Wheat Weekly Research Report
13th Dec-2021

# Wheat Weekly Research Report

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## Wheat Domestic Market Fundamentals

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During the week of December 09 to 15, 2021, the weekly average price in India was up by 3.25 percent at Rs. 2188.39 per quintal against Rs. 2119.59 per quintal the previous week. Also, wheat average prices increased by 19.59 percent from Rs. 1829.92 per quintal same time last year. On the 15th December the price of wheat in Kanpur market for mill delivery was Rs. 2030 per quintal which is 1.50% higher than Rs. 2000 per quintal the previous month. The prices remain firm in the previous week. With India's wheat price being competitive compared to other major countries, more export demand is expected in coming month, we can expect market to trade slightly firm in coming days. Also, cabinet ministry has announced extension of PMGKAY for another four months till March 2022. Earlier, the PMGKAY was extended till 30th November.

As of 10th December, wheat sowing was done in 248.668 lakh hectares down by 6.036 lakh hectares from 254.704 lakh hectares the previous year during corresponding period. In Madhya Pradesh, sowing was done in around 64.610 lakh hectares down by 0.360 lakh hectares from 64.970 lakh hectares the previous year as per ministry of agriculture.

In Gujarat, the acreage for wheat has reduced. The increase in area of chana is coming at the expense of wheat which was grown at 7.51 lakh hectares or just 63 percent of the last three years average area of 11.89 lakh hectares. The largest drop in acreage is reported from Saurashtra region.

As per sources, 8.97 lakh tonnes of wheat were exported from India during the month of November 2021 at an average FOB of $320.67 per tonne. Bangladesh continues to be the largest importer of Indian wheat with 4.45 lakh tonnes followed by Philippines with 1.56 lakh tonnes of wheat.

FCI is proving the stocks to the traders, but since due to free ration scheme extended further for next four months, the demand has fallen as a result the sales have been lower. During the week ending 10th November, approximately 1.99 MT of wheat was sold by FCI which is down by 7.44 percent from 2.15 lakh tonnes during the week ending at 03rd December.

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***: Light to moderate rainfall/snowfall at isolated places very likely over Jammu, Kashmir-Ladakh-Gilgit-Baltistan-Muzaffarabad and Himachal Pradesh during next 3 days and over Uttarakhand during 16th-17th December. Isolated light rainfall likely over northern parts of Punjab, Haryana and West Uttar Pradesh on 16th December. Light to moderate rainfall at isolated/scattered places very likely over Tamilnadu-Puducherry-Karaikal, Andaman & Nicobar Islands and isolated rainfall over Kerala-Mahe and during next 5 days.

