



Wheat Weekly Research Report

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

During the week of February 01 to 07, 2022, the weekly average price in India was up by 1.36 percent at Rs. 2162.36 per quintal against Rs. 2133.42 per quintal the previous week while the wheat average prices had increased by 7.11 percent from Rs. 2018.82 per quintal same time last year. On 05th February, the price of wheat in Kanpur market for mill delivery was Rs. 2120 per quintal which is 4.95% higher than Rs. 2020 per quintal the previous month. The arrivals in the market were very low which has supported the wheat market in coming days we expect the market to remain steady until mid-February when new arrivals are expected in Madhya Pradesh which would weaken the market.

The final rabi acreage of wheat for 2021-22 is down 1.01 percent at 342.37 lakh hectare from 345.86 lakh hectare the previous year during the corresponding period. The acreage was down mainly due to acreage shift from wheat to mustard in the states of Rajasthan, Punjab, Uttar Pradesh. The crop condition is good in most parts of the country. Though the acreage is a little down, we can expect good yields from the area sown as of now.

During the week ending 04th February, approximately 0.53 LMT of wheat was sold by FCI against a tender of 0.55 LMT quantity, up against 0.43 LMT of wheat was sold by FCI against a tender offered at 0.47 LMT quantity last week. This week also maximum tenders were made in Haryana with 0.33 LMT against offer of 0.34 LMT.

Outlook & Recommendation: We can expect the market to remain steady as the prices are already on firm side. It will continue to stay in the same range in the coming week as well till the third week of February when we are expecting new crops to arrive in major markets of Madhya Pradesh which should weaken the market to some extent.

Trade Call: There is no NCDEX trading currently.

Weather Outlook: There has been rainfall reported in last week in the major wheat producing areas of Northern India. The rainfalls are good for the yield of the crop during the ripening stage but impact can be negative if the water gets stagnated in the field for more than 5 days. Also coming days, we are expecting rainfalls in these regions again which directly can impact the yield of the crop.

Wheat Weekly Export

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A week-on-week Exports	Quantity in MT	Average FoB (\$/T)
01-08 Dec-2021	97605.8650	308.2538
9-15 Dec-2021	149391.6672	317.1443
16-23 Dec-2021	315047.0980	306.4397
24-31 Dec-2021	210363.6670	328.5143
Total	858047.3842	314.9429

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: - February 2022



Source: IMD

Wheat Weekly Average Price Chart
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In all the markets, the prices were showing firm trend except in Ahmedabad. In Delhi, the prices were up by 0.48 percent. In Indore, the prices were up 0.68 percent. In Ahmedabad the prices went down by 2 percent while in Kota the prices were up by 1.02 percent. The increase in mill delivery prices is mainly due to increase in the loose price which is supported by low arrivals in the major markets.

