

Wheat Weekly Research Report

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

During the week of January 09 to 15, 2021, the weekly average price in India was up by 1.49 percent at Rs. 2349.05 per quintal against Rs. 2314.48 per quintal the previous week. Also, wheat average prices increased by 17.83 percent from Rs. 1993.49 per quintal same time last year. On the 15th January the price of wheat in Kanpur market for mill delivery was Rs. 2030 per quintal which is 1.00% higher than Rs. 2010 per quintal the previous week. High transportation cost and shortage of labour for loading and unloading is pressurizing the supply market which is supporting the wheat market.

As on 14th January 2022, area sown to wheat was lower by 1.25 per cent at 336.48 lakh hectare so far in the current rabi season from 340.74 lakh hectare the previous year during the corresponding period. Wheat has been sown in 90.54 lakh hectare in Madhya Pradesh down by 1.14 lakh hectares, 94.55 lakh hectare in Uttar Pradesh down by 1.89 lakh hectare, 35.02 lakh hectare in Punjab down by 0.20 lakh hectares, 23.87 lakh hectare in Haryana down by 1.34 lakh hectares and 31.00 lakh hectare in Rajasthan up by 1.96 lakh hectares so far in the ongoing season. The acreage is down mainly due to shift from wheat to mustard.

Wheat stock in government warehouses as of January 1, 2022 was 330.12 lakh tonnes, lower by 12.79 percent from December 1, 2021. During this season, stock in the central pool as on January 1, 2022 is lower by 3.7 percent compared to same month last year. We expect the stocks to reduce further until February the arrivals of the new crop.

FCI has proposed a change in specifications under which 12 percent Other Content limit has been recommended in wheat grains against the present 14 percent. The limit of dry and broken wheat has been reduced from 6 percent to 4 percent.

Under the PM-GKAY scheme, between Phase 1 to Phase 5, the Department had so far allocated a total of about 759 Lakh MT foodgrains to the States and UTs for distribution to around 80 Crore NFSA beneficiaries, free of cost, which is equivalent to about Rs. 2.6 Lakh Crore in food subsidy.

During the week ending 14th January, approximately 0.93 LMT of wheat was sold by FCI against tender offers of 1.02 LMT quantity, against 0.82 Lakh Tons last week.

Outlook & Recommendation: As this is the end of the season, lower arrivals are expected in the coming days which along with good export demand expected in coming days can support the market. But shortage of containers can hinder the export pace but nevertheless overall impact is expected to be positive for the wheat market. Though free ration scheme till March 2022 can limit domestic consumption which can prevent a major rise in the prices.

Trade Call: There is no NCDEX trading currently.

Weather Outlook: Dense Fog at a few places with Very Dense Fog at isolated places in night/morning hours very likely over West Uttar Pradesh during next 24 hours and Dense to very Dense Fog at isolated places during subsequent 3 days. Fog is generally beneficial for the wheat as it provides natural irrigation to the crop. Monitoring of ground frost is needed as cold waves are also expected in coming week which can bring unexpected ground frost conditions which can impact the crop.

Wheat Weekly Export

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A week-on-week Exports	Quantity in MT	Average FoB (\$/T)
01-08 Nov-2021	102766.099	326.7238
9-15 Nov-2021	357157.7151	316.9045
16-23 Nov-2021	268247.3431	320.7548
24-30 Nov-2021	168684.8616	318.6102
Total	896856.0189	320.6694

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



-  Thunderstorm with Lightning
-  Visibility/Fog
-  Cold wave/Cold day
-  Frost

Source: IMD

Wheat Weekly Average Price Chart
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In all the four markets, the prices were mostly steady compared to previous week. In Delhi, the prices were up by 0.77 percent while in Indore the prices were up by 0.87 percent. In Ahmedabad, the price was up by 0.19 percent while in Kota the price was up by 0.14 percent. We expect the market to trade in range bound in coming week as good export demand and free ration scheme simultaneously impact the market condition.

