Wheat Weekly Research Report
21st Feb-2022

Wheat Weekly Research Report

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AGRIWATCH

Wheat Domestic Market Fundamentals

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During the week of February 16 to 23, 2022, the weekly average price in India was up by 4.10 percent at Rs. 2265.04 per quintal against Rs. 2175.75 per quintal the previous week while the wheat average prices had increased by 16.97 percent from Rs. 1936.40 per quintal same time last year. On 19th February, the price of wheat in Kanpur market for mill delivery was flat at Rs. 2100 per quintal I, same as the previous week. The steady nature of prices is due to good arrivals in the market. In Kanpur, new crop arrivals is expected from April month.

As per Ministry of Agriculture's Second Advance Estimate, wheat production for 2021-22 is estimated at 111.32 MMT. Agriwatch has preliminary estimated the wheat production to be 104.66 MMT. The higher production despite lower acreage is due to good yield because of favorable environmental conditions. However, we also expect that in Third Advance Estimate the production would likely be revised lower. The production has been impacted by factors like delayed sowing, alternative use of fertilizers instead of DAP and high increase in temperatures.

As per trade sources, around 9.18 LMT of wheat were estimated to have been exported from India during the month of January. The exports are higher compared to 8.58 LMT exported in the month of December. Bangladesh emerged as the largest importer of Indian wheat with 4.74 LMT of wheat imports followed by Indonesia with 1.16 LMT and South Korea with 0.61 LMT. Last week, South Korea has taken up roughly 400,000 tonnes of new-crop Indian wheat at CIF USD 315 per tonne.

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 18th February, there were no purchases made by FCI. No quantity of wheat stocks was sold through tenders and during the previous week ending at 11th February, approximately 0.97 LMT of wheat was sold by FCI against a tender of 0.98 LMT of wheat.

Outlook & Recommendation: In many parts of the country, new crop arrivals have started. In Malwa region of Madhya Pradesh, new crop arrivals have started and in coming days we expect arrivals in other parts of the country as well. On the export front, good export demand is expected from international markets. Considering all the parameters, we expect the market to trade with steady tone in coming week.

Trade Call: There is no NCDEX trading currently.

Weather Outlook: In Northern India, the minimum temperature has reached 17 degrees Celsius and the maximum temperature is 29 degrees Celsius. The humidity in the atmosphere has come down to 40 percent. Due to this the grain in the ear that has reached the lactation stage will remain light. This will have a direct impact on production. Since the wheat was sown late this season, adequate irrigation activity would help overcome the situation. In coming days, rainfall activity is expected in the parts of Jammu and Himachal Pradesh.

Wheat Weekly Export

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A week-on-week Exports	Quantity in MT	Average FoB ($/T)
01-08 Jan-2022	355000.0131	302.6074
9-15 Jan-2022	264989.4565	341.0526
16-23 Jan-2022	133748.6265	339.5753
24-31 Jan-2022	157202.1420	324.1546
Total	918493.3881	324.6947

