AGRIWATCH

Wheat Weekly Research Report
10th Jan-2022

Wheat Weekly Research Report

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Wheat Domestic Market Fundamentals

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During the week of January 01 to 08, 2021, the weekly average price in India was up by 0.48 percent at Rs. 2144.82 per quintal against Rs. 2134.83 per quintal the previous week. Also, wheat average prices increased by 10.93 percent from Rs. 1933.46 per quintal same time last year. On the 08th January 2022, the price of wheat in Khanna market for mill delivery was Rs. 2040 per quintal which is 2% higher than Rs. 2000 per quintal the previous week. The market is moving with steady to slighly firm bias in most of the major markets as the arrivals has been on lower side. The government tenders are lower which along with unavailability of trucks for transport of wheat stocks is supporting the market.

As of 07th January 2022, wheat sowing was done in 333.97 lakh hectares down by 5.84 lakh hectares from 339.81 lakh hectares the previous year during corresponding period. In Madhya Pradesh, sowing was done in around 90.54 lakh hectares down by 1.14 lakh hectares from 91.68 lakh hectares the previous year as per ministry of agriculture. In Madhya Pradesh, the acreage is down due to shifting of wheat area to other crops like Mustard. In Rajasthan, the area sown is 31 lakh hectares up by 1.96 lakh hectares compared to previous year. The farmers in Rajasthan were not preferring gram over wheat as a part of diversification of crops by Rajasthan Govenment.

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.

During the week ending 07th January, approximately 0.82 MT of wheat was sold by FCI compared to from 0.34 lakh tonnes during the week ending at 31st December. The major chunk of wheat was sold to Government of West Bnegal for the supply of free ration to the people of West Bengal. Approximately 0.57 lakh MT of wheat was purchased by West Bengal Govenrment from West Bengal FCI.

As per sources, 60,500 MT of Wheat vessel DARYA ANITA is waiting for loading at Kandla Port since 04th January 2021. And 5,000 MT of wheat vessel MEGHNA ROSE is loading at Kandla Port since 31st December 2021. Also, 4,000 MT of wheat vessel ABDULLATIF is waiting for loading at Kandla Port since 28th December 2021. And 12,000 MT of wheat vessel VTC OCEAN is waiting for loading at Kandla port since 27th December 2021. Also, 33,000 MT of wheat vessel BANGLAR SAMRIDDHI is loading at Kandla Port since 04th January 2022. And 60,500 MT of wheat vessel CHRISTINA is waiting for loading at Kandla Port since 01st January 2022. And 52,500 MT of wheat vessel MEGHNA PARADISE is waiting for loading at Kandla Port since 01st January 2022. Also, 70,000 MT of wheat vessel SEAWIND is expected toarrive at Mundra Port on 22nd December 2021.

Outlook & Recommendation: Due to offseason going and lower arrivals expected in coming days which along with good export demand expected in coming days can support the market. Though free ration scheme till March 2022 can limit domestic consumption which can prevent a major rise in the prices. Also, with increase in the omicron scare and delays in operations of ports, we can expect the container prices to rise in coming days.

Trade Call: There is no NCDEX trading currently.

Weather Outlook: Isolated thunderstorms with lightning/Hail very likely over Punjab, Haryana, Chandigarh, West Uttar Pradesh, Madhya Pradesh on 08th and over Vidarbha, Chhattisgarh, Jharkhand & Telangana on 10th & 11th; Bihar & Gangetic West Bengal on 11th ; over Odisha on 11th & 12th January, 2022

Wheat Weekly Export

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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**

