Wheat Weekly Research Report

Table of Contents

Wheat Domestic Market Fundamentals

(*Back to Table of Contents*)

During the week of December 16 to 23, 2021, the weekly average price in India was up by 1.49 percent at Rs. 2146.82 per quintal against Rs. 2115.34 per quintal the previous week. Also, wheat average prices increased by 14.51 percent from Rs. 1874.77 per quintal same time last year. On the 20th December the price of wheat in Kanpur market for mill delivery was Rs. 2020 per quintal which is 0.49% lower than Rs. 2030 per quintal the previous month. As most of the traders have purchased wheat stocks for coming 2-3 months, the demand is not upto the level because of the free ration scheme. As a result, the prices remain steady with not much movement in the prices. 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 17th December, wheat sowing was done in 277.709 lakh hectares down by 2.438 lakh hectares from 280.147 lakh hectares the previous year during corresponding period. In Madhya Pradesh, sowing was done in around 70.000 lakh hectares up by 5.030 lakh hectares from 64.970 lakh hectares the previous year as per ministry of agriculture.

Markets regulator Sebi on Monday directed stock exchanges not to launch new derivative contracts in wheat, crude palm oil, moong and few other commodities till further orders.

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 17th December, approximately 0.82 MT of wheat was sold by FCI which is down by 58.63 percent from 1.99 lakh tonnes during the week ending at 10th December.

The overall procurement of wheat in the country has consistently been increasing where the top five wheat-producing states reported nearly 98% of total procurement in the country in 2021-22.

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. There is no major movements expected in the market.

Trade Call: There is no NCDEX trading currently.

Weather Outlook: Cold Wave to Severe Cold Wave conditions very likely to continue to prevail over a few pockets of Punjab, Haryana & Chandigarh, Rajasthan, Madhya Pradesh on 20th & 21st; cold wave conditions at isolated pockets on 22nd December, 2021 and very likely to abate thereafter. Cold Wave conditions in a few pockets very likely to continue to prevail over Jammu, Kashmir-Ladakh-Gilgit-Baltistan-Muzaffarabad, Himachal Pradesh, Uttarakhand, Uttar Pradesh and Chhattisgarh on 20th; cold wave conditions at isolated pockets on 21st December, 2021 and very likely to abate thereafter. Cold Day Conditions very likely in a few/isolated pockets over Uttarakhand, Madhya Pradesh and Uttar Pradesh till 20th December and likely to abate thereafter.

Wheat Weekly Export

(Back to Table of Contents)

A week-on-week Exports	Quantity in MT	Average FoB ($/T)
01-08 Nov-2021	102766.099	326.7238388
9-15 Nov-2021	357157.7151	316.9045161
16-23 Nov-2021	268247.3431	320.7547705
24-30 Nov-2021	168684.8616	318.6101718
Total	**896856.0189**	**320.669386**