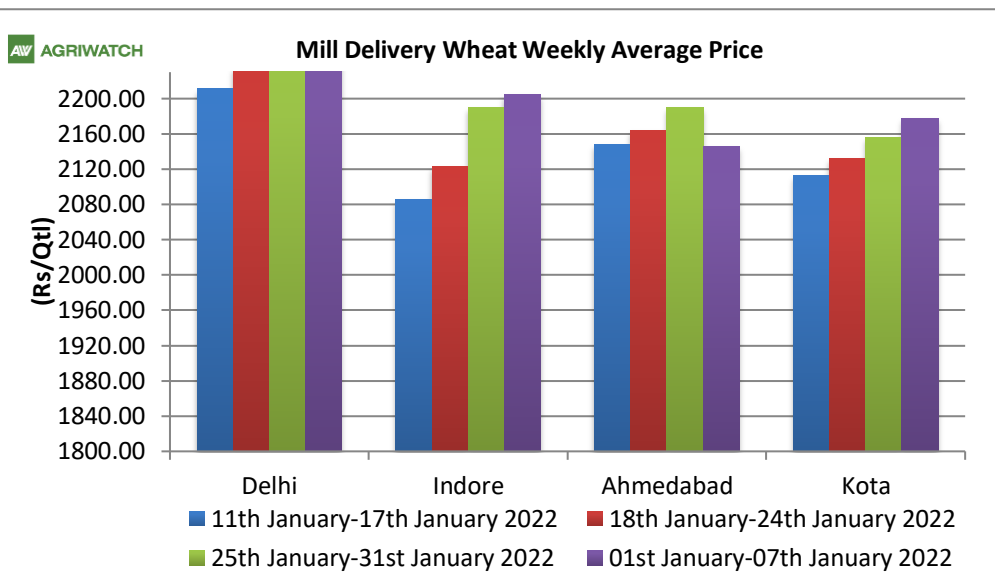

Wheat and Rice Stocking Norms
Wheat Stock Norms

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)	20800
Freight charge	310
Misc. Charges (port handling)	650
FOB (at Kandla Rs/T)	21460
FOB value in \$ for FAQ	290.84
Freight Charges (US \$/ton) to Dubai	36
Insurance @ 0.1% (\$/MT)	0.29
CIF to Dubai (value in \$ for SRW)	327.13

(INR value: 74.644 as on 04.02.2022)

The FOB prices were quoted at \$290.84 per tonne which is slightly higher compared to previous week. The FOB was higher mainly due to firm price trend in domestic market and slight strengthening of rupee over dollars.

Indicative FOB Quotes:						
Wheat FOB	Variety	Today	Week Ago	Month Ago	Year Ago	% Change over Prev. Week
		04-Feb-22	28-Jan-22	04-Jan-22	04-Feb-21	
USA (Chicago)	2srw	331	341	333	-	-2.93
France	FCW3	309	317	320	269.07	-2.52
Argentina	ASW	307	306	309	-	0.33
Russia	SRW	319	330	334	290.00	-3.33
India	FAQ	294.17	286.13	287.94	253.65	2.81

International Weekly Outlook:

Prices for US soft winter wheat fell by 2.93 percent compared to previous week because of lower export sales from US. As per USDA, the export sales for 2021-22 was 57,500 tonnes which was way below the expected sales. For France the FOB price fell by 2.52 percent after Algeria stops importing wheat from France. Russia's FOB fell by 3.33 percent with the buyers not willing to purchase from Russia and Ukraine in fear of ongoing border issue.



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-Feb-22	28-Jan-22	04-Jan-22	04-Feb-21	
Indore	2025	2063	2029	1763	15.09
Delhi	2261	2251	2154	1943	16.37
Kanpur	2030	2075	2020	1805	12.47
Rajkot	2065	2092	2080	1841	12.18
Kota	2140	2120	2100	1811	19.05

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
			5-Feb-22	4-Feb-22	29-Jan-22	5-Jan-22	5-Feb-21
Delhi	Lawrence Road	Mill Delivery	2285	2280	2285	2185	1980
	Narella	Mill Quality Loose	2150	2150	2100	Closed	1825
	Nazafgarh	Mill Quality Loose	2150	2160	2120	Closed	1800
Gujarat	Rajkot	Mill Delivery	2075	2080	2115	2065	1800
	Ahmedabad	Mill Delivery	2150	2140	2180	2140	1890
	Surat	Mill Delivery	2215	2210	2240	2220	1930
	Dhrol	Mill Delivery	2180	2160	NR	1960	1725
M.P.	Indore	Mill Delivery	2210	2210	2200	2040	1750
	Bhopal	Mill Quality Loose	1960	1970	1940	1900	1650
Rajasthan	Kota	Mill Quality Loose	2030	2050	2025	1950	1680
		Mill Delivery	2180	2200	2175	2100	1800
U.P.	Kanpur	Mill Delivery	2120	2130	2120	2020	1780
	Mathura	Mill Quality Loose	2075	2075	2080	1960	1750
	Kosi	Mill Quality Loose	2100	2100	2100	2000	1800
	Hathras	Mill Quality Loose	2150	2140	2100	2030	1810
	Aligarh	Mill Quality Loose	2100	2100	2070	1950	1800
Punjab	Khanna	Mill Quality Loose	2000	2000	2000	1940	1750
	Ludhiana (Jagraon)	Mill Delivery	-	-	-	-	-
Haryana	Sirsa	Mill Delivery loose	2080	2080	2050	2000	1800
	Hodal	Mill Delivery	-	-	-	-	-
	Bhiwani	Mill Quality Loose	2170	2180	2130	2100	1865
	Karnal	Mill Delivery	-	-	-	-	-
	Panipat	Mill Quality Loose	-	-	-	-	-
Tamil	Chennai	Mill Quality	2425	2425	2450	2450	2050