## 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** |

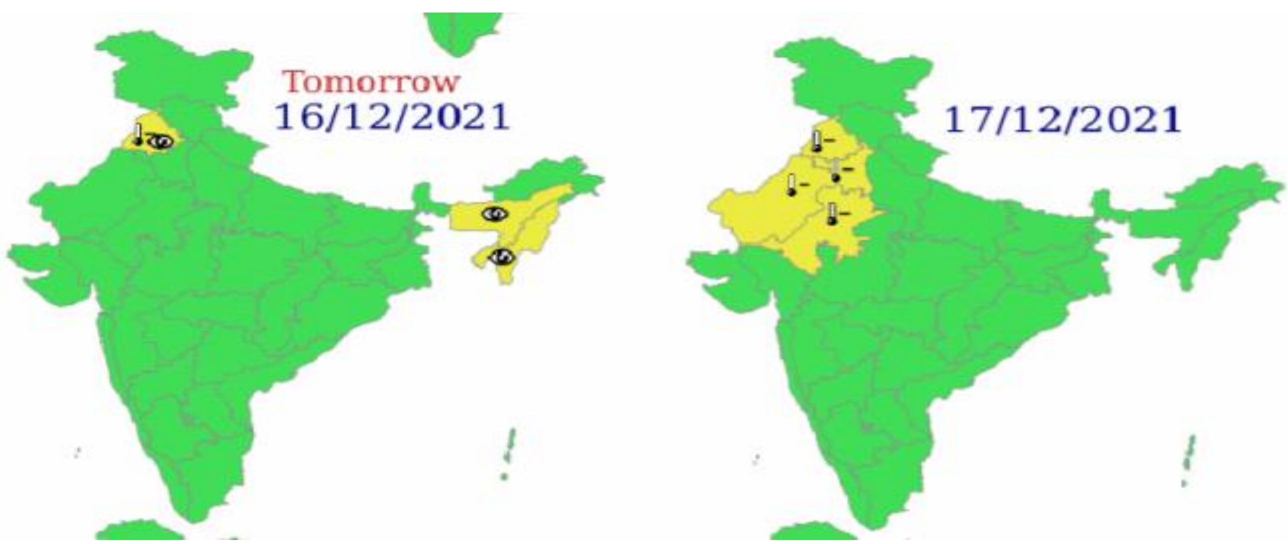
***Source: Trade***

## 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***

## Wheat Weekly Average Price Chart

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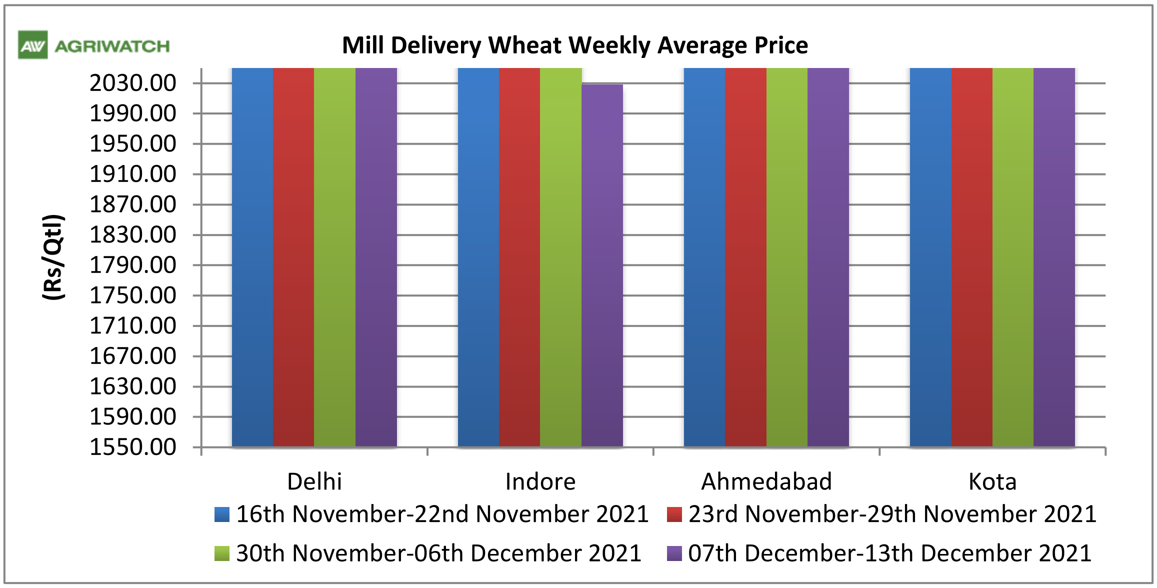
In Indore market, the prices fell by almost 2.78 percent due to free ration scheme which has led to fall in the demand ultimately impacting the prices




## Wheat and Rice Stocking Norms

**Wheat Stock Norms**

| Fig. In Lakh Tonne / As on | Operational Stock | | | Strategic Reserve | | |
|---|---|---|---|---|---|---|
| | 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 : 75.17 As On 11.12.2021 | At Kandla |
|---|---|
| **Mill delivery (Rajkot)** | **21200** |
| **Freight charge** | 330 |
| **Misc. Charges (port handling)** | 650 |
| **FOB (at Kandla Rs/T)** | 21960 |
| **FOB value in $ for FAQ** | **290.03** |
| **Freight Charges (US $/ton) to Dubai** | 36 |
| **Insurance @ 0.1% ($/MT)** | 0.29 |
| **CIF to Dubai (value in $ for SRW)** | **326.32** |

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 |
|---|---|---|---|---|---|---|
| | | 10-Dec-21 | 03-Dec-21 | 10-Nov-21 | 10-Dec-20 | |
| USA (Chicago) | 2srw | 338 | 347 | 348.00 | - | -2.59 |
| France | FCW3 | 326 | 337 | 338.00 | 255.00 | -3.26 |
| Australia | ASW | 357.17 | 362.88 | 299.15 | 219.78 | -1.57 |
| Russia | SRW | 333 | 342 | 336.00 | 255.00 | -2.63 |
| India | Fob | 289.74 | 290.87 | - | 234.82 | -0.39 |

## 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.

***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 |
| | 11-Dec-21 | 04-Dec-21 | 11-Nov-21 | 11-Dec-20 | |
| Indore | 2050 | 2075 | 2052 | 1673 | 22.53 |
| Delhi | 2186 | 2200 | 2165 | 1827 | 19.65 |
| Kanpur | 2015 | 2025 | 1975 | 1580 | 27.53 |
| Rajkot | 2130 | 2137 | 2135 | 1705 | 24.93 |
| Kota | 2131 | 2140 | 2130 | 1731 | 23.11 |