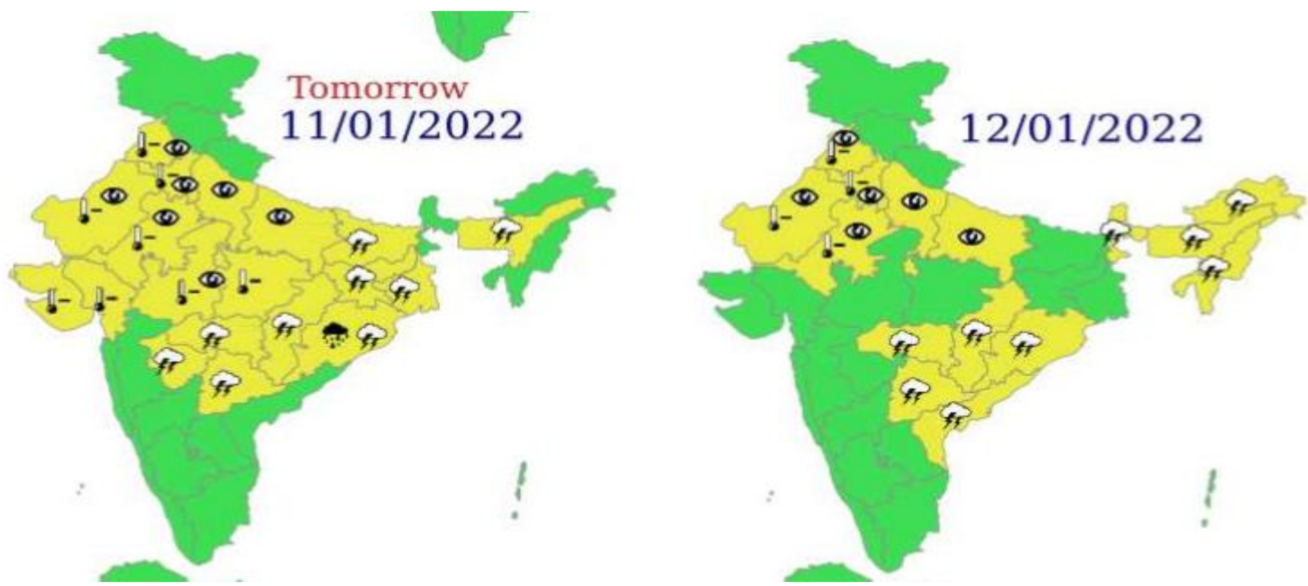
Source: Trade

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.

Weather: -
Weather forecast:
Forecast: - January 2022



Source: IMD

Wheat Weekly Average Price Chart

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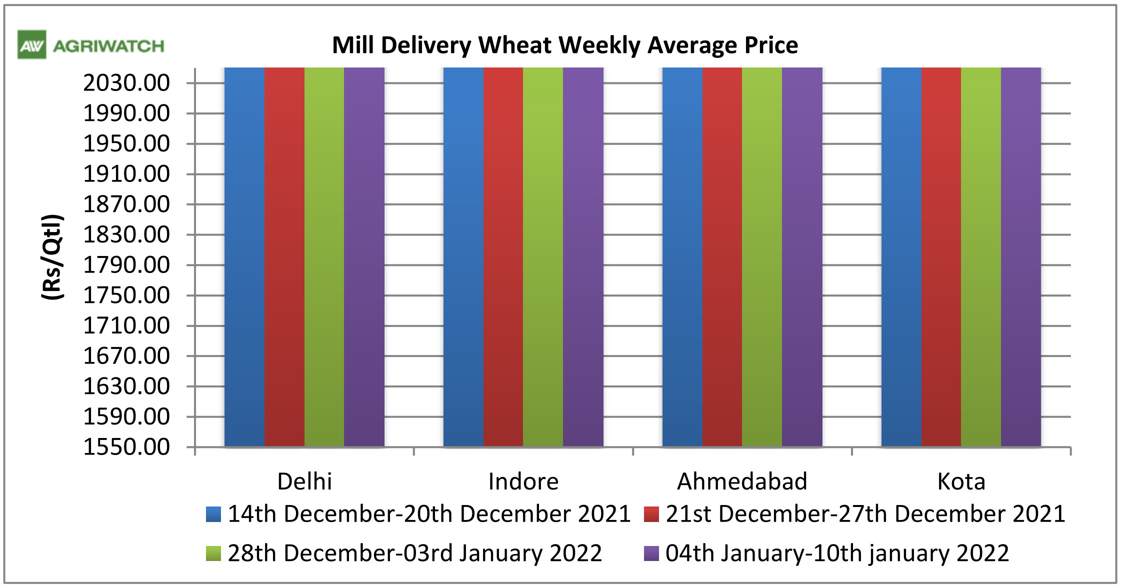