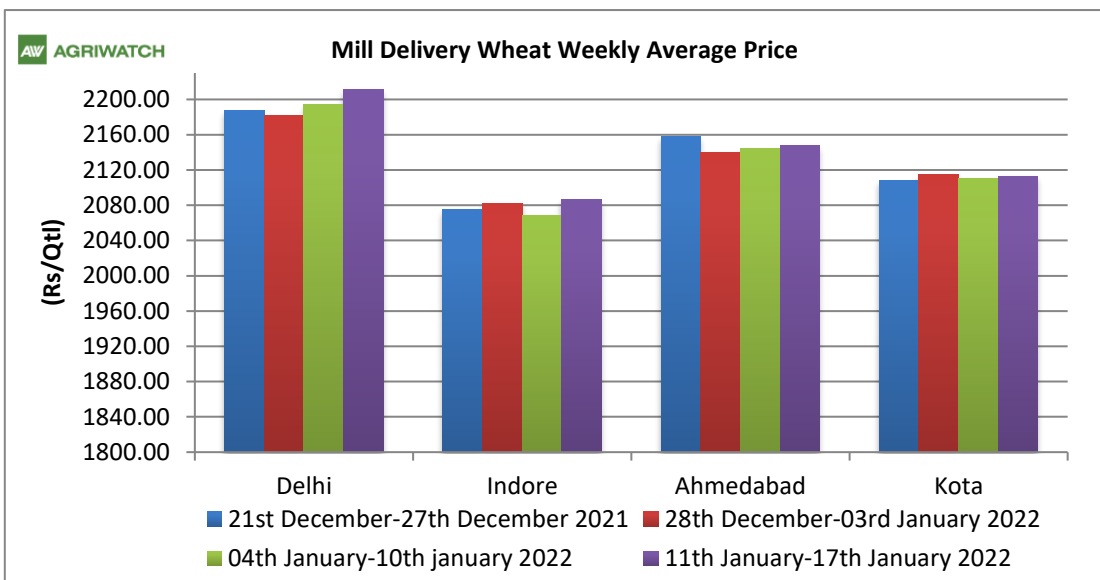

Wheat and Rice Stocking Norms
Wheat Stock Norms

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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	At Kandla
Mill delivery (Rajkot)	20750
Freight charge	310
Misc. Charges (port handling)	650
FOB (at Kandla Rs/T)	21710
FOB value in \$ for FAQ	292.749
Freight Charges (US \$/ton) to Dubai	36
Insurance @ 0.1% (\$/MT)	0.29
CIF to Dubai (value in \$ for SRW)	329.039

(INR value: 74.159 as on 14.01.2022)

The FOB prices were quoted at \$292.75 per tonne which is slightly lower compared to previous week. The Indian wheat FOB is highly competitive among major wheat producing countries. Nepal and Bangladesh remain a major market for Indian wheat.

Indicative FOB Quotes:

Wheat FOB	Variety	Today	Week Ago	Month Ago	Year Ago	% Change over Prev. Week
		14-Jan-22	07-Jan-22	14-Dec-21	14-Jan-21	
USA (Chicago)	2srw	326	330	339	-	-1.21
France	FCW3	316	317	325	280.05	-0.32
Argentina	ASW	300	306	318	-	-1.96
Russia	SRW	333	334	332	290.00	-0.30
India	Fob	293.49	294.90	288.73	263.15	-0.48

International Weekly Outlook:

Prices for US soft winter wheat fell by 1.21 percent compared to previous week while for France the FOB price fell by 0.32 percent. Russia's FOB fell by 0.30 percent and that of Argentina fell by 1.96 percent. Lower trades and higher global outlook of wheat has reduced the price of wheat while in Russia the FoB prices fell mainly due to confusion over tariff mechanism and export quota. Indian FoB remains highly competitive and fell by 0.48 percent compared to previous week.



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
	14-Jan-22	07-Jan-22	14-Dec-21	14-Jan-21	
Indore	2058	2035	2046	1797	14.52
Delhi	2194	2190	2183	1951	12.46
Kanpur	2110	2060	2000	1750	20.57
Rajkot	2071	2069	2110	1900	9.00
Kota	2100	2115	2121	1829	14.82