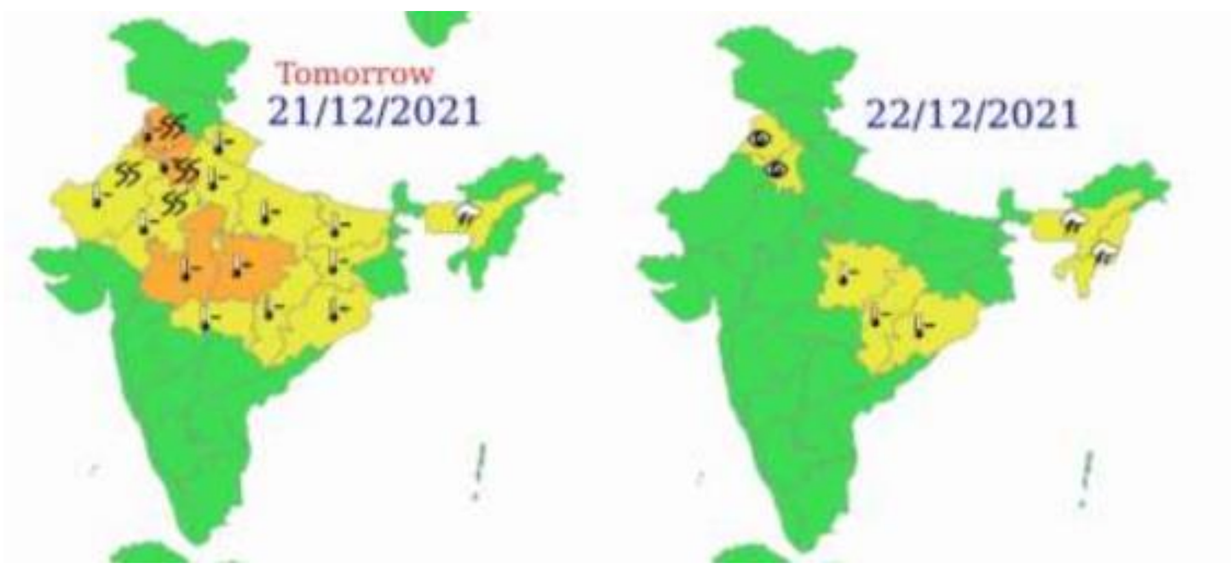
Source: Trade

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 cold wave forecast:
Forecast: - December 2021

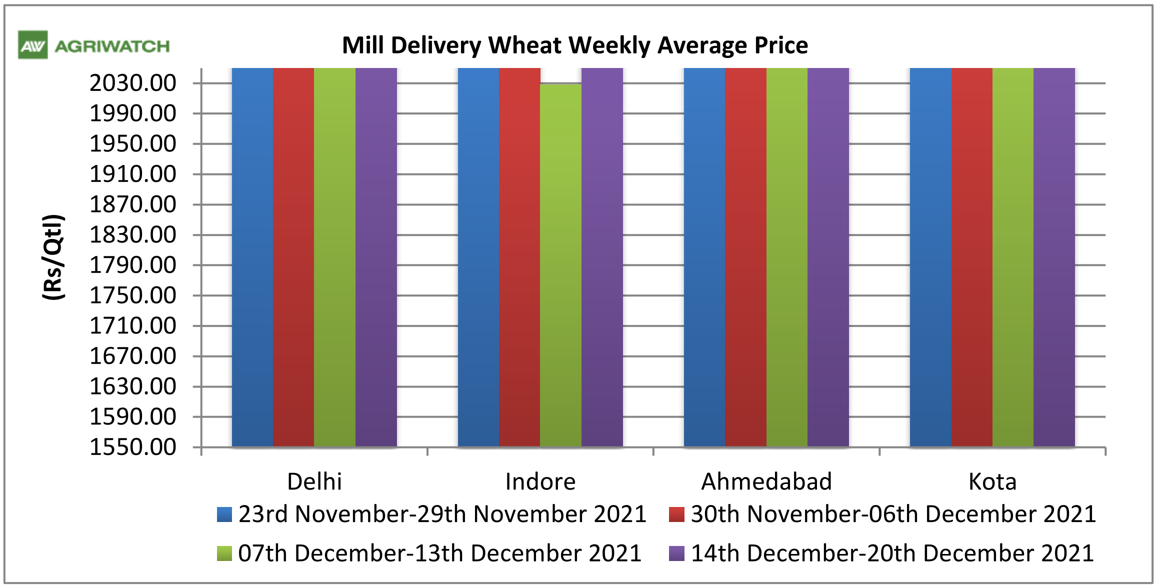


Source: IMD

Wheat Weekly Average Price Chart

(Back to Table of Contents)

In Lawrence Road the prices remain steady with slightly on down side by 0.09 percent. In Indore market, the prices remain firm and was up by 2.71 percent. Also, in Ahmedabad an Kota market , the prices were steady to slightly down by 0.69 and 0.78 percent.



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

(*Back to Table of Contents*)

INR Value : 76.049 As On 18.12.2021	At Kandla
Mill delivery (Rajkot)	**20900**
Freight charge	310
Misc. Charges (port handling)	650
FOB (at Kandla Rs/T)	21860
FOB value in $ for FAQ	**287.45**
Freight Charges (US $/ton) to Dubai	36
Insurance @ 0.1% ($/MT)	0.29
CIF to Dubai (value in $ for SRW)	**323.74**

Due to lower domestic prices, the fob for wheat was on down side compared to previous week. It is expected to trade with mix bias in coming days as well and hover in the range of $283.50-$291.50 in the coming week.