Of the four markets, the average prices remains steady to slighly of Delhi and Ahmedabad while the prices were slighly lower in Indore and Kota market. In Delhi, the prices were up by 0.55 percent while in Ahmedabad market it was up by 0.19 percent. In Indore market, prices fell by 0.67 percent while in Kota market the prices were down by 0.24 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

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INR Value : 74.232 As On 08.01.2022	At Kandla
Mill delivery (Rajkot)	**21000**
Freight charge	310
Misc. Charges (port handling)	650
FOB (at Kandla Rs/T)	21960
FOB value in $ for FAQ	**295.829**
Freight Charges (US $/ton) to Dubai	36
Insurance @ 0.1% ($/MT)	0.29
CIF to Dubai (value in $ for SRW)	**332.119**

The FOB prices rose compared to previous week mainly due to slight increase in the domestic prices along with strenghtening or rupee against dollars. Though the increase in FOB, Indian market still remains highly competitive among other major international markets.

Indicative FOB Quotes:

Wheat FOB	Variety	Today	Week Ago	Month Ago	Year Ago	% Change over Prev. Week
		07-Jan-22	31-Dec-21	07-Dec-21	31-Dec-20	
USA (Chicago)	2srw	330	336	349.00	-	-1.79
France	FCW3	317	321	334.00	269.62	-1.25
Argentina	ASW	306	310	320.00	-	-1.29
Russia	SRW	336	334	333.00	280.00	0.60
India	Fob	294.90	288.01	292.546	259.20	2.39

International Weekly Outlook:

Prices for US soft winter wheat fell by 1.79 percent compared to previous week while for France the FOB price fell by 1.25 percent. This is due to higher trades shifting towards Southern Hemisphere countries compared to Northern Hemisphere countries. The FOB prices for Argentina also fell by 1.29 percent as Buenos Aires Grain Exchange corrected the production estimate from 21.5 million tonnes to 21.8 million tonnes. Russia's FOB rose by 0.60 percent due to increase in the internal prices as well as nearing of export duty close to $100 per tonne.

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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
	07-Jan-22	31-Dec-21	07-Dec-21	07-Jan-21	
Indore	2035	2021	2064	1805	12.74
Delhi	2190	2175	2186	1918	14.18
Kanpur	2060	2015	1975	1700	21.18
Rajkot	2069	2100	2140	1845	12.14
Kota	2115	2100	2131	1618	30.72

