

# Wheat Weekly Research Report

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

During the week of February 08 to 15, 2022, the weekly average price in India was down by 5.52 percent at Rs. 2031.94 per quintal against Rs. 2150.77 per quintal the previous week while the wheat average prices had increased by 4.67 percent from Rs. 1941.22 per quintal same time last year. On 12th February, the price of wheat in Kanpur market for mill delivery was Rs. 2100 per quintal which is 0.94% lower than Rs. 2120 per quintal the previous week. In Gujarat, new crop arrivals have already started which is impacting the wheat market. In Madhya Pradesh, new crop arrivals in small batches, is expected in the coming days.

As of 04th February, wheat sowing was done in 343.26 lakh hectares down by 0.82% from 346.10 lakh hectares the previous year during this time. In Punjab, sowing has been completed in 35.02 lakh hectares down by 0.57% from 35.22 lakh hectares the previous year. The acreage was lower mainly due to shifting of acreage from wheat to mustard in Rajasthan, Uttar Pradesh and Haryana. Though the yield is expected to be higher than previous due to good weather conditions.

During the week ending 11<sup>th</sup> February, approximately 0.97 LMT of wheat was sold by FCI against a tender of 0.98 LMT of wheat. This week maximum bids were made in West Bengal picking up the entire offer of 0.50 LMT.

It is expected that government will lift 10-12 million tons of wheat for various distribution schemes during the last quarter from FCI, leading to an expected ending stock for the period of 2021-22 at around 23 million tonnes. For 2020-21, the ending stock was 29.54 million tonnes.

Market estimates for exports in January month is around 5.16 lakh tonnes of wheat from Kandla Port at an average FoB of \$324.85 per tonne. During December month, the export from Kandla Port was around 5.47 lakh tonnes. We estimate the overall wheat export for the month of January would be around 8.11 lakh tonnes. It is expected that India's wheat export would cross 7 million marks for MY 2021-22.

**Outlook & Recommendation:** We can expect the market to trade weak in the coming week. The prices are expected to be weakened by higher arrivals and lower demand domestically due to the ongoing free ration scheme by the government. Though export demand is expected to be good but overall effect of all the fundamentals seems to weaken the market in coming week.

**Trade Call:** There is no NCDEX trading currently.

**Weather Outlook:** Fog conditions are expected in the Northern states of India in coming days. The climatic conditions seem favorable for the growth of the wheat. In North India, no major rainfall activities are expected in coming days and hence chances of any major impact due to rains can be neglected.

