Wheat Weekly Research Report
06th Dec-2021

Wheat Weekly Research Report

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Wheat Domestic Market Fundamentals

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During the week of December 01 to 08, 2021, the weekly average price in India was slightly up by 0.10 percent at Rs. 2135.38 per quintal against Rs. 2133.31 per quintal the previous week. Also, wheat average prices increased by 16.69 percent from Rs. 1829.92 per quintal same time last year. On 06th December the price of wheat in Kanpur market for mill delivery was Rs. 2025 per quintal which is 0.25% higher than Rs. 2020 per quintal the previous month. The price remains almost steady in all the major market compare to previous week as the demand along with extension of free ration under PMGKAY has stabilized the market. In coming week also, we can expect market to stay in range bound with mix bias as the offseason scenario continues.

As of 03rd December, wheat sowing was done in 200.66 lakh hectares up by 7.24 lakh hectares from 193.42 lakh hectares the previous year during corresponding period. In Madhya Pradesh, sowing was done in around 52.81 lakh hectares up by 6.07 lakh hectares from 46.74 lakh hectares the previous year.

In state of Uttar Pradesh, around 14.72 crore NFSA beneficiaries are covered under the PMGKAY. So far under the scheme, the department had allocated a total amount of 139.14 lakh metric tonne of wheat and rice to the state incurring an estimated total subsidy of Rs. 43,335 crores.

As per Agriwatch sources, 1.86 lakh tonnes of wheat were exported from India during the month of October 2021 at an average FOB of $322.21 per tonne. It is 0.45 percent higher compared to September with export of 1.85 lakh tonnes. Bangladesh continues to be the largest importer of Indian wheat with 1.43 lakh tonnes 1.42 percent higher compared to previous month export of 1.41 lakh tonnes. Nepal is the second largest importer with 0.09 lakh tonnes of imports and Srilanka being the third largest importer with 0.04 lakh tonnes.

In Madhya Pradesh, as per sources, wheat sowing area is expected to go down this rabi season as the farmers are shifting from wheat to lentil and mustard due to better prices.

As per reports, Punjab farmer grows wheat on 35 lakh hectares which is almost 90 percent of the total agricultural area. Potential alternative for wheat can be grams, masoor, rapeseed and mustard.

During the Rabi Marketing Season 2021-22, the Corporation has recorded an all-time high wheat procurement of 433.44 lakh MT, recording 11% increase over last year's procurement. Centre has decided to extend the free food grains supply under PMGKAY scheme by another four months till March 2022, with an estimated outlay of Rs 53,334 crore.

Outlook & Recommendation: With the extension of free ration under PMGKAY along with huge export demand coming from international market for Indian wheat, we can expect market to trade in range bound with mix bias in coming week as the offseason scenario continues in the market.

Trade Call: There is no NCDEX trading currently.

Weather Outlook: Isolated to scattered light rainfall/snowfall over Jammu- Kashmir- Ladakh- Gilgit- Baltistan-Muzaffarabad, Himachal Pradesh and Uttarakhand during next 24 hours. Fall in minimum temperatures by 3-5° over Gujarat State, Northwest, Central and East India during next 3 days. Isolated to scattered light to moderate rainfall over Coastal Andhra Pradesh, Tamil Nādu and Kerala on 08th & 09th with isolated heavy falls over Tamil Nādu.

Wheat Weekly Export

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A week-on-week Exports	Quantity in MT	Average FoB ($/T)
01-08 Oct-2021	42666.089	301.75
9-15 Oct-2021	19211.331	386.20
16-23 Oct-2021	53300.734	315.40
24-31 Oct-2021	70715.035	321.79
Total	**185893.190**	**322.21**