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
			7-Jan-22	6-Jan-22	31-Dec-21	7-Dec-21	7-Jan-21
Delhi	Lawrence Road	Mill Delivery	2200	2200	2175	2190	1965
	Narella	Mill Quality Loose	2070	2060	2025	2070	1760
	Nazafgarh	Mill Quality Loose	2080	2080	2030	2060	1750
Gujarat	Rajkot	Mill Delivery	2100	2075	2050	2110	1830
	Ahmedabad	Mill Delivery	2150	2150	2120	2170	1910
	Surat	Mill Delivery	2240	2235	2200	2235	1980
	Dhrol	Mill Delivery	1870	1870	2000	2080	1790
M.P.	Indore	Mill Delivery	2075	2040	2080	2070	1850
	Bhopal	Mill Quality Loose	1900	1900	1900	1925	1700
Rajasthan	Kota	Mill Quality Loose	1950	1950	1975	2025	1760
		Mill Delivery	2100	2100	2125	2175	1885
U.P.	Kanpur	Mill Delivery	2010	2020	2030	2040	1700
	Mathura	Mill Quality Loose	1960	1950	1960	1970	1625
	Kosi	Mill Quality Loose	2000	1975	1980	1980	1600
	Hathras	Mill Quality Loose	2000	2030	1990	1925	1700
	Aligarh	Mill Quality Loose	1960	1950	1950	1920	1700
Punjab	Khanna	Mill Quality Loose	1950	1950	1900	1910	1600
	Ludhiana (Jagraon)	Mill Delivery	-	-	-	-	-
Haryana	Sirsa	Mill Delivery loose	2010	2000	2000	2020	1750
	Hodal	Mill Delivery	-	-	-	-	-
	Bhiwani	Mill Quality Loose	2070	2100	2120	2050	1770
	Karnal	Mill Delivery	-	-	-	-	-
	Panipat	Mill Quality Loose	-	-	-	-	-
Tamil	Chennai	Mill Quality	2450	2450	2450	2500	1980

Nadu	Madurai	Mill Quality	2507	2550	2550	2600	2080
	Coimbatore	Mill Quality	2507	2600	2600	2650	2130
Bihar	Khagariya	Mill Delivery	2100	2100	2100	2100	1900
	Muzaffarpur	Mill Delivery	-	-	-	-	1780

Ongoing Rabi sowing 2021-22

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Rabi sowing update (as on 07.01.2022)				
State	**Normal area (2021)**	**2021**	**2020**	**Absolute Change 2021 vs. 2020**
Bihar	21.25	**21.930**	21.250	**0.680**
Chhattisgarh	1.08	**1.688**	1.600	**0.088**
Gujarat	9.44	**12.364**	13.267	**-0.903**
Haryana	25.32	**23.860**	25.210	**-1.350**
Himachal Pradesh	3.22	**3.400**	3.400	**0.00**
J&K	2.80	**2.437**	2.502	**-0.065**
Jharkhand	1.94	**1.878**	1.933	**-0.055**
Karnataka	1.67	**1.560**	1.890	**-0.330**
Madhya Pradesh	58.65	**90.540**	91.680	**-1.140**
Maharashtra	10.20	**8.839**	10.034	**-1.195**
Punjab	35.11	**35.020**	35.220	**-0.200**
Rajasthan	29.49	**31.000**	29.040	**1.960**
Uttar Pradesh	96.89	**94.326**	97.433	**-3.108**
Uttarakhand	3.32	**3.220**	3.250	**-0.030**
West Bengal	2.16	**1.650**	1.860	**-0.210**
Others	0.20	**0.00**	0.000	**0.00**
All-India	**303.06**	**333.967**	**339.808**	**-5.841**

Source: Ministry of Agriculture

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

Brazil was able to clear two wheat shipments at Santos port after days of delay caused by a protest by agricultural tax collectors as part of their campaign for higher wages. One of the vessels was unloaded on January 2nd but the shipment was not cleared by officials immediately, which affected the second vessel that needed to wait for these procedures to be concluded so it could discharge.

Jordan's state grain buyer has issued an international tender to buy 120,000 tonnes of milling wheat. The deadline for submission of price offers in the tender is Jan. 18. The possible shipment of the crop is expected between July-August.

Argentina is expected to produce 21.8 MMT of wheat, according to the Buenos Aires Grains Exchange. This is the fourth increase over the past month by the exchange mainly due to higher-than-expected yields as farmers completes the harvest.

Tunisia's state grains agency has issued international tenders to purchase about 125,000 tons of soft wheat, 75,000 tons of durum wheat on 4th January 2022. For the soft wheat, Tunisia was seeking five consignments of 25,000 tons each for shipment on various dates between February 1 and March 25. The durum tender sought three 25,000-ton consignments for shipment between January 25 and February 25.