***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 |
| | | | 10-Dec-21 | 9-Dec-21 | 3-Dec-21 | 9-Nov-21 | 10-Dec-20 |
| Delhi | Lawrence Road | Mill Delivery | 2200 | 2210 | 2200 | 2190 | 1845 |
| | Narella | Mill Quality Loose | 2070 | 2080 | 2060 | 2000 | 1700 |
| | Nazafgarh | Mill Quality Loose | 2060 | 2070 | 2050 | 2050 | 1680 |
| Gujarat | Rajkot | Mill Delivery | 2100 | 2115 | 2120 | 2100 | 1675 |
| | Ahmedabad | Mill Delivery | 2170 | 2180 | 2180 | 2150 | 1730 |
| | Surat | Mill Delivery | 2230 | 2250 | 2235 | 2200 | 1780 |
| | Dhrol | Mill Delivery | 2020 | 2025 | 1975 | NA | 1575 |
| M.P. | Indore | Mill Delivery | 2020 | 2100 | 2080 | 2060 | 1650 |
| | Bhopal | Mill Quality Loose | 1960 | 1950 | 1930 | 1980 | 1500 |
| Rajasthan | Kota | Mill Quality Loose | 2040 | 2040 | 2030 | 2030 | 1640 |
| | | Mill Delivery | 2200 | 2190 | 2180 | 2180 | 1765 |
| U.P. | Kanpur | Mill Delivery | 2030 | 2025 | 2020 | 2030 | 1650 |
| | Mathura | Mill Quality Loose | 1975 | 1990 | 1990 | 1925 | 1635 |
| | Kosi | Mill Quality Loose | 2030 | 2000 | 2000 | 1890 | 1640 |
| | Hathras | Mill Quality Loose | 2025 | 1940 | 1960 | 1945 | 1580 |
| | Aligarh | Mill Quality Loose | 1950 | 1930 | 1970 | 1920 | 1600 |
| Punjab | Khanna | Mill Quality Loose | 1900 | 1910 | 1950 | 1750 | 1650 |
| | Ludhiana (Jagraon) | Mill Delivery | 0 | 0 | 0 | 0 | 0 |
| Haryana | Sirsa | Mill Delivery loose | 2025 | 2020 | 2000 | 1935 | 1740 |
| | Hodal | Mill Delivery | 0 | 0 | 0 | 0 | 0 |
| | Bhiwani | Mill Quality Loose | 2080 | 2060 | 2070 | 2060 | 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 | 2400 | 2000 |
| | Madurai | Mill Quality | | | | | |

| | | | | | | | |
|---|---|---|---|---|---|---|---|
| | Coimbatore | Mill Quality | 2557 | 2600 | 2600 | 2600 | 2200 |
| Bihar | Khagariya | Mill Delivery | 2557 | 2650 | 2650 | 2650 | 2250 |
| | Muzaffarpur | Mill Delivery | 2000 | 2100 | 2100 | 1900 | 1900 |

***Ongoing Rabi sowing 2021-22***

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| Rabi sowing update (as on 10.12.2021) | | | | |
|---|---|---|---|---|
| **State** | **Normal area (2021)** | **2021** | **2020** | **% Change 2021 vs. 2020** |
| **Bihar** | 21.25 | 6.374 | 10.060 | **-36.64** |
| **Chhattisgarh** | 1.08 | 0.600 | 0.733 | **-18.14** |
| **Gujarat** | 9.44 | 7.511 | 9.107 | **-17.52** |
| **Haryana** | 25.32 | 21.200 | 22.040 | **-3.81** |
| **Himachal Pradesh** | 3.22 | 3.300 | 3.400 | **-2.94** |
| **J&K** | 2.80 | 1.911 | 1.636 | **16.81** |
| **Jharkhand** | 1.94 | 0.521 | 1.133 | **-54.02** |
| **Karnataka** | 1.67 | 1.340 | 1.376 | **-2.62** |
| **Madhya Pradesh** | 58.65 | 64.610 | 64.970 | **-0.55** |
| **Maharashtra** | 10.20 | 5.694 | 4.812 | **18.33** |
| **Punjab** | 35.11 | 34.510 | 33.900 | **1.80** |
| **Rajasthan** | 29.49 | 24.222 | 24.711 | **-1.98** |
| **Uttar Pradesh** | 96.89 | 73.558 | 73.465 | **0.13** |
| **Uttarakhand** | 3.32 | 2.780 | 2.800 | **-0.71** |
| **West Bengal** | 2.16 | 0.420 | 0.470 | **-10.64** |
| **Others** | 0.20 | 0.00 | 0.000 | **0.00** |
| **All-India** | **303.06** | **248.668** | **254.704** | **-2.37** |