Nadu	Madurai	Mill Quality	2507	2550	2600	2550	2150
	Coimbatore	Mill Quality	2507	2600	2650	2600	2200
Bihar	Khagariya	Mill Delivery	2100	2100	2100	2000	1800
	Muzaffarpur	Mill Delivery	-	-	-	-	1800

[Ongoing Rabi sowing 2021-22](#)

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Rabi sowing update (as on 28.01.2022)				
State	Normal area (2021)	2021	2020	Absolute Change 2021 vs. 2020
Bihar	21.25	23.750	22.990	0.760
Chhattisgarh	1.08	1.688	1.980	-0.292
Gujarat	9.44	12.501	13.662	-1.161
Haryana	25.32	23.870	25.210	-1.340
Himachal Pradesh	3.22	3.400	3.400	0.00
J&K	2.80	2.477	2.502	-0.025
Jharkhand	1.94	2.241	2.313	-0.072
Karnataka	1.67	1.670	1.895	-0.225
Madhya Pradesh	58.65	91.960	87.980	3.980
Maharashtra	10.20	10.272	11.642	-1.370
Punjab	35.11	35.020	35.090	-0.070
Rajasthan	29.49	31.000	32.624	-1.624
Uttar Pradesh	96.89	97.156	99.043	-1.887
Uttarakhand	3.32	3.220	3.270	-0.050
West Bengal	2.16	1.890	1.940	-0.050
Others	0.20	0.00	0.000	0.00
All-India	303.06	342.373	345.864	-3.491

Source: Ministry of Agriculture

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

As per sources, Grain trade in the Black Sea region remains largely unmoved by the ongoing tensions between Russia and Ukraine, and grain exports from the region are most likely to remain steady in the near term. With the escalating tensions in the region, wheat prices in Russia and Ukraine have been under pressure since the beginning of January. But due to the uncertainty, some Middle East nations like Iraq are looking at locations other than the Black Sea to source their wheat. Iraq recently bought around 150,000 mt of Australian premium quality wheat. Indian wheat also has a large benefit due to the ongoing issue with many buyers shifting to Indian wheat.

Russia exported 23.6 MMT of wheat between July 1 and January 27 during the marketing year 2021-22, down by 21% year on year, while export prices declined \$2 week on week. Turkey purchased 4.6 MMT of Russian wheat during the year and was the top buyer as of January 27, followed by Egypt at 3.7 MMT and Kazakhstan at 1.6 MMT. Russia's wheat exports were down largely because of increased export duty and shifting of countries to new markets like India.

Tunisia has issued an international tender to purchase an estimated 75,000 tonnes of durum wheat, 100,000 tonnes of soft wheat. The tender will close on 2nd January 2022. The durum is sought in three consignments of 25,000 tonnes for shipment between Feb. 25 and March 30 depending on origin supplied. The soft wheat is sought in four 25,000 tonne consignments for shipment between March 20 and April 25, also depending on origin used.

Jordan purchased 60,000 tonnes of hard milling wheat to be sourced from different origins through a tender which closed on 01st January 2022. It was bought at an estimated \$326.00 a tonne c&f for shipment in the second half of August.

Egypt bought 420,000 tonnes of wheat in an international tender which closed on 28th January 2022. The purchase comprised 60,000 tonnes of Ukrainian wheat, 60,000 tonnes of Russian wheat, and 60,000 tonnes of Romanian wheat for shipment March 5-15, and 120,000 tonnes of Ukrainian wheat, 60,000 tonnes of Romanian wheat and 60,000 tonnes of Russian wheat for shipment March 16-26.