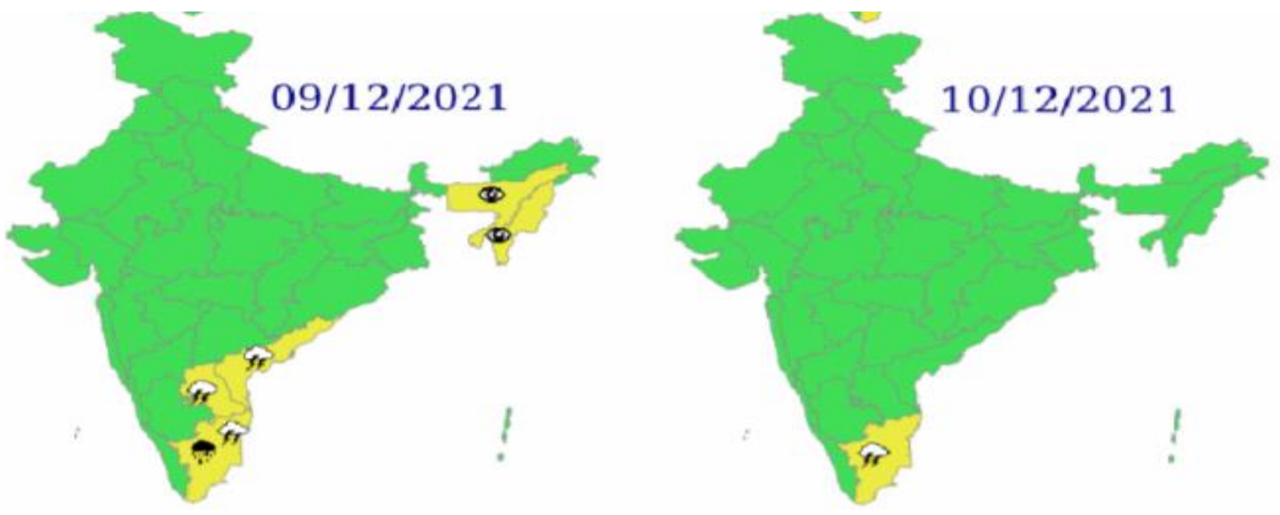
Source: Trade

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: - December 2021



Source: IMD

![AGRIWATCH logo]

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Wheat Weekly Average Price Chart

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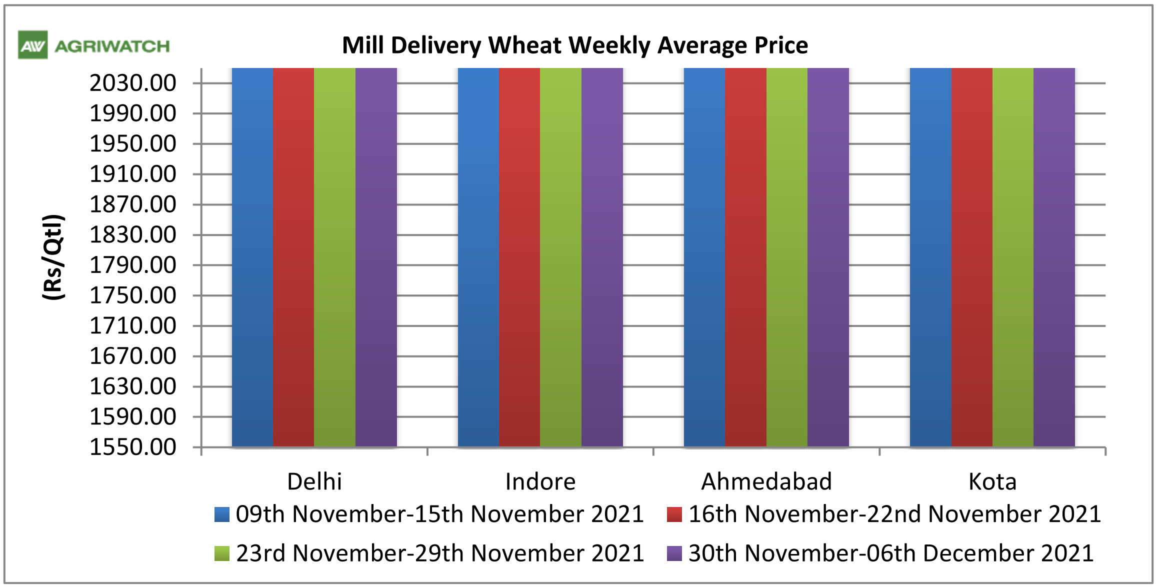
Wheat prices were trading almost steady in these four markets since last four weeks. The market is expected to stay in the range bound with mixed bias in coming week.