### 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

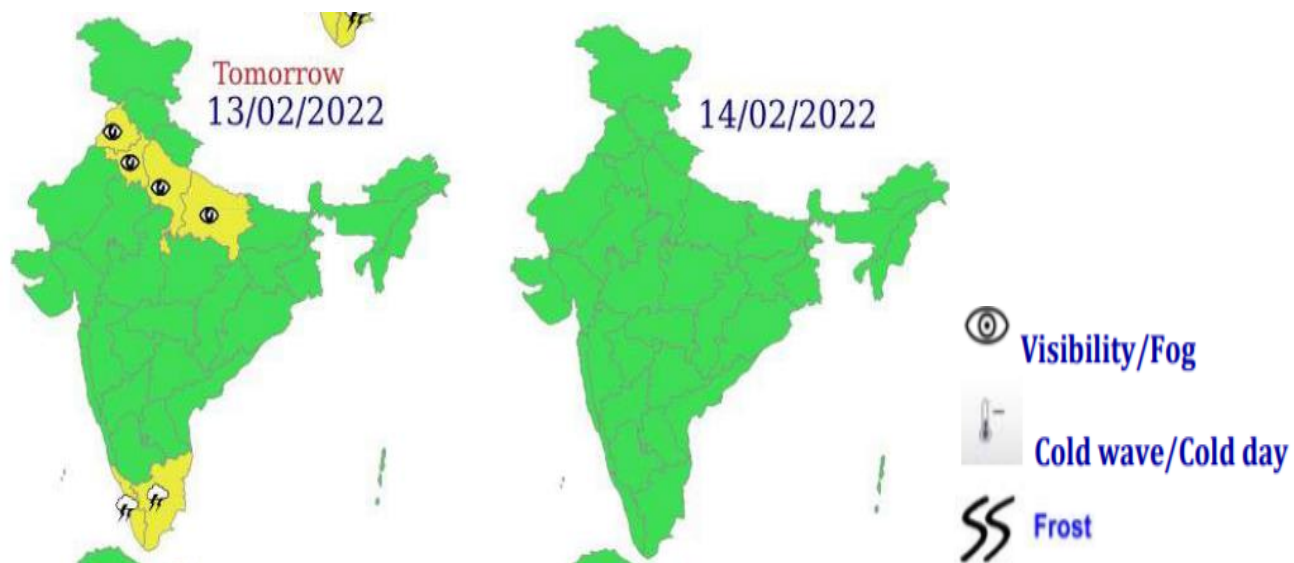
Source: Traders

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 showed a weak trend. In Delhi, the prices were down by 0.35 percent. In Indore, the prices were down by 3.31 percent. In Ahmedabad, the prices went down by 0.14 percent while in Kota the prices were down by 2.57 percent. The new crop arrivals in Gujarat are expected to weaken the market further as will the arrivals expected in Madhya Pradesh in the coming week.

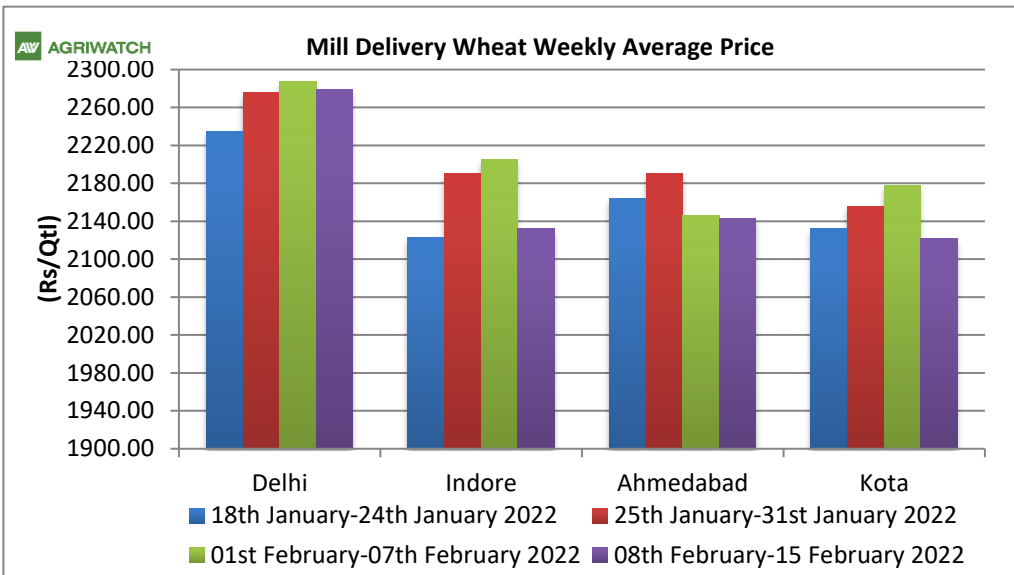

Wheat and Rice Stocking Norms
Wheat Stock Norms

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 <sup>th</sup> 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)	20600
Freight charge	310
Misc. Charges (port handling)	650
FOB (at Kandla Rs/T)	21560
FOB value in \$ for FAQ	285.02
Freight Charges (US \$/ton) to Dubai	36
Insurance @ 0.1% (\$/MT)	0.29
CIF to Dubai (value in \$ for SRW)	321.31

**(INR value: 75.643 as on 11.02.2022)**

The FOB prices were quoted at \$285.02 per tonne which is lower compared to previous week. The FOB was lower mainly due to low domestic price in wheat market and also the rupee has depreciated against dollar slightly this week after a small appreciation last week.

