

Wheat Weekly Research Report

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

During the week of November 09 to 15, 2021, the weekly average price in India was down by 1.58 percent at Rs. 2096.94 per quintal against Rs. 2130.61 per quintal the previous week. Also, wheat average prices increased by 11.26 percent from Rs. 1884.79 per quintal same time last year. On the 15th November the price of wheat in Kanpur market for mill delivery was Rs. 2000 per quintal which is 0.99% lower than Rs. 2020 per quintal the previous month. The prices were on downside compared to previous-to-previous week due to the fact that demand was higher on the week ending on Nov 8th as the markets were open only for few days. As per sources, the demand is expected to increase in the coming days which may support the market.

Due to shortage of DAP, farmers are moving to use NPK to prevent the delay of sowing. The NPK has increased the input cost of farmers as the price of NPK is Rs. 1450 per bag compared to Rs. 1200 per bag in case of DAP. DAP shortage created worry among farmers in Punjab. Wheat sowing is completed only in 27 percent of the expected 9.5 lakh hectares of total area to be sown. During last year, 60 percent of sowing was completed during the same period.

As per reports Indian wheat now accounts for 10 percent of the global stocks. Tightening global supplies and high prices from major exporters have made Indian wheat competitive for the first time in several years. While wheat stocks in China have declined for the first time over a decade.

HAFED produces 58218 quintals of certified wheat seed for sale to the farmers during current rabi season at a subsidized sale rate of Rs. 1000 per 40 kg bag as fixed by Haryana government.

As per FCI, the wheat stocks in the central pool stays at a record 41.98 million tonnes for the month of November. The stocks this month are twice as the quantum of 17.52 million tonnes operational stocks and 3 million tonnes of strategic stocks in October.

As of 12th November, wheat sowing was done in 41.130 lakh hectares down by 10.84% from 46.132 lakh hectares the previous year during this time. In Punjab, sowing has been done in 12.280 lakh hectares down by 12.91% from 14.100 the previous year. MP has sown 14.390 lakh hectares down by 4% from 14.990 lakh hectares the previous year.

As per sources, 30,000 MT of wheat vessel ARAWANA is loading at Kandla Port since 08th November 2021. Also, 54,000 MT of wheat vessel ORCHID is loading at Kandla Port since 06th November 2021. And 60,000 MT of wheat vessel ALEXANDRA KPN is waiting for loading at Kandla Port since 06th November 2021. Also, 3000 MT of wheat vessel SUVARI KAPTAN is waiting for loading at Kandla Port since 30th October.

Outlook & Recommendation: Currently wheat is undergoing offseason, we can see high demand domestically and from international markets as well. Analysing all these factors, we can expect wheat to trade steady to slightly firm in the coming weeks.

Trade Call: There is no NCDEX trading currently.

Weather Outlook: On 16th Nov, Light to moderate rainfall at most places with heavy rainfall at isolated places very likely over Andaman & Nicobar Islands, coastal & South Interior Karnataka & adjoining north Kerala, Tamilnadu, Puducherry & Karaikal, south Coastal Andhra Pradesh and south Konkan & Goa. On 17th Nov, Light to moderate rainfall at most places with heavy to very heavy rainfall at isolated places very likely over south coastal Andhra Pradesh and north coastal Tamil Nadu and heavy rainfall at isolated places over Coastal & south Interior Karnataka and Rayalaseema.

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:

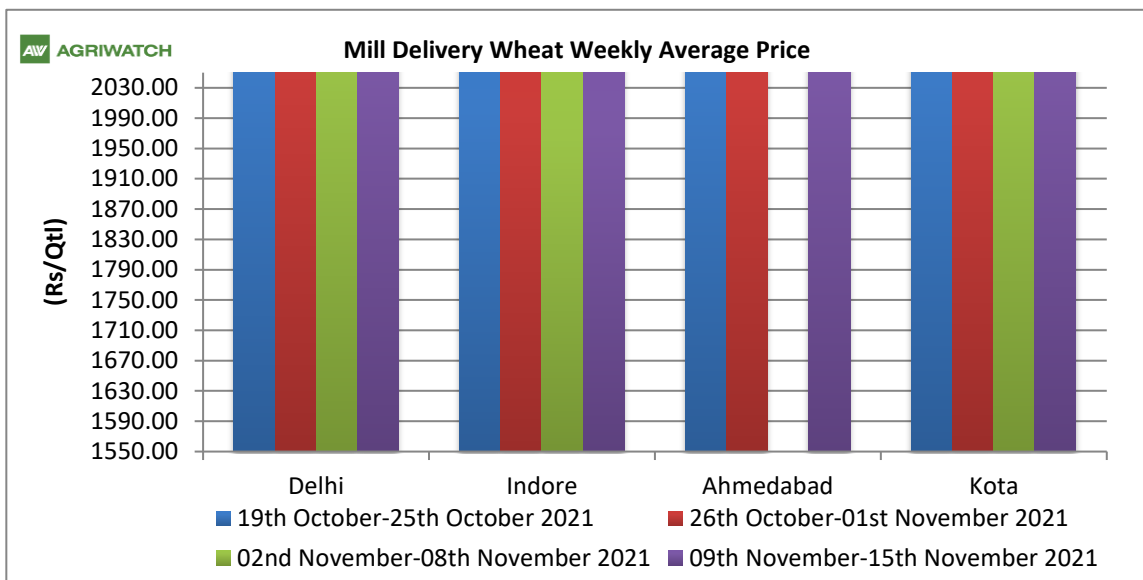
Forecast: - November 2021



Source: IMD

Wheat Weekly Average Price Chart
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Wheat prices were trading almost steady in these four markets since last four weeks. In Ahmedabad, the market was closed for the week ending on 08th November. Also, during that week most of the markets were closed on most of the days. The