Wheat and Rice Stocking Norms

Wheat Stock Norms						
Fig. In Lakh Tonne	**Operational Stock**			**Strategic Reserve**		
As on	**Rice**	**Wheat**	**Total**	**Rice**	**Wheat**	**Grand Total**
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 of15thJul-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 : 75.39 As On 06.12.2021	At Kandla
FOR Kandla (From Saurashtra Region)	**21200**
Misc. Charges (port handling)	650
FOB (at Kandla Rs/T)	21850
FOB value in $ for FAQ	**289.83**
Freight Charges (US $/ton) to Dubai	36
Insurance @ 0.1% ($/MT)	0.29
CIF to Dubai (value in $ for SRW)	**326.12**

Wheat FOB Kandla was slightly down compared to previous week due to strengthening of dollar over rupee. 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 $283.70-$293.50 in the coming week.

Indicative FOB Quotes:

Wheat FOB	Variety	Today	Week Ago	Month Ago	Year Ago	% Change over Prev. Week
		03-Dec-21	26-Nov-21	03-Nov-21	03-Dec-20	
USA (Chicago)	2srw	347	357	-	-	-2.80
France	FCW3	337	346	-	255.00	-2.60
Australia	ASW	362.88	347.04	-	219.78	4.56
Russia	SRW	342	345	-	255.00	-0.87
India	Fob	290.87	291.18	-	234.82	-0.11

International Weekly Outlook:

Prices for all U.S. wheat U.S. Soft Red Winter wheat have decreased in the week due to lower demand in domestic market along with lesser trade. Hard Red Winter (HRW) is down by 3.56% to $393. Soft Red Winter (SRW) is down by 2.80% to $357.

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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
	04-Dec-21	27-Nov-21	04-Nov-21	04-Dec-20	
Indore	2075	2037	-	1657	**25.23**
Delhi	2200	2150	-	1804	**21.95**
Kanpur	2025	2000	-	1625	**24.62**
Rajkot	2137	2112	-	1804	**18.46**
Kota	2140	2112	-	1740	**22.99**

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
			3-Dec-21	2-Dec-21	26-Nov-21	2-Nov-21	3-Dec-20
Delhi	Lawrence Road	Mill Delivery	2200	2215	2175	2190	1820
	Narella	Mill Quality Loose	2060	2060	2040	1980	1725
	Nazafgarh	Mill Quality Loose	2050	2050	2030	2000	1700
Gujarat	Rajkot	Mill Delivery	2120	2120	2115	Closed	1665
	Ahmedabad	Mill Delivery	2180	2175	2160	Closed	1725
	Surat	Mill Delivery	2235	2235	2220	Closed	1780
	Dhrol	Mill Delivery	1975	2090	1895	Closed	1745
M.P.	Indore	Mill Delivery	2080	2100	2140	Closed	1735
	Bhopal	Mill Quality Loose	1930	1960	1925	Closed	1580
Rajasthan	Kota	Mill Quality Loose	2030	2025	2030	Closed	1550
		Mill Delivery	2180	2175	2140	Closed	1675
U.P.	Kanpur	Mill Delivery	2020	2050	2000	Closed	1600
	Mathura	Mill Quality Loose	1990	2000	1960	Closed	1575
	Kosi	Mill Quality Loose	2000	2000	1920	Closed	1600
	Hathras	Mill Quality Loose	1960	1980	1925	1940	1590
	Aligarh	Mill Quality Loose	1970	1960	1920	1930	1580
Punjab	Khanna	Mill Quality Loose	1950	1950	1910	Closed	1650
	Ludhiana (Jagraon)	Mill Delivery	-	-	-	-	-
Haryana	Sirsa	Mill Delivery loose	2000	2000	1945	1940	1750
	Hodal	Mill Delivery	-	-	-	-	-
	Bhiwani	Mill Quality Loose	2070	2080	2070	2040	1720
	Karnal	Mill Delivery	0	0	0	0	0
	Panipat	Mill Quality Loose	0	0	0	0	0
Tamil Nadu	Chennai	Mill Quality	2500	2500	2500	Closed	2000
	Madurai	Mill Quality	2557	2600	2600	Closed	2200

	Coimbatore	Mill Quality	2557	2650	2650	Closed	2250
Bihar	Khagariya	Mill Delivery	2100	2100	2100	1900	1900
	Muzaffarpur	Mill Delivery	2050	2100	2050	2000	1625