***Source: Ministry of Agriculture***

## International Market Update:

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**ABARES increased the estimate for wheat export for the marketing year 2021-22 to 24.5 million tonnes from** 23 million tonnes estimated in September. The exports have seen 3 percent rise year on year. The wheat export is likely to increase due to tightening wheat supplies from Canada, USA and Russia amid prolonged poor seasonal conditions.

**In Bangladesh, continuous rainfall over the last few days have impacted the wheat in Narail district and the** cultivation of the rabi crop this year is expected to be delayed.

**France estimates soft winter wheat area for 2022 harvest at 4.92 million hectares down from 4.96 million** hectares the previous year.

**Lower protein content for the Australian wheat is raising concern about the volume of high-quality wheat** from Australia. Asian countries prefer APW wheat containing 10.5 protein while ASW wheat contain 9 percent protein. The price for APW wheat is shooting up which is quoted at an all tine high $365 per tonne FOB up from $340 per tonne last week.

**Jordan issues tender to buy 120,000 tonnes of wheat, deadline for submission of price is on December 9.** Possible shipment combination is between May and July.

**Ukraine's wheat exports were nearly up by 21 percent year on year at 14.6 million tonnes from July 1 through** December 6. However, the pace of exports as the on-year gap slightly narrowed from 22 percent on week ending November 29 to 21 percent.

**Bangladesh received lowest offer of $404.11 per tonne CIF in an international tender to purchase and import** 50,000 tonnes of wheat. Though no purchase has been made yet and the offer is still being considered.

**As per USDA, total feed consumption in the UK is expected to drop by 250,000 tonnes in 2021-22 as the** livestock sector experience rationalization due to labor and logistic issues. Wheat consumption by food, seed and industrial usage is expected to increase 500,000 tonnes mainly due to increased industrial usage.

**Russian wheat production in 2022-23 marketing year could exceed 80 million tonnes to hit its third highest to** date due to favorable weather condition and expected increase in acreage.

**As per USDA, export prices for wheat remains on the higher side for the remaining season making US wheat** highly uncompetitive. The wheat export forecast were at 840 million bushels, lowest in seven years.

**Due to abundant rainfall, Australian harvest is expected to be at 34 million tonnes as per USDA. And this is** expected to be second bumper crop after previous year's record harvest.

## 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 |
|---|---|---|---|---|---|---|---|
| | 10-Dec-21 | 3-Dec-21 | 9-Nov-21 | 9-Sep-21 | 11-Jun-21 | 10-Dec-20 | |
| Dec-21 | 288.59 | 291.90 | 286.02 | 254.33 | 254.70 | 222.28 | 29.83 |
| Mar-22 | 289.14 | 295.30 | 290.34 | 257.91 | 257.18 | 224.76 | 28.65 |
| May-22 | 291.16 | 297.41 | 291.72 | 259.84 | 257.55 | 223.47 | 30.29 |
| Jul-22 | 288.04 | 291.81 | 288.13 | 251.49 | 254.61 | 0.00 | - |
| Sep-22 | 288.68 | 291.99 | 288.04 | 252.31 | 254.79 | 0.00 | - |
| Dec-22 | 289.97 | 293.46 | 289.60 | 252.31 | 212.45 | | - |
| Mar-23 | 290.34 | 294.01 | 290.15 | | | | - |

