MEGHNA ENERGY is loading at Kandla Port since 26th October 2021. Also, 54,600 MT of wheat vessel MANDARIN CROWN is loading at Kandla since 26th October 2021. Also, 55,000 MT of wheat vessel MERIDA is loading at Kandla Port since 25th October 2021. And 51,000 MT of wheat vessel OCEAN REEF is loading at Kandla Port since 28th October 2021. And 31,000 MT of wheat vessel EAST AYUTTHAYA is waiting for loading at Kandla Port since 23rd October 2021. And 33,000 MT of wheat vessel PACIFIC ISLAND is loading a Kandla Port since 28th October 2021. Also, 54,000 MT of wheat vessel ORCHID is waiting for loading at Kandla Port since 28th October 2021.

Outlook & Recommendation: With limited stocks in the coming months along with strong export demand is expected to trade in the range bound with mix bias to slightly firm bias. The prices are expected to stay strong in the coming few weeks.

Trade Call: There is no NCDEX trading currently.

Weather Outlook: Isolated heavy rainfall over Tamil Nadu, Puducherry & Karaikal, Kerala & Mahe and South Interior Karnataka during next 4-5 days.

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:

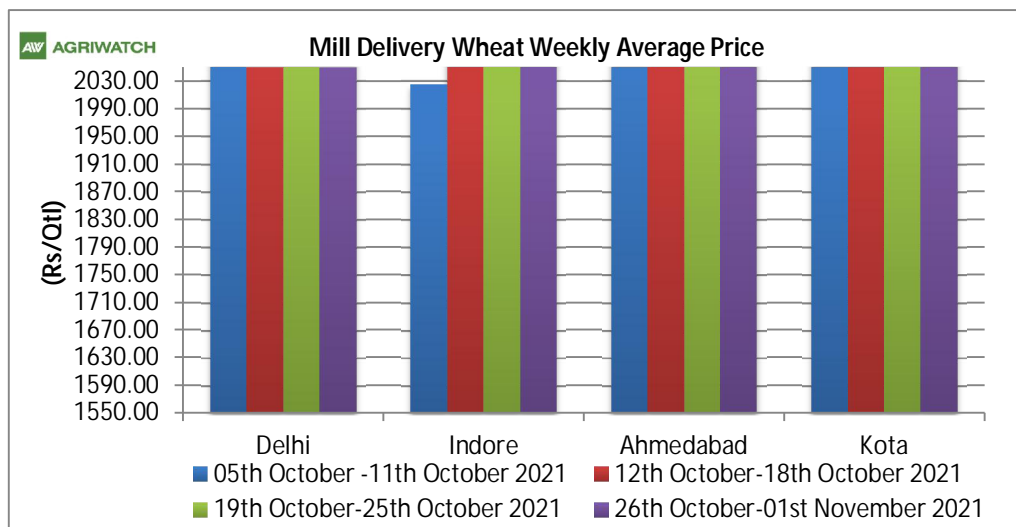
Forecast: - 03rd November 2021



Source: IMD

Wheat Weekly Average Price Chart
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Wheat prices were trading almost steady in these four markets. The demand has been stable in the previous weeks which was stabilized with normal supplies. The percentage changes compared to last week for all markets are below one percent suggesting no drastic changes has occurred 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