Ongoing Rabi sowing 2021-22

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Rabi sowing update (as on 03.12.2021)				
State	**Normal area (2021)**	**2021**	**2020**	**% Change 2021 vs. 2020**
Bihar	21.25	2.150	5.250	**-59.05**
Chhattisgarh	1.08	0.153	0.442	**-65.38**
Gujarat	9.44	4.257	6.307	**-32.50**
Haryana	25.32	19.850	17.290	**14.81**
Himachal Pradesh	3.22	2.960	3.400	**-12.94**
J&K	2.80	1.512	1.172	**29.01**
Jharkhand	1.94	0.314	0.632	**-50.32**
Karnataka	1.67	1.150	1.210	**-4.96**
Madhya Pradesh	58.65	52.810	46.740	**12.99**
Maharashtra	10.20	2.692	3.341	**-19.40**
Punjab	35.11	32.970	32.630	**1.04**
Rajasthan	29.49	21.099	16.092	**31.14**
Uttar Pradesh	96.89	55.819	55.753	**0.11**
Uttarakhand	3.32	2.670	2.720	**-1.84**
West Bengal	2.16	0.160	0.180	**-11.11**
Others	0.20	0.00	0.000	**0.00**
All-India	**303.06**	**200.659**	**193.421**	**3.74**

Source: Ministry of Agriculture

International Market Update: (*Back to Table of Contents*)

Ukraine's wheat exports up by 22 percent on year at 14.5 million tonnes from July 1 to November 29th. Due to increased exports and expected robust export campaign, wheat export prices too remained firm and reached a record high of $342.25 per tonne on 29th November.

Egypt's state grain buyer bought 600,000 tonnes of wheat in an international tender for shipment on January 9th to 20th. The purchase comprises of 240,000 tonnes of Romanian wheat, 240,000 tonnes of Russian wheat and 120,000 tonnes of Ukrainian wheat.

Japan is seeking to buy 51,773 tonnes of food quality wheat from US in a regular tender that will end on 02nd December.

USDA in weekly crop progress report for 2021 on Monday rated 44 percent of US winter wheat in good to excellent condition, steady with previous week despite slight decline in the trade.

Australia raises wheat crop forecast to record 34.4 million tonnes. The wheat output is expected to be highest in New South Wales region. The acreage under wheat for 2021-22 pegged at 13 million hectares

Tunisia is seeking cargoes of around 25,000 tonnes for a potential volume of up to 175,000 tonnes for shipment between January 1 and March 25th.

Middle East and North Africa (Mena) region making rare Latin American wheat purchases. Turkey made purchase of two milling wheat cargoes from Argentina for January month in the range of $352-358 per tonne cfr. This is the first purchase made since 2011-12. Also, Egypt made purchase of wheat from Brazil in the range of $344-348 per tonne cfr marking first purchase since 2012-2013.

Middle east flour millers are not able to purchase high grade Australian milling wheat as the exporters can't find enough stocks of food grain. Traders who sold high quality wheat earlier are now covering up supplies through alternative sources.

Saudi Arabia is seeking 535,000 tonnes of wheat in a tender for arrival between May and July 2022. The wheat was sought in nine consignments including two for Jeddah port, three each for Dammam and Yanbu port and one for Jizan port.

As per reports, nearly 99 percent of the French soft wheat was rated good or excellent unchanged from previous week. The rating shows early potential for next year's harvest though French wheat tends to be more affected by the summer rains during the spring onwards.

Romanian wheat production in 2022-23 marketing year is projected at 10.35 million tonnes down from this year's bumper output of 11.15 million tonnes.

Japan bought 25,510 tonnes of food quality wheat from Australia in a regular tender which closed on 03rd December 2021.

IGC Wheat Balance Sheet:

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IGC Forecast (Fig- In MMT)	2018-19	2019-20	2020-21 est.	2021-22 F'cast	
				21.10.2021	18.11.2021
Production	732	761	773	781	777
Trade	168	185	191	194	196
Consumptions	740	745	771	783	782
Carryover stocks	260	276	278	276	274
Y-O-Y change	-8	16	3		-4
Major Export	69	63	60	54	53