Egypt's farmers were expected to produce 9.2 million tons of wheat last year, but the harvest exceeded expectations, and this year's wheat harvest is expected to yield 10.5 million tons. Part of the reason behind the bumper harvest lies with the resistant seeds, but another reason is the fact that about 30 per cent, of home-grown wheat is planted on agricultural terraces, a system which protects the harvest against storms and reduces the consumption of water and fertilizers by 25 per cent.

USDA has reduced its estimate for Turkey's wheat imports for marketing year 2021-22 (June-May) to 10.8 MMT down by 5 MMT from the previous estimate. The decline in wheat imports in the current marketing year is likely due to an expected increase in barley imports and a depreciation of the Turkish Lira against the US dollar. Turkey is a major wheat importer and usually sources its requirements from Russia and Ukraine. It is also a key exporter of wheat flour and wheat products.

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
	4-Feb-22	28-Jan-22	4-Jan-22	4-Nov-21	6-Aug-21	4-Feb-21	
Mar-22	280.42	288.87	282.90	288.87	273.16	235.04	19.30
May-22	282.90	290.61	284.18	290.52	274.26	232.01	21.93
Jul-22	279.87	287.31	281.52	286.20	265.17	224.67	24.57
Sep-22	280.33	287.31	282.62	286.02	266.46	0.00	-
Dec-22	281.98	288.96	284.46	287.58	268.02	0.00	-
Mar-23	283.54	290.52	285.38	287.58	212.45		-
May-23	281.89	288.04	280.69				-



CBOT Jan -22

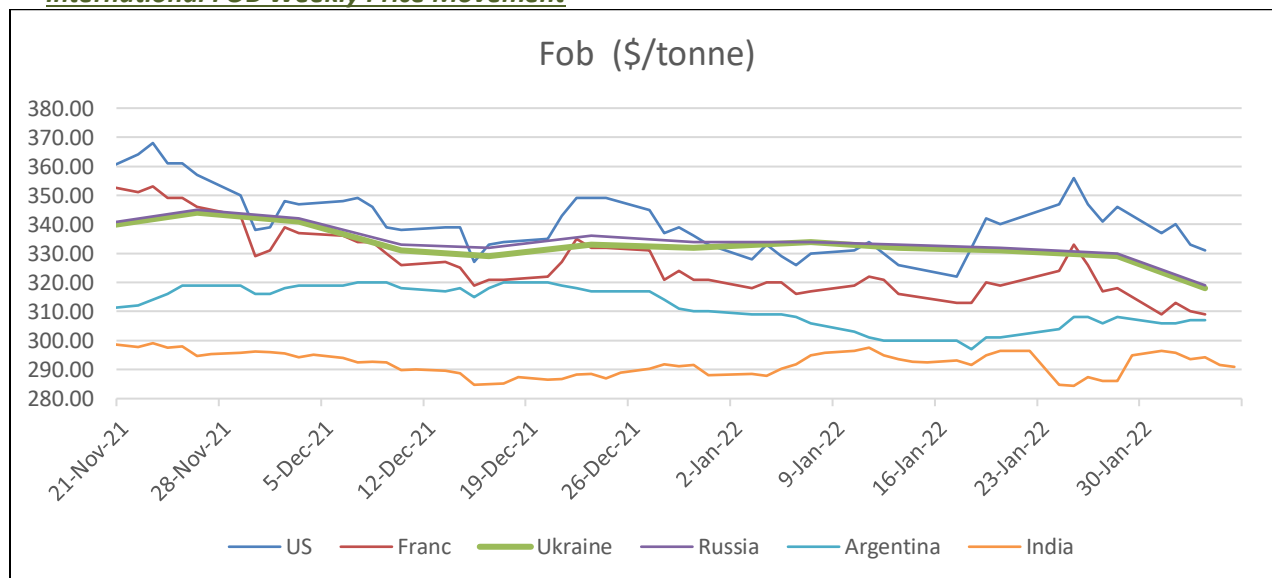
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1st Support: 680.5
2nd Support: 620.5
1st Resistance: 812.5
2nd Resistance:
843.75
(\$ per tonne)

The wheat contract showed bearish trend last week which is mainly due to concerns undergoing between Russia and Ukraine and low export sales in US. The crop condition in the major growing states of the USA is poor which would fundamentally support the market in coming week.