## *CBOT Dec -21*

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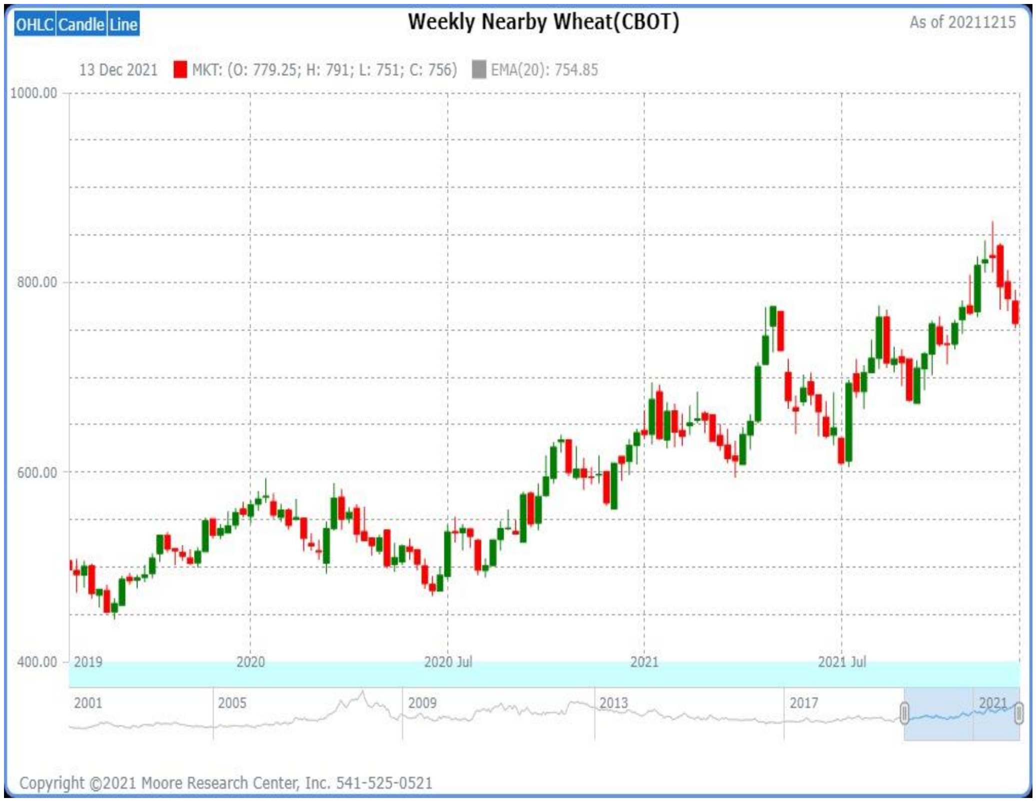
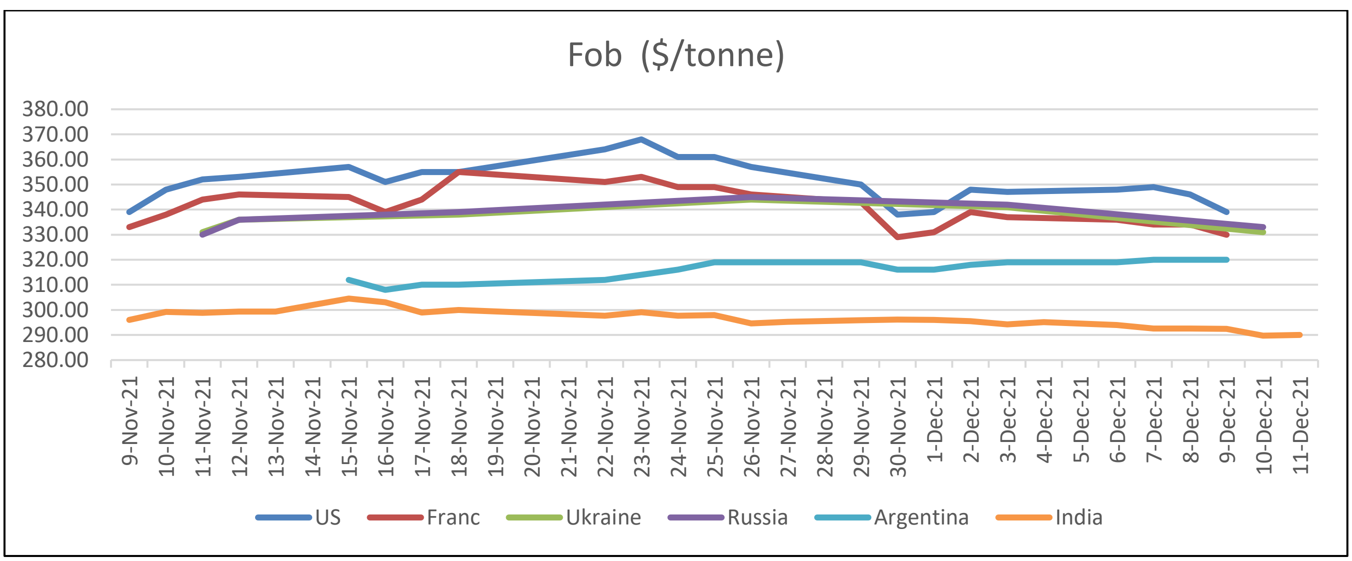
**1st Support: 670**
**2nd Support: 604**
**1stResistance: 780**
**2nd Resistance: 850**
**($ per tonne)**

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 $290.03 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.