**Indicative FOB  
Quotes:**

Wheat FOB	Variety	Today	Week Ago	Month Ago	Year Ago	% Change over Prev. Week
		11-Feb-22	04-Feb-22	11-Jan-22	11-Feb-21	
USA (Chicago)	2srw	337	331	334	-	1.81
France	FCW3	309	309	322	270.08	Unch
Argentina	ASW	308	307	301	-	0.33
Russia	SRW	317	319	333	285.00	-0.63
India	FAQ	285.02	294.17	277.48	257.70	-3.11

**International Weekly Outlook:**

Prices for US soft winter wheat rose by 1.81 percent compared to previous week as USDA has reduced the export sales for the current marketing year and also ending stocks for wheat in USA has revised to higher value which should overall weaken the market, in the medium term. However, poor crop conditions of the sown wheat in major producing areas of Kansas and Oklahoma are expected to increase the US FOB in the coming week. The French wheat FOB was unchanged after Algeria stopped purchasing from them. France has reduced the wheat acreage estimate to 4.75 million hectares from 4.92 million hectares which in coming week would support the FOB prices. The ongoing issue between Russia and Ukraine has weakened the trade and demand of Russian wheat.



### 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-Feb-22	04-Feb-22	11-Jan-22	11-Feb-21	
Indore	2050	2025	2054	1757	16.68
Delhi	2260	2261	2187	1904	18.70
Kanpur	2120	2030	1975	1695	25.07
Rajkot	2056	2065	2050	1845	11.44
Kota	2120	2140	2115	1811	17.06

### 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
			12-Feb-22	11-Feb-22	5-Feb-22	12-Jan-22	12-Feb-21
Delhi	Lawrence Road	Mill Delivery	2280	2275	2285	2200	1880
	Narella	Mill Quality Loose	2080	2100	2150	Closed	1780
	Nazafgarh	Mill Quality Loose	2100	2100	2150	Closed	1770
Gujarat	Rajkot	Mill Delivery	2070	2060	2075	2080	1800
	Ahmedabad	Mill Delivery	2160	2160	2150	2150	1880
	Surat	Mill Delivery	2225	2230	2215	2230	1930
	Dhrol	Mill Delivery	2325	2285	2180	2050	1705
M.P.	Indore	Mill Delivery	2080	2080	2210	2050	1830
	Bhopal	Mill Quality Loose	1940	1950	1960	1900	1680
Rajasthan	Kota	Mill Quality Loose	2000	1975	2030	1950	1690
		Mill Delivery	2150	2125	2180	2100	1815
U.P.	Kanpur	Mill Delivery	2100	2100	2120	1995	1760
	Mathura	Mill Quality Loose	Closed	Closed	2075	1970	1750
	Kosi	Mill Quality Loose	2100	2100	2100	1950	1750
	Hathras	Mill Quality Loose	2140	2125	2150	2050	1690
	Aligarh	Mill Quality Loose	Closed	Closed	2100	1960	1725
Punjab	Khanna	Mill Quality Loose	2020	2030	2000	1920	1800
	Ludhiana (Jagraon)	Mill Delivery	-	-	-	-	-
Haryana	Sirsa	Mill Delivery loose	2070	2070	2080	2010	1800
	Hodal	Mill Delivery	-	-	-	-	-
	Bhiwani	Mill Quality Loose	2270	2200	2170	2080	1825
	Karnal	Mill Delivery	-	-	-	-	-
	Panipat	Mill Quality Loose	-	-	-	-	-
Tamil	Chennai	Mill Quality	2450	2450	2425	2450	2000