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
			14-Jan-22	13-Jan-22	7-Jan-22	14-Dec-21	14-Jan-21
Delhi	Lawrence Road	Mill Delivery	2225	2230	2200	2220	Closed
	Narella	Mill Quality Loose	2040	2030	2070	2050	Closed
	Nazafgarh	Mill Quality Loose	2050	2040	2080	2030	Closed
Gujarat	Rajkot	Mill Delivery	2075	2075	2100	2100	Closed
	Ahmedabad	Mill Delivery	2140	2140	2150	2180	Closed
	Surat	Mill Delivery	2230	2230	2240	2250	Closed
	Dhrol	Mill Delivery	NR	2075	1870	2035	1890
M.P.	Indore	Mill Delivery	2100	2100	2075	2070	Closed
	Bhopal	Mill Quality Loose	1900	1900	1900	1950	Closed
Rajasthan	Kota	Mill Quality Loose	1960	1960	1950	1980	Closed
		Mill Delivery	2110	2110	2100	2130	Closed
U.P.	Kanpur	Mill Delivery	2040	2020	2010	2010	1740
	Mathura	Mill Quality Loose	2030	2050	1960	2000	1625
	Kosi	Mill Quality Loose	2000	2015	2000	2000	1650
	Hathras	Mill Quality Loose	2040	2025	2000	2020	1700
	Aligarh	Mill Quality Loose	2000	1980	1960	1960	1715
Punjab	Khanna	Mill Quality Loose	1950	1960	1950	1950	1660
	Ludhiana (Jagraon)	Mill Delivery	-	-	-	-	-
Haryana	Sirsa	Mill Delivery loose	2010	2010	2010	2010	1775
	Hodal	Mill Delivery	-	-	-	-	-
	Bhiwani	Mill Quality Loose	2050	2050	2070	2115	1815
	Karnal	Mill Delivery	-	-	-	-	-
	Panipat	Mill Quality Loose	-	-	-	-	-
Tamil Nadu	Chennai	Mill Quality	2450	2450	2450	2500	Closed
	Madurai	Mill Quality	2507	2550	2550	2600	Closed



	Coimbatore	Mill Quality	2507	2600	2600	2650	Closed
Bihar	Khagariya	Mill Delivery	2050	2050	2100	2000	1900
	Muzaffarpur	Mill Delivery	-	-	-	-	1800

Ongoing Rabi sowing 2021-22

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Rabi sowing update (as on 14.01.2022)				
State	Normal area (2021)	2021	2020	Absolute Change 2021 vs. 2020
Bihar	21.25	22.970	21.970	1.000
Chhattisgarh	1.08	1.688	1.600	0.088
Gujarat	9.44	12.440	13.428	-0.988
Haryana	25.32	23.870	25.210	-1.340
Himachal Pradesh	3.22	3.400	3.400	0.00
J&K	2.80	2.438	2.502	-0.063
Jharkhand	1.94	1.878	1.933	-0.055
Karnataka	1.67	1.670	1.900	-0.230
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	95.546	97.433	-1.887
Uttarakhand	3.32	3.220	3.260	-0.040
West Bengal	2.16	1.700	1.880	-0.180
Others	0.20	0.00	0.000	0.00
All-India	303.06	336.478	340.737	-4.259

Source: Ministry of Agriculture

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

Australia's wheat exports have increased in November from both a month and year earlier, and could continue to rise throughout 2022 due to bumper harvest. As per sources, during January-November 2021, Australia has exported around 23.45 million MT, almost triple the same period in 2020. During November, the shipment was 1.63 million MT compared to 0.55 million MT during November 2020. Some of the ASEAN markets like Indonesia is preferring more wheat from Australia reducing its market from India owing to better proximity to Australia compared to India.

In Pakistan, abundant wheat stocks of 4.336 million tons are available to cater domestic requirements, besides maintaining smooth demand, supply in local markets, and ensuring provision of flour and other by-products at sustainable rates across the country. This means Pakistan will be less dependent on importing wheat from nearby countries like India in near future for short term.

Turkey has issued an international tender to purchase about 335,000 tonnes of milling wheat. The deadline for submission of price offers in the wheat tender is January 18th. The shipment is sought between February 10th to March 10th. Chances of purchases from India is less as Turkey markets are dominated by Russian and Ukrainian wheat.

FranceAgriMer lowered its forecast of French soft wheat exports outside the European Union for the 2021-22 season to 9.0 million tonnes from 9.2 million estimated in December. It increased its projection of French soft wheat stocks by the end of the 2021-22 season to 3.6 million tonnes from 3.5 million estimated last month.

During July 1st to December 30th, Russia exported 21.6 million MT of wheat. Turkey remained the largest buyer of Russian wheat during the year, buying 4.5 million MT as of December 30th, followed by Egypt at 3.2 million MT and Kazakhstan at 1.6 million MT. Due to higher export duty which is reaching close to \$100 per tonne is impacting Russian exports due to which many countries have shifted to India for its wheat due to its competitive price.