Source: Trade

Wheat Import

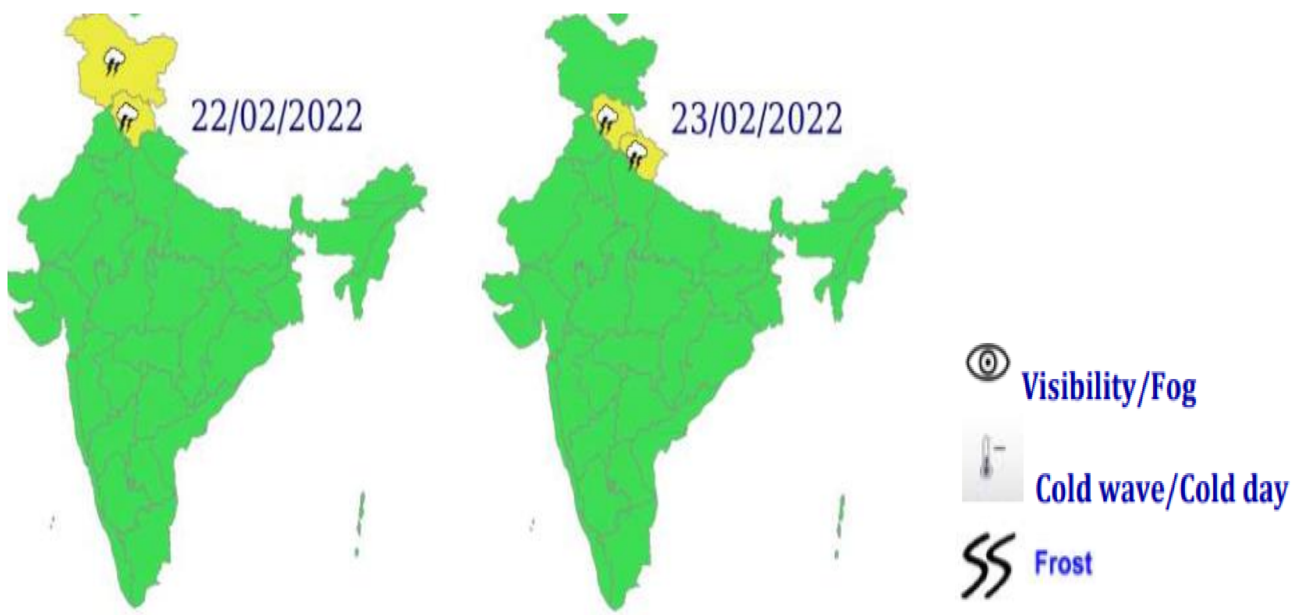
Date	Origin	Port	Quantity in MT
Oct-2021	Australia, UK	Tuticorin	4.0
	Mexico		2.3
	Total		6.38

Source: Traders
No Import so far.

Weather: -

Weather forecast:

Forecast: - February 2022



Source: IMD

Wheat Weekly Average Price Chart

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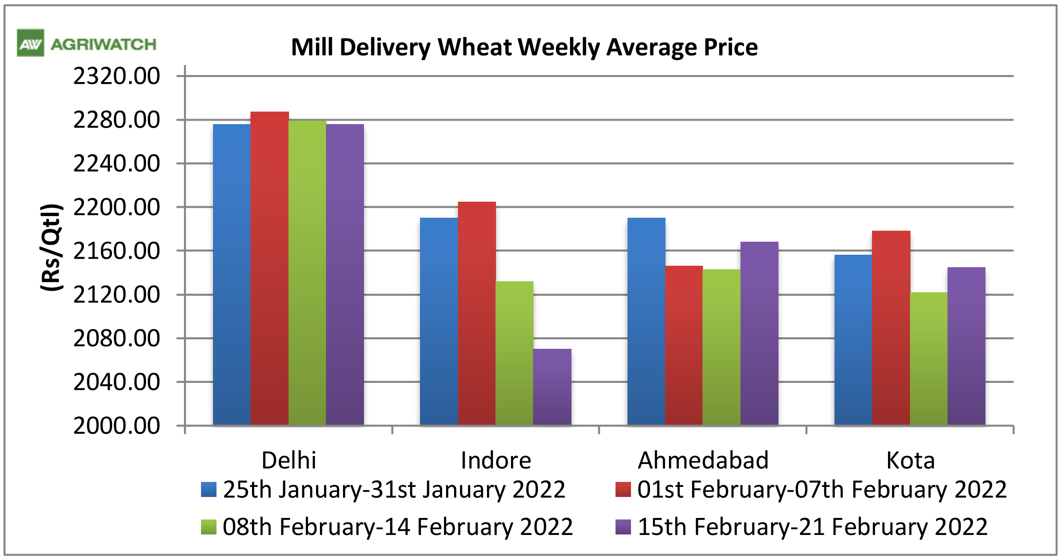

In the major mandis of Ahmedabad and Kota, the prices were showing steady to slightly firm tone with 1.17 and 1.08 percent increase while in Delhi market, the prices were showing steady to slightly weak tone with a decrease of 0.13 percent. In Indore, the wheat was trading with a weak tone. The prices were down by 2.91 percent. The prices went down largely due to new crop arrivals in Indore. In coming week, the quantity of new crops is expected to be higher which would prevent the price from any sort of increase.