Indicative FOB Quotes:

Wheat FOB	Variety	Today	Week Ago	Month Ago	Year Ago	% Change over Prev. Week
		17-Dec-21	10-Dec-21	17-Nov-21	17-Dec-20	
USA (Chicago)	2srw	334	338	355.00	-	-1.18
France	FCW3	321	326	344.00	210.75	-1.53
Australia	ASW	346.48	357.17	-	227.25	-2.99
Russia	SRW	332	333	339.00	256.00	-0.30
India	Fob	285.14	289.74	298.96	243.80	-1.59

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. Also this is the case with all major producing markets in International level.

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
	18-Dec-21	11-Dec-21	18-Nov-21	18-Dec-20	
Indore	2050	2050	2064	1654	**23.94**
Delhi	2175	2186	2152	1822	**19.37**
Kanpur	2000	2015	2035	1630	**22.70**
Rajkot	2100	2130	2130	1718	**22.24**
Kota	2110	2131	2125	1724	**22.39**

Domestic Market Weekly Outlook:

(*Back to Table of Contents*)

Spot Market Price:							
Centre	Market	Variety	Prices (Rs/Qtl)				
			Today	Yesterday	Week Ago	Month Ago	Year Ago
			17-Dec-21	16-Dec-21	10-Dec-21	16-Nov-21	17-Dec-20
Delhi	Lawrence Road	Mill Delivery	2190	2190	2200	2185	1835
	Narella	Mill Quality Loose	2050	2050	2070	2030	1730
	Nazafgarh	Mill Quality Loose	2060	2040	2060	2040	1720
Gujarat	Rajkot	Mill Delivery	2080	2075	2100	2160	1725
	Ahmedabad	Mill Delivery	2150	2150	2170	2205	1765
	Surat	Mill Delivery	2240	2230	2230	2265	1815
	Dhrol	Mill Delivery	1985	2170	2020	2050	1600
M.P.	Indore	Mill Delivery	2080	2070	2070	2085	1670
	Bhopal	Mill Quality Loose	1950	1930	1960	1925	1525
Rajasthan	Kota	Mill Quality Loose	2030	2025	2040	2060	1630
		Mill Delivery	2180	2175	2200	2200	1755
U.P.	Kanpur	Mill Delivery	2010	2000	2030	2015	1650
	Mathura	Mill Quality Loose	2000	1990	1975	1920	1630
	Kosi	Mill Quality Loose	1980	2000	2030	1925	1640
	Hathras	Mill Quality Loose	1990	2000	2025	1930	1610
	Aligarh	Mill Quality Loose	1970	1980	1950	1920	1600
Punjab	Khanna	Mill Quality Loose	1960	1960	1900	1980	1605
	Ludhiana (Jagraon)	Mill Delivery	0	0	0	0	0
Haryana	Sirsa	Mill Delivery loose	2010	2010	2025	1950	1750
	Hodal	Mill Delivery	0	0	0	0	0
	Bhiwani	Mill Quality Loose	2120	2120	2080	2060	1720
	Karnal	Mill Delivery	0	0	0	0	0
	Panipat	Mill Quality Loose	0	0	0	0	0
Tamil	Chennai	Mill Quality	2500	2500	2500	2400	1950

Nadu	Madurai	Mill Quality					
	Coimbatore	Mill Quality	2557	2600	2600	2600	2150
Bihar	Khagariya	Mill Delivery	2557	2650	2650	2650	2200
	Muzaffarpur	Mill Delivery	2000	2000	2000	2100	1850

Ongoing Rabi sowing 2021-22

(Back to Table of Contents)