Nadu	Madurai	Mill Quality	2507	2550	2550	2550	2100
	Coimbatore	Mill Quality	2507	2600	2600	2600	2150
Bihar	Khagariya	Mill Delivery	2100	2100	2100	2100	1850
	Muzaffarpur	Mill Delivery	-	-	-	-	1750

[Ongoing Rabi sowing 2021-22](#)

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Rabi sowing update (as on 04.02.2022)				
State	Normal area (2021)	2021	2020	Absolute Change 2021 vs. 2020
Bihar	21.25	24.21	22.99	1.22
Chhattisgarh	1.08	1.69	1.98	-0.29
Gujarat	9.44	12.50	13.66	-1.16
Haryana	25.32	23.87	25.21	-1.34
Himachal Pradesh	3.22	3.40	3.40	0.00
J&K	2.80	2.48	2.50	-0.02
Jharkhand	1.94	2.26	2.31	-0.05
Karnataka	1.67	1.67	1.90	-0.23
Madhya Pradesh	58.65	91.96	87.98	3.98
Maharashtra	10.20	10.60	11.88	-1.28
Punjab	35.11	35.02	35.09	-0.07
Rajasthan	29.49	31.00	32.62	-1.62
Uttar Pradesh	96.89	97.23	99.04	-1.81
Uttarakhand	3.32	3.22	3.27	-0.05
West Bengal	2.16	1.89	1.94	-0.05
Others	0.20	0.00	0.000	0.00
All-India	303.06	343.26	346.10	-2.84

Source: Ministry of Agriculture

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

**Iraq is expected to produce 3 MMT of wheat this season lower** than the previous season. Iraq is a major Middle East grain importer and needs between 4.5 million and 5 million tonnes of wheat a year to supply its massive food rationing programme. We expect more tenders for wheat coming from Iraq in coming days to supply the domestic demand of the country. This will have less impact on Indian wheat as Iraq doesn't import wheat from India.

**Soft wheat exports from the European Union in the 2021-22 season that started in July had reached 16.92 MMT** by February 6. France has exported 4.97 MMT of soft wheat so far in 2021-22, ahead of Romania's 4.64 MMT and Germany's 1.98 MMT. Algeria was still the leading destination for EU soft wheat with 2.58 MMT, while China and Egypt had imported 1.64 MMT.

**As per USDA, the global wheat outlook for 2021-22 is for lower supplies, higher consumption, increased trade,** and reduced ending stocks. Supplies are projected falling by 1.1 MMT to 1,066.3 MMT as reduced production more than offsets higher beginning stocks. The majority of production decreases are in the Middle East, where both Iraq and Syria are reduced due to the prolonged dry conditions. Projected 2021-22 world consumption is raised by 0.6 MMT to 788.1 MMT on higher feed and residual use more than offsetting lower food, seed, and industrial use. Projected 2021-22 global trade is raised 2.3 MMT to 206.7 MMT, primarily on higher exports by India and Argentina. India's exports are increased to 7.0 MMT, which would be a record – exceeding 2012-13 exports. India's export pace continues to be robust, and its prices are competitive in Asian markets. Argentina's exports are raised 0.5 MMT to a record 14.0 MMT on an early strong pace. Projected 2021-22 world ending stocks are lowered 1.7 MMT to 278.2 MMT with reductions for Canada and India partially offset by increases by the United States and Ukraine. Global stocks are now projected at a 5-year low.

**France lowered its estimate of the area sown with winter soft wheat for the 2022 harvest to 4.75 million hectares** from 4.92 million hectares in its initial projection in December. The reduced estimate was down 4.3% compared with the 4.96 million hectares harvested in 2021 and was also 1% lower than the average area of the past five years.