demand has been stable in the previous weeks which was stabilized with normal supplies. Since we are into the offseason of wheat, we can expect market to remain steady to slightly firm in the coming days.

Wheat and Rice Stocking Norms
Wheat Stock Norms

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 & CIF Quote for Wheat at Kandla
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INR Value : 74.45 As On 15.11.2021	At Kandla
FOR Kandla (From Saurashtra Region)	21700
Misc. Charges (port handling)	650
FOB (at Kandla Rs/T)	22350
FOB value in \$ for FAQ	300.20
Freight Charges (US \$/ton) to Chittagong	18
Insurance @ 0.1% (\$/MT)	0.30
CIF to Chittagong (value in \$ for SRW)	318.50

Wheat FOB quotes for Kandla are likely to witness range bound with mix bias in the coming weeks due to mix bias in the prices of wheat in domestic market and hover in the range of \$295.70-\$305.50 in the coming week.

Indicative FOB Quotes:

Wheat FOB	Variety	Today	Week Ago	Month Ago	Year Ago	% Change over Prev. Week
		12-Nov-21	05-Nov-21	12-Oct-21	12-Nov-20	
USA (Chicago)	2srw	353	335	-	-	5.37
France	FCW3	346	337	-	250.14	2.67
Australia	ASW	-	-	-	-	-
Russia	SRW	-	-	-	253.00	-
India	Fob	295.24	Closed	284.14	233.00	-

International Weekly Outlook:

Prices for all U.S. wheat U.S. Soft Red Winter wheat have increased in the week due to lower supply and higher demand leading to higher domestic price. Hard Red Winter (HRW) is up by 5.54% to \$381 on higher demand in domestic markets. Soft Red Winter (SRW) is up by 5.37% to \$353.

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
	12-Nov-21	05-Nov-21	12-Oct-21	12-Nov-20	
Indore	2053	2165	2009	1700	20.76
Delhi	2160	2050	2141	1865	15.82
Kanpur	2002	2015	2000	1690	18.46
Rajkot	2122	2100	2100	1725	23.01
Kota	2130	2122	2071	1763	20.82

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
			12-Nov-21	11-Nov-21	05-Nov-21	12-Oct-21	12-Nov-20
Delhi	Lawrence Road	Mill Delivery	2180	2185	-	2160	1870
	Narella	Mill Quality Loose	2050	2000	-	2040	1725
	Nazafgarh	Mill Quality Loose	2050	2050	-	2000	1680
Gujarat	Rajkot	Mill Delivery	2130	2125	-	2080	1675
	Ahmedabad	Mill Delivery	2175	2160	-	2135	1780
	Surat	Mill Delivery	2240	2220	-	2180	1840
	Dhrol	Mill Delivery	2040	2030	-	1980	-
M.P.	Indore	Mill Delivery	2065	2070	-	2100	Closed
	Bhopal	Mill Quality Loose	1925	1950	-	1950	Closed
Rajasthan	Kota	Mill Quality Loose	2025	2050	-	2075	1585
		Mill Delivery	2175	2200	-	2225	1680
U.P.	Kanpur	Mill Delivery	2020	2050	-	2000	Closed
	Mathura	Mill Quality Loose	1920	1930	-	1950	1640
	Kosi	Mill Quality Loose	1940	1900	-	2000	1620
	Hathras	Mill Quality Loose	1930	1940	-	1950	1630
	Aligarh	Mill Quality Loose	1900	1925	-	1900	1625
Punjab	Khanna	Mill Quality Loose	1980	2000	-	1840	Closed
	Ludhiana (Jagraon)	Mill Delivery	-	-	-	-	Closed
Haryana	Sirsa	Mill Delivery loose	1950	1950	-	1950	1750
	Hodal	Mill Delivery	-	-	-	-	-
	Bhiwani	Mill Quality Loose	2050	2050	-	1980	1720
	Karnal	Mill Delivery	-	-	-	-	-
	Panipat	Mill Quality Loose	-	-	-	-	-
Tamil	Chennai	Mill Quality	2400	2400	-	2400	1975



Nadu	Madurai	Mill Quality	2457	2600	-	2600	2125
	Coimbatore	Mill Quality	2457	2650	-	2650	2175
Bihar	Khagariya	Mill Delivery	1925	1900	-	1900	Closed
	Muzaffarpur	Mill Delivery	1960	1950	-	1975	1700

[Ongoing Rabi sowing 2021-22](#)