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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	At Kandla
Mill delivery (Rajkot)	**20700**
Freight charge	310
Misc. Charges (port handling)	650
FOB (at Kandla Rs/T)	21660
FOB value in $ for FAQ	**290.31**
Freight Charges (US $/ton) to Dubai	36
Insurance @ 0.1% ($/MT)	0.29
CIF to Dubai (value in $ for SRW)	**326.60**

(INR value: 74.609 as on 18.02.2022)

The FOB prices were quoted at USD 290.31 per tonne which is higher compared to $285.02 per tonne the previous week. Though the prices being steady FOB was lower mainly due to the volatility of the Rupee.

Indicative FOB Quotes:

Wheat FOB	Variety	Today	Week Ago	Month Ago	Year Ago	% Change over Prev. Week
		19-Feb-22	11-Feb-22	19-Jan-22	19-Feb-21	
USA (Chicago)	2srw	346	337	342	-	2.60
France	FCW3	311	309	320	287.23	0.64
Argentina	ASW	310	308	301	-	0.65
Russia	SRW	313	317	332	285.00	-1.26
India	FAQ	290.31	285.02	294.92	257.10	1.86

International Weekly Outlook:

Prices for US soft winter wheat rose by 2.60 percent compared to previous week. There have been major global supply concerns in the market due to the Russia-Ukraine standoff. Also, areas of Kansas and southern Dakota is facing a major to the drought which has increased the prices. In France, the FOB rose by 0.64 percent compared to previous week. In coming week, we expect the prices to go down as the export figures were revised to down side and most of the crop has been rated good. Russian wheat has been impacted by the ongoing issue and prices fell by 1.26 percent. There has been depreciation of the Russian Ruble.

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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
	18-Feb-22	11-Feb-22	18-Jan-22	18-Feb-21	
Indore	2050	2050	2067	1757	16.68
Delhi	2252	2260	2200	1927	16.87
Kanpur	2055	2120	2055	1705	20.53
Rajkot	2060	2056	2068	1833	12.38
Kota	2100	2120	2100	1786	17.58

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
			19-Feb-22	18-Feb-22	12-Feb-22	19-Jan-22	19-Feb-21
Delhi	Lawrence Road	Mill Delivery	2280	2270	2280	2230	1935
	Narella	Mill Quality Loose	2100	2100	2080	Closed	1800
	Nazafgarh	Mill Quality Loose	2120	2120	2100	Closed	1750
Gujarat	Rajkot	Mill Delivery	2080	2070	2070	2100	1800
	Ahmedabad	Mill Delivery	2180	2160	2160	2165	1880
	Surat	Mill Delivery	2250	2250	2225	2250	1925
	Dhrol	Mill Delivery	NR	2315	2325	2150	-
M.P.	Indore	Mill Delivery	2070	2080	2080	2120	1825
	Bhopal	Mill Quality Loose	1925	1940	1940	1930	1650
Rajasthan	Kota	Mill Quality Loose	1975	2000	2000	1970	1630
		Mill Delivery	2125	2150	2150	2120	1750
U.P.	Kanpur	Mill Delivery	2110	2090	2100	2030	1800
	Mathura	Mill Quality Loose	2060	2050	Closed	2040	1750
	Kosi	Mill Quality Loose	2050	2055	2100	2000	1800
	Hathras	Mill Quality Loose	2030	2025	2140	2030	1720
	Aligarh	Mill Quality Loose	2090	2100	Closed	2000	1720
Punjab	Khanna	Mill Quality Loose	2000	2010	2020	1980	1800
	Ludhiana (Jagraon)	Mill Delivery	-	-	-	-	-
Haryana	Sirsa	Mill Delivery loose	2070	2070	2070	2025	1800
	Hodal	Mill Delivery	NA	NA	-	-	-
	Bhiwani	Mill Quality Loose	2300	2300	2270	2080	1815
	Karnal	Mill Delivery	NA	NA	-	-	-
	Panipat	Mill Quality Loose	NA	NA	-	-	-
Tamil	Chennai	Mill Quality	2450	2450	2450	2500	2100

Nadu	Madurai	Mill Quality	2507	2550	2550	2600	2250
	Coimbatore	Mill Quality	2507	2600	2600	2650	2300
Bihar	Khagariya	Mill Delivery	2100	2100	2100	2100	1800
	Muzaffarpur	Mill Delivery	NR	NR	-	-	1780

Ongoing Rabi sowing 2021-22 **(_Back to Table of Contents_)**

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*)

Due to drought persisting in South America, Asia's animal feed market would be impacted by the shortage of corn exports and record volumes of lower quality wheat from India and Australia are set to fill the gap left. Combined wheat production from India and Australia, will top 143 MMT in the 2021-22 season, more than 20 MMT above the yearly average from the two from 2015 to 2020. Indian wheat is quoted last week at $315 a tonne, including cost and freight (C&F), to Asian destinations. Last week, South Korea has taken up roughly 400,000 tonnes of new-crop Indian wheat, while the Philippines and other importers in Southeast Asia have been taking Australian wheat.