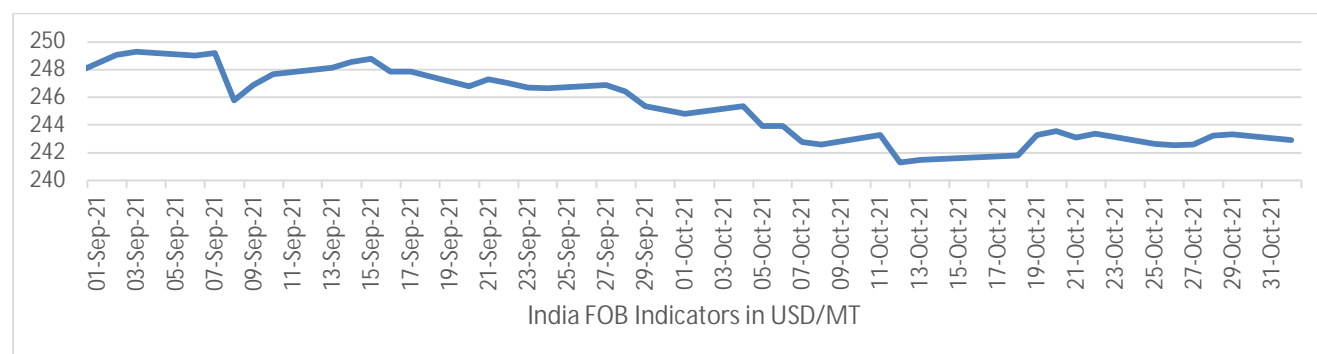
37.69

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 firm bias in the coming weeks due to firm trend in the prices of wheat in domestic market and hover in the range of \$242.70-\$243.50 in the coming week.

Indicative FOB Quotes:

Wheat FOB	Variety	Today	Week Ago	Month Ago	Year Ago	% Change over Prev. Week
		29-Oct-21	22-Oct-21	29-Sep-21	29-Oct-20	
USA (Chicago)	2srw	339	333	-	-	1.80
France	FCW3	331	329	-	240.06	0.61
Australia	ASW	-	-	-	-	-
Russia	SRW	-	-	-	255.00	-
India	Fob	243.35	243.38	245.38	241.12	-0.01

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 1.10% to \$366 on higher demand in domestic markets along with higher price compared to last week. Soft Red Winter (SRW) is down by 0.01% 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
	29-Oct-21	22-Oct-21	29-Sep-21	29-Oct-20	
Indore	2050	2051	1987	1743	17.61

Delhi	2154	2131	2070	1878	14.67
Kanpur	2020	1995	1950	1705	18.48
Rajkot	2120	2120	2000	1751	21.07
Kota	2114	2100	2000	1770	19.44

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
			29-Oct-21	28-Oct-21	23-Oct-21	28-Sep-21	29-Oct-20
Delhi	Lawrence Road	Mill Delivery	2185	2170	2170	2085	1900
	Narella	Mill Quality Loose	1970	2000	2000	1960	1730
	Nazafgarh	Mill Quality Loose	2000	2000	2000	1950	1690
Gujarat	Rajkot	Mill Delivery	2085	2090	2120	2030	1720
	Ahmedabad	Mill Delivery	2135	2140	2150	2125	1800
	Surat	Mill Delivery	2200	2200	2230	2170	1850
	Dhrol	Mill Delivery	1980	1980	1990	1880	0
M.P.	Indore	Mill Delivery	2100	2130	2100	2000	1750
	Bhopal	Mill Quality Loose	1950	1930	1940	1810	1600
Rajasthan	Kota	Mill Quality Loose	1970	2000	2000	1950	Closed
		Mill Delivery	2120	2150	2150	2100	Closed
U.P.	Kanpur	Mill Delivery	2020	2010	2040	1940	1650
	Mathura	Mill Quality Loose	1940	1930	1900	1870	1690
	Kosi	Mill Quality Loose	1930	1925	1940	1900	1650
	Hathras	Mill Quality Loose	1960	1950	1900	1880	1640
	Aligarh	Mill Quality Loose	1940	1950	1925	1870	1600
Punjab	Khanna	Mill Quality Loose	1800	1800	1800	1800	1640
	Ludhiana (Jagraon)	Mill Delivery	-	-	-	-	-
Haryana	Sirsa	Mill Delivery loose	1950	1950	1950	1875	1750
	Hodal	Mill Delivery	-	-	-	-	-
	Bhiwani	Mill Quality Loose	2030	2050	2050	1950	1700
	Karnal	Mill Delivery	-	-	-	-	-
	Panipat	Mill Quality Loose	-	-	-	-	-
Tamil Nadu	Chennai	Mill Quality	2400	2400	2400	2300	Closed
	Madurai	Mill Quality	2457	2600	2600	2450	Closed
	Coimbatore	Mill Quality	2457	2650	2650	2500	Closed
Bihar	Khagariya	Mill Delivery	1900	1900	1900	1900	1800
	Muzaffarpur	Mill Delivery	1950	1975	1925	1900	1775