U.S exporters shipped 141,816 tonnes of wheat which is below expectations and 70% below the previous four-week average during the week ending on 30th December. The wheat market was supported by tightening world supplies. Condition for winter wheat fell sharply during December in Kansas and Oklahoma, the top two U.S. winter wheat producing areas.

In Nigeria, as per sources, a total of 243,073 metric tons of bulk wheat was imported for the month of December 2021 as against 173, 362 metric tons in previous month of November. Importation of wheat is creating market for the millers.

In Pakistan, due to urea shortage, massive drop in wheat production this year is expected and a resultant hike in flour prices because of a growing trend among farmers to switch over to crops other than wheat.

Ukraine has exported 33.2 million tonnes of grain so far in the 2021-22 season, up by 25.7% from previous year same period. The total included 16.1 million tonnes of wheat.

In Australia, activity within most export markets remains quite slow, as international buyers are still enjoying their festive season holiday, with most shipping slots for the first half of 2022 covered by marketers

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
	7-Jan-22	31-Dec-21	7-Dec-21	7-Oct-21	9-Jul-21	7-Jan-21	
Mar-22	278.67	283.17	297.04	278.67	232.29	238.90	16.65
May-22	279.41	284.46	298.79	273.53	234.22	236.61	18.09
Jul-22	278.12	280.88	294.47	274.08	234.03	229.81	21.02
Sep-22	278.86	281.61	294.75	275.83	235.96	-	-
Dec-22	280.69	282.90	296.22	276.47	238.90	-	-
Mar-23	281.80	283.54	296.68	276.47	212.45	-	-
May-23	278.86	278.86	292.36	-	-	-	-