- IGC has estimated global wheat production at 777 MMT for 2021-22, 4 MT down from 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 196 MMT. It is 2 MMT higher compared to the previous estimate and also higher from 2020-21.
- Consumption has been down at 782 MMT for 2021-22. The forecast is higher by 11 MMT compared to 2020-21.
- Carryout for 2021-22 is forecast at 274 MMT compared to an estimate of 276 MMT in previous month. It is lower by around 4 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
	3-Dec-21	26-Nov-21	2-Nov-21	2-Sep-21	4-Jun-21	3-Dec-20	
Dec-21	291.90	303.29	290.80	263.43	257.09	220.44	32.42
Mar-22	295.30	308.71	295.21	267.65	259.57	223.29	32.25
May-22	297.41	311.00	296.40	270.13	259.94	222.19	33.86
Jul-22	291.81	306.41	291.26	262.78	257.91	-	-
Sep-22	291.99	304.94	291.35	263.61	258.28	-	-
Dec-22	293.46	305.86	292.73	263.61	212.45	-	-
Mar-23	294.01	306.32	293.37	-	-	-	-

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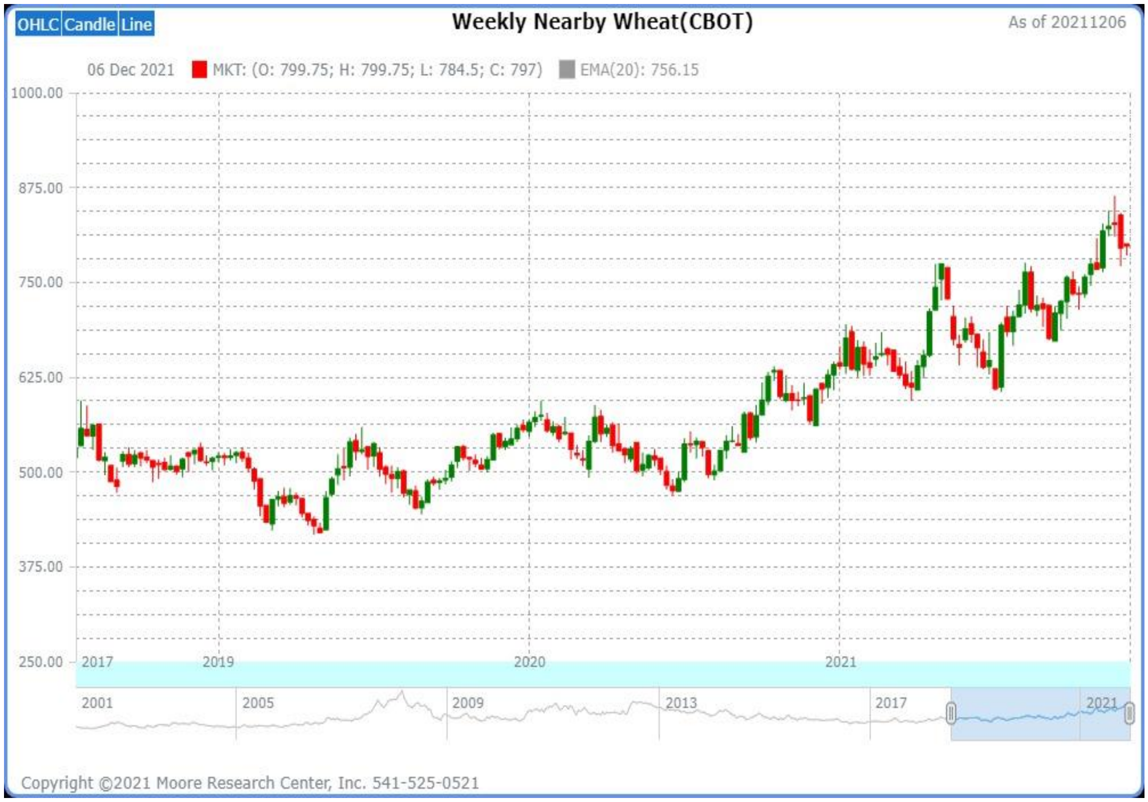
1st Support: 670
2nd Support: 604
1stResistance: 780
2nd Resistance: 850
($ per tonne)



The Dec'21 contract showed bearish trend last week which is driven by fears about new covid-19 variant and its impact on global economy. We can expect the cbot to trade in range bound to mix bias in coming week as there is ambiguity in the Australian wheat crop.

International FOB Weekly Price Movement

Indian FoB quote is based on local prices. Indian FoB quote is being quoted at $289.83 per tonne. Indian wheat in domestic market is expected to stay with mix bias in the coming week as the prices can be impacted domestically due to free ration. Worldwide the prices are on down side while for Australia due to good crop expected and higher demand the FOB was on higher side.