**Wheat in France benefited from moderate weather this winter while rainfall in the coming days may maintain** favorable growth. Farmers appeared to have enough fertilizer, while rising fertiliser prices encouraged them to do more soil analysis to avoid wasting doses. German wheat has not suffered significant frost damage so far and widespread rain in the past week was also welcoming. Germany's winter wheat area for the 2022 crop was increased 0.4% on the year to 2.87 million hectares. Britain's wheat crop is in generally good condition and production could potentially rise slightly from last year although high fertilizer costs could limit the extent of any increase. With UK wheat prices failing to account for the surge in input costs for harvest 2022, it is likely that fertilizer application may be slightly reduced and record-breaking yields are unlikely. Britain's wheat area for this year's harvest has increased 1.3% to 1.81 million hectares.



**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
	11-Feb-22	4-Feb-22	11-Jan-22	11-Nov-21	13-Aug-21	11-Feb-21	
Mar-22	293.09	280.42	282.99	302.83	288.04	235.23	24.60
May-22	295.39	282.90	284.09	303.93	288.13	232.47	27.06
Jul-22	293.37	279.87	282.62	299.16	272.24	224.94	30.42
Sep-22	293.28	280.33	283.36	298.60	272.15	-	-
Dec-22	294.38	281.98	285.38	299.89	272.89	-	-
Mar-23	295.48	283.54	287.03	299.89	212.45	-	-
May-23	293.09	281.89	284.83	-	-	-	-

CBOT Jan -22

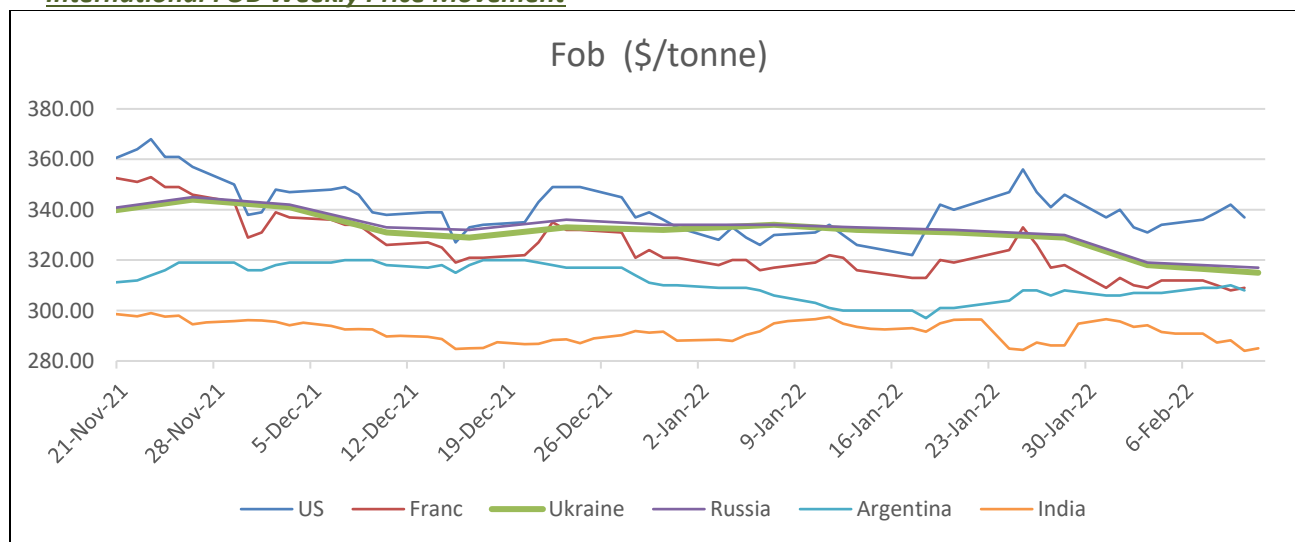
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**1<sup>st</sup> Support: 735.50**  
**2<sup>nd</sup> Support: 671.50**  
**1<sup>st</sup> Resistance: 824.00**  
**2<sup>nd</sup> Resistance: 840.50**  
**(\$ per tonne)**

The wheat contract showed bullish trend which is mainly due to concerns over the crop conditions in the major producing areas of USA which is rated poor. This is expected to reduce the crop in the coming season. Technically we expect the CBOT to move with firm trend in coming week.