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Rabi sowing update (as on 12.11.2021)				
State	Normal area (2021)	2020	2021	% Change 2021 vs. 2020
Bihar	21.25	0.020	0.000	-100.00
Chhattisgarh	1.08	0.280	0.006	-97.86
Gujarat	9.44	0.599	0.222	-62.94
Haryana	25.32	4.550	2.890	-36.48
Himachal Pradesh	3.22	0.310	0.000	-100.00
J&K	2.80	0.134	0.103	-23.13
Jharkhand	1.94	0.039	0.058	48.72
Karnataka	1.67	0.520	0.620	19.23
Madhya Pradesh	58.65	14.990	14.390	-4.00
Maharashtra	10.20	0.171	0.116	-32.16
Punjab	35.11	14.100	12.280	-12.91
Rajasthan	29.49	3.924	3.700	-100.00
Uttar Pradesh	96.89	5.074	6.505	-5.71
Uttarakhand	3.32	1.420	0.240	-83.10
West Bengal	2.16	0.000	0.000	0.00
Others	0.35	0.001	0.000	-100.00
All-India	303.06	46.130	41.130	-10.84

Source: Ministry of Agriculture

International Market Update:**[\(Back to Table of Contents\)](#)**

Egypt has approved Latvian wheat as a new import origin. Egypt's general authority of supply commodities has been notified with the new approval.

As per USDA, Canada's wheat output in marketing year 2021-22 is expected to shrink significantly because of hottest and driest summers on record. The projected production is at 21.7 million tonnes down by 38 percent from previous year and lowest since 20 million tonnes harvest in 2007-08.

Italian pasta makers are in dilemma of substantial supply squeeze in the coming months after the durum wheat price shock due to dire harvest of wheat crop in Canada. Northern American countries this year, are expected to cut the output by 3 million tonnes to nearly 50 percent below 2020 levels.

As per USDA, global wheat exports are expected to reach an all-time high due to large exports from Russia, Ukraine, European Union and India. The report suggests the export to reach 203.2 million metric tons.

As per Ukraine's agricultural ministry, wheat export rose by 17 percent year on year to 12.9 million tonnes from July 1 to November 8. The ministry has set the limit of exports of 25.3 million tonnes for 2021-22. Ukraine has exported 16.6 million tonnes in 2020-21.

Russia may revise the formula for wheat export taxes if prices rise further. The ministry determines the duty size on weekly basis based on a formula which sees the tax at 70 percent of difference between price indicators. The tax is at \$69.9 per tonne of wheat for November 10 to 16.

Japan bought a total of 157,987 tonnes of food quality wheat from USA, Canada and Australia in a regular tender.

As per Ukraine agricultural ministry, the country has sown 6.2 million hectares of winter wheat as of November 11th which is almost 94 percent of the planned area of 6.6 million hectares. The planting was stopped recently and in the month of November only 120,000 hectares were planted.

Iraq will issue an international tender to buy 500,000 of wheat from international market in December or early 2022 to suffice the wheat reserve. Iraq is expected to start wheat harvesting in May 2022.

Egypt has announced the price band for domestic wheat procurement ahead of the planting for the new season. The band price ranges from 800 Egyptian pound for 150 kilograms to 820 Egyptian pounds depending upon the wheat's purity levels.

Russia exported 16.6 million tonnes of wheat during July 1 to November 11, down by 16% on the year. The export was at 15.9 million tonnes upto November 2. Turkey remains the largest buyer for Russian wheat with 3.3 million tonnes followed by Egypt at 2.3 million tonnes and Kazakhstan with 900,000 tonnes. Russian wheat prices gained for the 4th consecutive week last week amid higher prices for grains in Chicago and Paris which is inflated further by the concerns of further export limits.

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
	12-Nov-21	05-Nov-21	12-Oct-21	12-Aug-21	14-May-21	12-Nov-20	
Dec-21	300.17	281.61	274.54	280.97	260.76	223.47	34.32
Mar-22	304.39	286.48	276.10	284.55	262.32	225.77	34.83
May-22	305.77	287.95	272.15	285.47	259.48	223.84	36.60
Jul-22	300.53	284.28	272.98	271.69	247.26	-	-
Sep-22	299.71	284.37	274.91	271.88	246.71	-	-
Dec-22	300.99	286.30	275.64	271.88	212.45	-	-
Mar-23	301.27	286.85	272.15	-	-	-	-

CBOT Dec -21

1st Support: 670
2nd Support: 604
1st Resistance: 799
2nd Resistance: 880
(\$ per tonne)

The Dec'21 contract showed bullish trend last week. CBOT soft red winter wheat future extends its winning streak to a sixth straight week hitting a nine year high on tightened supplies and roust world demand. It is likely to stay in the mix bias range in the coming week.

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International FOB Weekly Price Movement

Indian FoB quote is based on local prices. Indian FoB quote is being quoted at \$300.20 per tonne. Wheat is on higher demand in the worldwide market with great number of trades happening in the world along with high number of tenders. Indian wheat in domestic market is expected to stay steady to slightly firm bias in the coming week as the prices is expected to be slightly firm in the domestic market.

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