As per reports, In USA, the estimated area planted to winter wheat for harvest in 2022 stood at 34.397 million acres up by 0.75 million acres, or by 2.2%, from 33.648 million acres in 2021. Planted acreage is up from last year across most of the growing region including Kansas and Texas while the largest decreases are estimated in Colorado and New Mexico.

Ukraine's Agriculture Ministry sees no major threat to domestic supplies of milling wheat even after having a high pace of exports but asked the traders to switch to feed grains for the rest of the 2021-22 MY season so as not to fuel inflation. The ministry's data showed that 10.8 million tonnes of milling wheat were exported so far this season out of a total 13.4 million tonnes expected for the season and 2.6 million tonnes of milling wheat was available for export in the remaining months of the 2021-22 season.

IGC Wheat Balance Sheet:
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IGC Forecast (Fig-In MMT)	2018-19	2019-20	2020-21 est.	2021-22 F'cast	
				18.11.2021	13.01.2022
Production	733	762	773	777	781
Trade	168	185	191	196	196
Consumptions	740	745	771	782	783
Carryover stocks	260	276	278	274	276
Y-O-Y change	-8	16	2		-2
Major Export	69	63	59	53	56

- IGC has estimated global wheat production at 781 MMT for 2021-22, 4 MT up from last month's estimate. According to estimates by IGC the 2019-20 global wheat production was around 762 MMT and 733 MMT for 2018-19.
- The trade estimates for 2021-22 is 196 MMT. It is same compared to the previous estimate and also higher from 2020-21.
- Consumption has been higher at 783 MMT for 2021-22. The forecast is higher by 12 MMT compared to 2020-21.
- Carryout for 2021-22 is forecast at 276 MMT compared to an estimate of 274 MMT in previous month. It is lower by around 2 MMT compared to 2020-21.

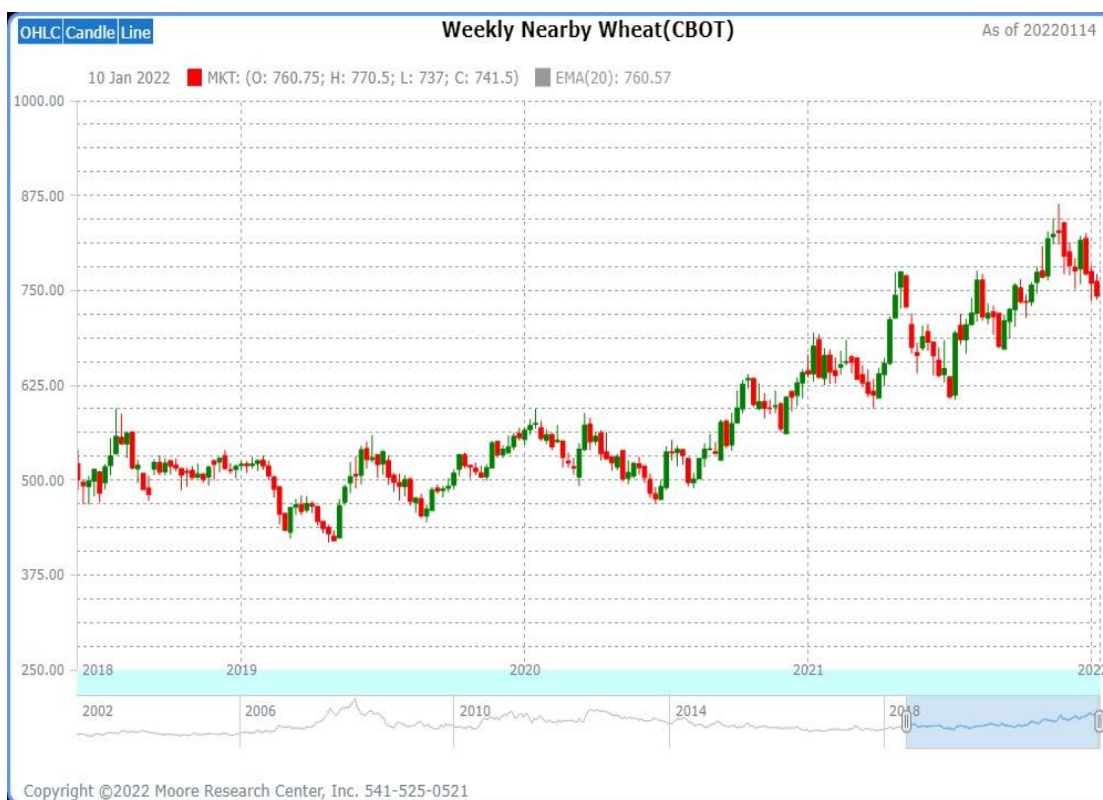
CBOT FUTURES CONTRACT:

CBOT Futures Prices:(USD/T)							
CONTRACT MONTH	Today	Week Ago	Month Ago	3 Month Ago	6 Month Ago	Year Ago	% Change over prev. year
	14-Jan-22	7-Jan-22	14-Dec-21	14-Oct-21	16-Jul-21	14-Jan-21	
Mar-22	272.43	278.67	289.14	270.68	259.66	244.14	11.59
May-22	273.53	279.41	291.16	267.01	255.62	241.01	13.49
Jul-22	270.87	278.12	288.04	268.02	256.35	232.56	16.47
Sep-22	271.78	278.86	288.68	270.22	258.37	-	-
Dec-22	273.80	280.69	289.97	271.05	259.11	-	-
Mar-23	275.55	281.80	290.34	271.05	212.45	-	-
May-23	274.08	278.86	286.39	-	-	-	-

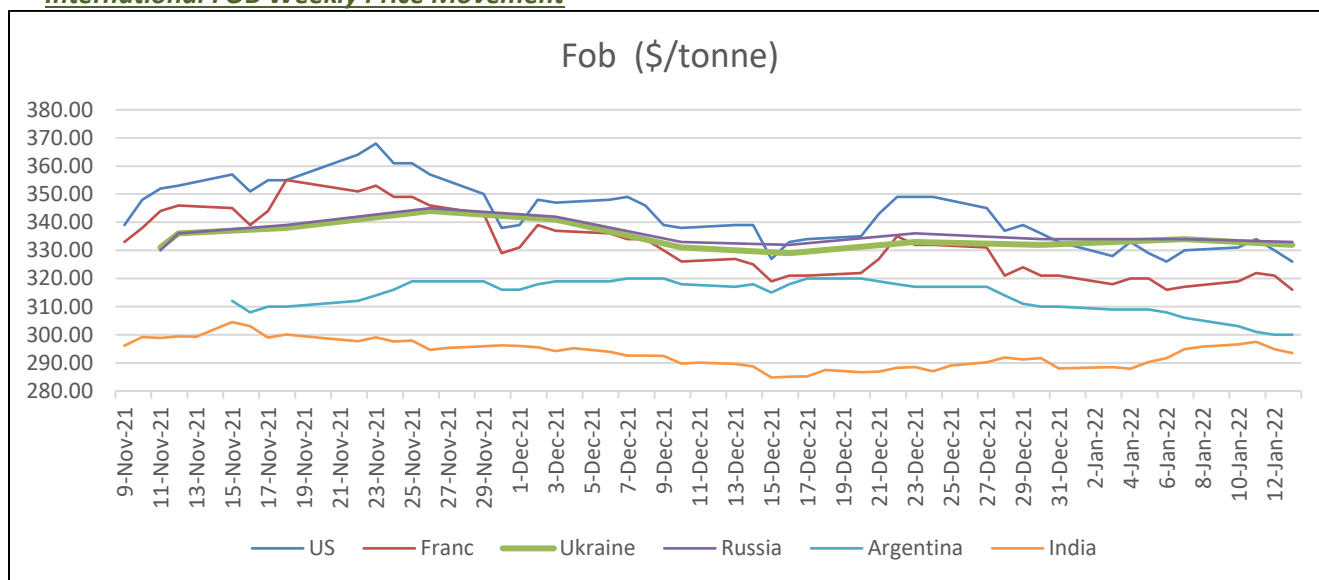
CBOT Dec -21
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1st Support: 670
2nd Support: 604
1st Resistance: 780
2nd Resistance: 850
(\$ per tonne)

The wheat contract showed bearish trend last week driven by USDA boosting its estimate for world stockpiles and US Winter Sown area higher. We can expect the CBOT to trade with weak tone in the coming week as Australian and Argentina are also expecting a good harvest.



International FOB Weekly Price Movement



Indian FoB is being quoted at \$293.49 per tonne. Indian wheat in domestic market is expected to trade firm in coming week as a result we can see slight increase in FoB in coming week. Argentina's FoB has reached \$300 per tonne. The Argentina's FoB is nearing close to Indian FoB prices as they are expecting a higher production during 2021-22 marketing year due to which the prices went down.

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