International FOB Weekly Price Movement

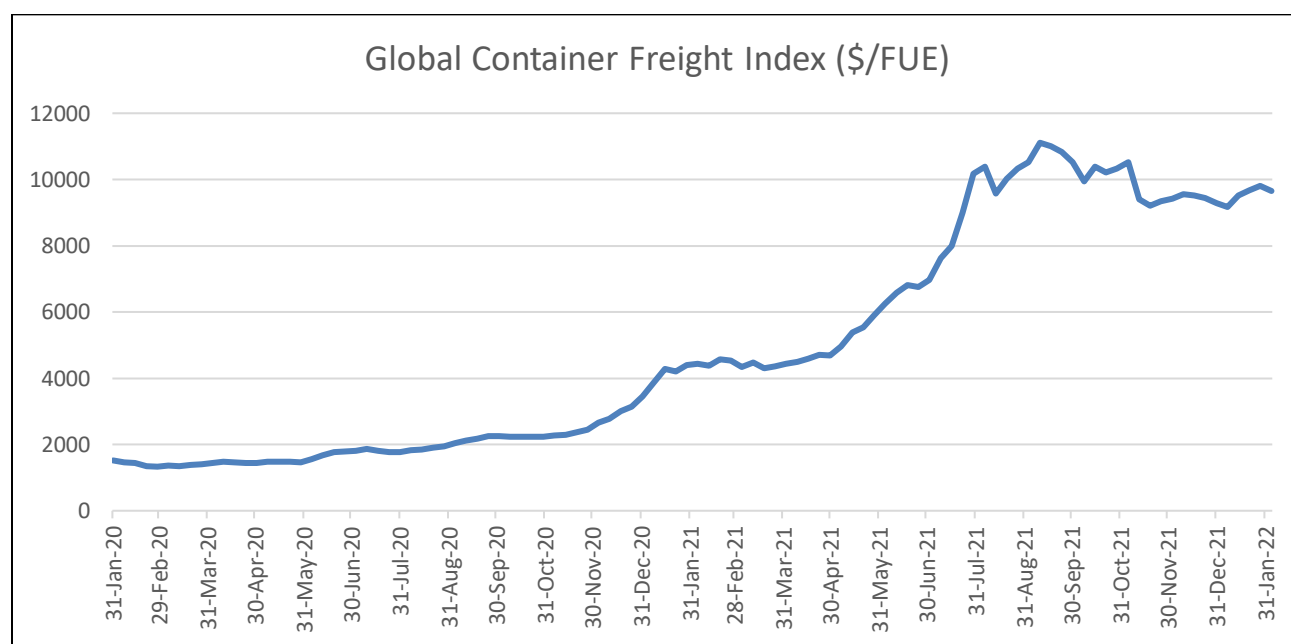




Indian FoB is being quoted at \$290.84 per tonne. Indian wheat was showing firm trend as a result the FOB prices were slightly on higher side. In coming week as well, we can see Indian FOB to remain slightly firm as prices remain firm in coming week as well. The Argentina's FoB is increasing due to very high demand they are receiving from major importing countries.

Container Freight Index

Lack of port activities at South east Asian countries have led to fall in the global container index. The market has been dull due to the holidays. This week the global freight index fell by 1.49 percent to \$9660/FUE from \$9806/FUE previous week and we are expecting the freight index to remain steady in coming week until mid-February after which the piled-up export demand will increase the container index.



(Source : FBX)



AGRIWATCH

Wheat Weekly Research Report 07th Feb-2022

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