[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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The Moroccan government is planning to suspend the import duties on soft wheat and durum wheat from Nov 1 to ensure steady supply and price stability. Currently they apply import duty of 135 percent to protect domestic wheat harvest.

Euronext wheat extended a rally to new high contract on Monday due to weaker euro and technical adjustments added to recent support from brisk exports and tightening availability. The December milling wheat were up 2 euros at 282 euros per tonne.

The Pakistan government have announced minimum support price for wheat for 2021-22 period in order to increase the area under cultivation and to ensure payment of proper rates to farmers. The government is determined to ensure 100% availability of certified seeds to enhance per acre crop production.

In UK, the wheat futures were at record levels for the first time in the season. The wheat futures for November have been at pound 190 per tonne.

As per reports, Feed use of wheat is expected to be down in China this year while the demand for milling wheat remains robust. High wheat prices and soaring freight rates is expected to reduce the purchases.

Wheat eased lower overnight but was supported by fears of supply issues as the Black Sea region faces dryness that is threatening winter wheat plantings. Wheat futures in the most active contract was traded 1.5 cents lower at \$7.58 per bushel.

Argentina's wheat crop is expected at 19.8 million tonnes due to the recent rains as its reason for increasing previous 19.2 million tonnes estimate. But the major concerns is the possible dryness on the Pampas grain belt over the week ahead. Argentina is the major exporter to Brazil and the major bulk of Harvest is expected in December-January.

Saudi Arabian wheat agency SAGO issued an international tender to purchase about 655,000 tonnes of wheat. The tender seeks hard wheat with 12.5% protein for supplies in 2022 during January, February, March and April.

Egypt's state grain buyer GSAC bought 360,000 tonnes of wheat in an international tender. The purchase comprised of 180,000 tonnes of Russian wheat, 120,000 tonnes of Ukrainian wheat and 60,000 of Romanian wheat.

Russian wheat export prices further gained last week due to higher prices for wheat in Chicago and Paris and higher demand from Egypt. CBOT is the benchmark for the Russian market has reached eight-year highs. Russian wheat with 12.5% protein supplied from Black Sea ports in the first half of November was at FOB \$317 per tonne up 5% from last week.

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
	29-Oct-21	22-Oct-21	28-Sep-21	29-Jul-21	30-Apr-21	29-Oct-20	
Dec-21	283.91	277.75	259.57	259.11	269.03	218.69	29.82
Mar-22	288.41	281.98	264.16	262.23	269.21	221.17	30.40
May-22	289.51	282.81	265.91	264.80	270.41	222.55	30.09
Jul-22	285.01	277.94	258.56	264.44	267.38	219.43	29.89
Sep-22	285.19	278.21	259.11	257.46	252.86	-	-
Dec-22	286.30	279.78	261.13	257.46	212.45	-	-
Mar-23	286.85	280.42	261.96	-	-	-	-

CBOT Dec -21

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1st Support: 670
2nd Support: 600
1st Resistance: 750
2nd Resistance: 800
(\$ per tonne)

The Sep'21 contract showed bullish 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 bullish trend in the chart. The concerns over global production continues and also the demand has been higher along with fall of dollars supports the trade. In the coming days it is expected to trade in the range bound.



International FOB Weekly Price Movement

Indian FoB quote is based on local prices. Indian FoB quote is being quoted at \$242.93 per tonne. Wheat is in higher demand on the worldwide 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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