Rabi sowing update (as on 17.12.2021)				
State	**Normal area (2021)**	**2021**	**2020**	**Absolute Change 2021 vs. 2020**
Bihar	21.25	**10.971**	**14.390**	**-3.40**
Chhattisgarh	1.08	**0.654**	1.038	**-0.384**
Gujarat	9.44	**9.814**	11.269	**-1.455**
Haryana	25.32	**21.200**	22.040	**-3.81**
Himachal Pradesh	3.22	**3.400**	3.400	**0.00**
J&K	2.80	**2.228**	1.929	**0.299**
Jharkhand	1.94	**0.796**	1.467	**-0.671**
Karnataka	1.67	**1.370**	1.524	**-0.154**
Madhya Pradesh	58.65	**70.000**	64.970	**5.030**
Maharashtra	10.20	**5.895**	6.715	**-0.819**
Punjab	35.11	**34.810**	34.830	**-0.504**
Rajasthan	29.49	**26.240**	26.708	**-1.98**
Uttar Pradesh	96.89	**84.260**	84.328	**-0.068**
Uttarakhand	3.32	**3.120**	3.200	**-0.080**
West Bengal	2.16	**1.050**	0.890	**0.160**
Others	0.20	**0.00**	0.000	**0.00**
All-India	**303.06**	**277.709**	**280.147**	**-2.438**

Source: Ministry of Agriculture

International Market Update:

(*Back to Table of Contents)*

Russian wheat prices fell for a third consecutive week last week, tracking lower prices in Chicago and Paris and after only a small reduction in Russia's upcoming grain export quota.

U.S. and European wheat futures fell about 1.5% on Monday as growing investor fears about a resurgence in coronavirus cases pushed prices further from last month's multi-year highs.

The Argentina government on Friday capped the volume of wheat for the 2021/22 cycle that can be exported, in a bid to head off domestic grains shortages and tamp down rising food values in the country, which is battling high inflation.

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.

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 was at 840 million bushels, lowest in seven years.

Strategie Grains has raised its estimate for EU soft wheat exports outside the bloc for the current 2021/22 season by more than one million tonnes as a fall in prices has made French wheat more competitive on world markets.

Iranian state agency the Government Trading Corporation (GTC) is believed to have purchased around 500,000 tonnes of milling wheat in a tender that closed on 15th December 2021.

Russia is considering imposing a higher tax on wheat exports, based on a formula that links the tax rise to increases in the price of the commodity. Under the formula, the tax will rise if prices reach $375 a ton and again if they hit $400 a ton.

IGC Wheat Balance Sheet:

(Back to Table of Contents)

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
	17-Dec-21	10-Dec-21	16-Nov-21	16-Sep-21	18-Jun-21	17-Dec-20	
Dec-21	284.74	287.31	297.69	266.00	246.62	225.40	26.32
Mar-22	286.02	288.50	301.27	267.28	248.82	227.88	25.51
May-22	282.81	290.52	303.11	259.66	249.10	226.13	25.06
Jul-22	283.36	287.67	298.70	260.49	246.07	220.26	28.65
Sep-22	284.55	288.50	297.23	262.60	246.43		-
Dec-22	284.74	289.97	297.96	262.60	212.45		-
Mar-23	280.60	290.43	298.24				-