### International FOB Weekly Price Movement

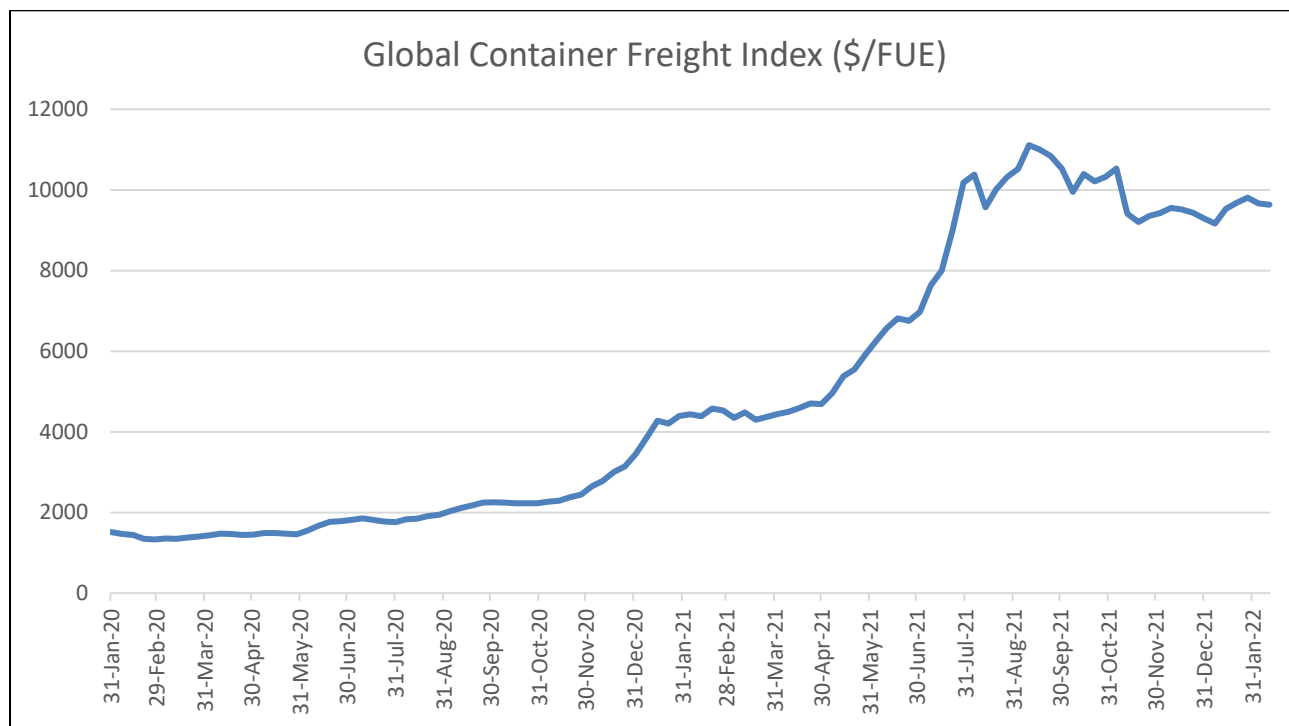


Indian FoB is being quoted at \$285.02 per tonne. Indian wheat was showing weak trend as a result the FOB prices were slightly on lower side. In coming week as well, we can see Indian FOB to remain weak as prices are expected to be weak. The Argentina's export is raised by 0.5 MMT from previous estimate by USDA which would increase the FoB in coming week.



### Container Freight Index

The global freight index was \$9628 per FUE down by 0.33 percent. The global container index was almost unchanged this week during the Lunar New Year (LNY) manufacturing pause. Without much of a climb before LNY, expectations are that rates won't increase significantly just after LNY either. The number of ships waiting at US ports have also decreased which suggests that in coming few weeks we can again see good demand for containers and an increase in the price.



(Source : FBX )

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