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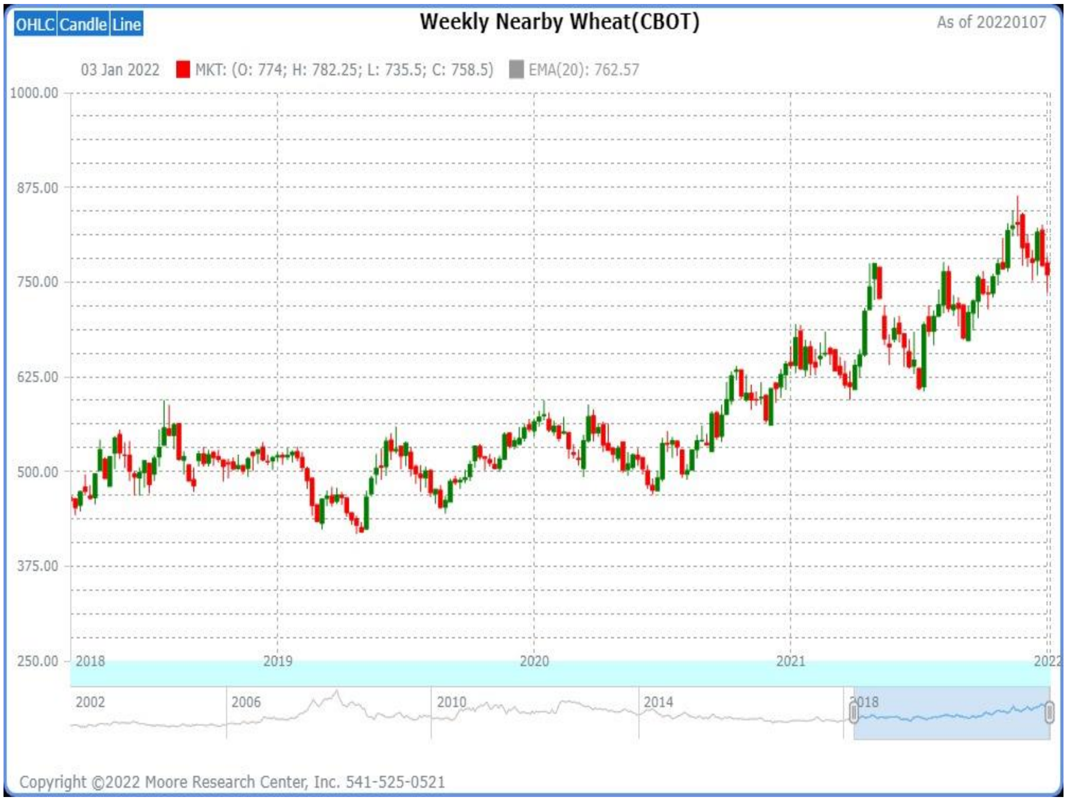
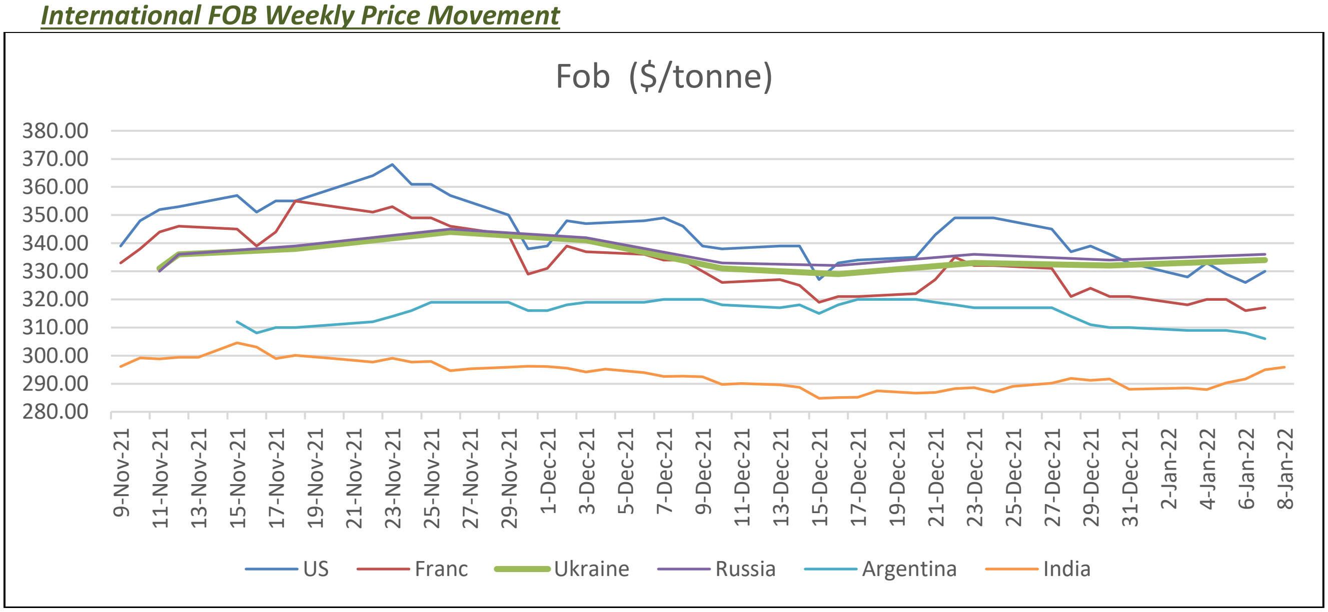
1st Support: 670
2nd Support: 604
1stResistance: 780
2nd Resistance: 850
($ per tonne)



The wheat contract showed bearish trend last week which is driven by lower trade from northern hemisphere as more trade is shifted towards the southern hemisphere countries. Higher estimate for Argentina crop is also weakening the market. 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 still continues and also concern regarding increasing wheat export duty by Russia is also expected to support the market.

International FOB Weekly Price Movement



Indian FoB quote is based on local prices. Indian FoB quote is being quoted at $295.82 per tonne. Indian wheat in domestic market is expected to strade slghtly firm in coming week as the prices can be slighlty firm in coming week. Worldwide the prices are on lower side due to lower trade happening in major producing nations and higher production expected in some of the major Latin american countries.