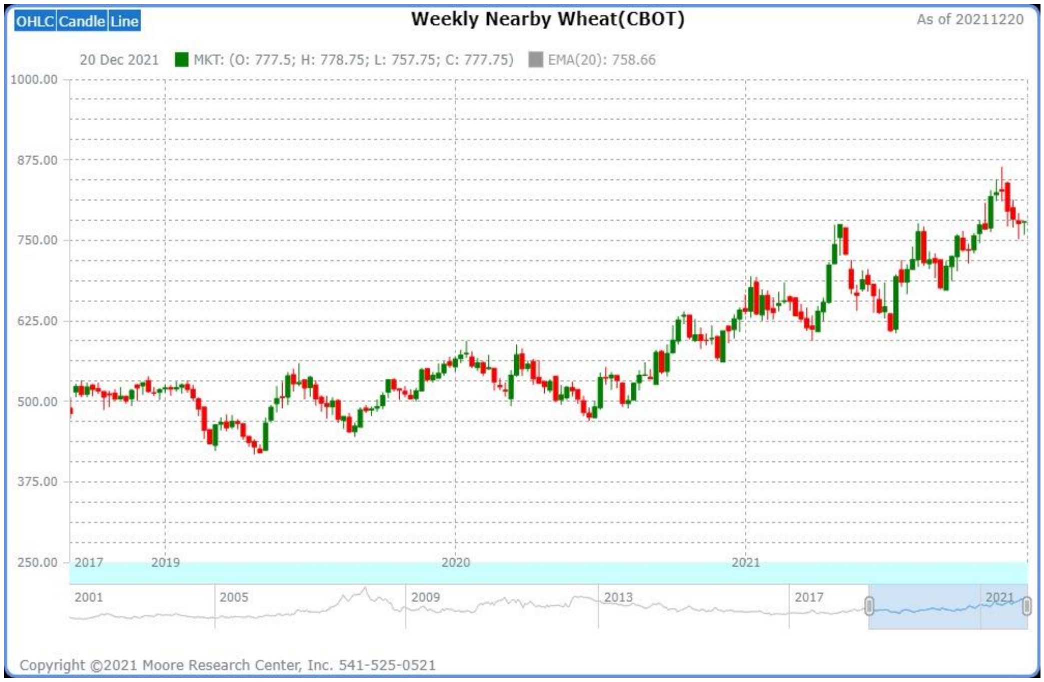
AGRIWATCH

Wheat Weekly Research Report
20th Dec-2021

CBOT Dec -21

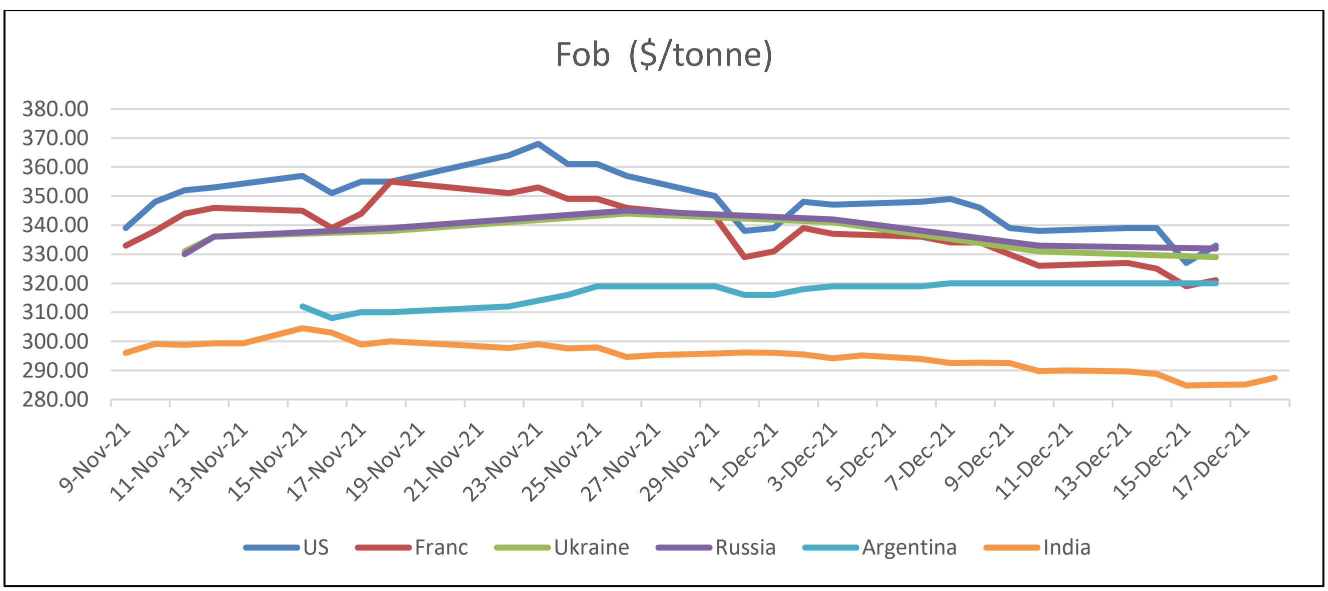
(Back to Table of Contents)

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 also Argentina wheat is expected to produce good harvest.

International FOB Weekly Price Movement



Indian FoB quote is based on local prices. Indian FoB quote is being quoted at $287.45 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 as higher production from Argentina and Australia is expected.