Generally, Indonesia relies on Ukrainian wheat with 11.5% protein during the second half of the year to meet their demand. But due to the ongoing issue that is prevailing in the Black Sea Region, Indonesia has started considering Australian wheat as a safe alternative after July. Suppliers in Australia are also eager to compete with Black Sea new crop this year as they look to maximize their export program following a record-breaking harvest of 37-38 MMT in marketing year 2021-22. The Australian Premium White Wheat Index has been on a steady rise since January 24th. Indian wheat also can target the Indonesian market from July due to its highly competitive prices and Indonesia is one the top importer of Indian wheat.

FranceAgriMer cut its forecast for French soft wheat exports outside the European Union this season for the fourth consecutive month due to poor outlook for sales to Algeria where it faces competition from the Black Sea region. In its monthly supply and demand outlook for major cereal crops, the forecast was reduced for soft wheat exports outside the European Union in 2021-22 to 8.9 MMT from 9.0 MMT in January. Algeria is one of France's main export purchasers, but Algeria has changed quality specifications in its tenders which favored the supply of rival Black Sea origin wheat. Nearly all soft wheat crops in France, were in good shape in the week to February 14th. An estimated 95% of soft wheat, was in good or excellent condition, unchanged from a week earlier. As per the latest FranceAgriMer, rating was slightly below a 99% score in previous report issued before winter but was above the 86% registered a year ago. Wheat crops sown last autumn in western Europe have generally benefited from moderate winter weather and adequate moisture. Growing conditions also remained favorable for durum wheat, with good rating of 89%.

In USA, the wheat crop condition is impacted by the dry weather, a moderate drought rating in central Kansas was degraded to severe drought and merged with the severe drought in southwest Kansas. For Nebraska and South Dakota, recent dryness with a lack of snow cover and above-normal temperatures resulted in an increase of abnormal dryness and moderate drought. While the Conditions in the areas of northern and eastern North Dakota are rated as improving. Many suggests that even any sort of snowfall won't save the crop from the ongoing dryness in the region. We are expecting the crop to be lower for the upcoming season similar to what has happened in the previous year and a major inflation in wheat grains cannot be neglected in near future.

IGC Wheat Balance Sheet:

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IGC Forecast (Fig-In MMT)	2018-19	2019-20	2020-21 est.	2021-22 F'cast	
				13.01.2022	17.02.2022
Production	733	762	774	781	781
Trade	168	185	190	196	197
Consumptions	740	745	771	783	781
Carryover stocks	260	276	278	276	278
Y-O-Y change	-8	16	3		0
Major Export	69	63	61	56	57

- IGC has estimated global wheat production at 781 MMT for 2021-22, similar to 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 197 MMT. It is higher by 1 MMT compared to the previous estimate and also higher by 7 MMT from 2020-21.
- Consumption has been lowered at 781 MMT compared to previous estimate of 783 MMT for 2021-22. The forecast is higher by 10 MMT compared to 2020-21.
- Carryout for 2021-22 is forecast at 278 MMT compared to an estimate of 276 MMT in previous month. It is same 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**
	19-Feb-22	**12-Feb-22**	**19-Jan-22**	**19-Nov-21**	**21-Aug-21**	**19-Feb-21**	
Mar-22	292.82	293.09	282.53	306.04	272.34	239.54	**22.24**
May-22	295.39	295.39	282.99	307.70	274.08	237.52	**24.36**
Jul-22	294.20	293.37	279.04	302.28	262.51	229.99	**27.92**
Sep-22	294.84	293.28	279.50	300.99	262.60	-	-
Dec-22	296.40	294.38	281.24	301.73	264.07	-	-
Mar-23	297.59	295.48	282.81	301.73	212.45	-	-
May-23	294.75	293.09	280.88	-	-	-	-

CBOT Jan -22

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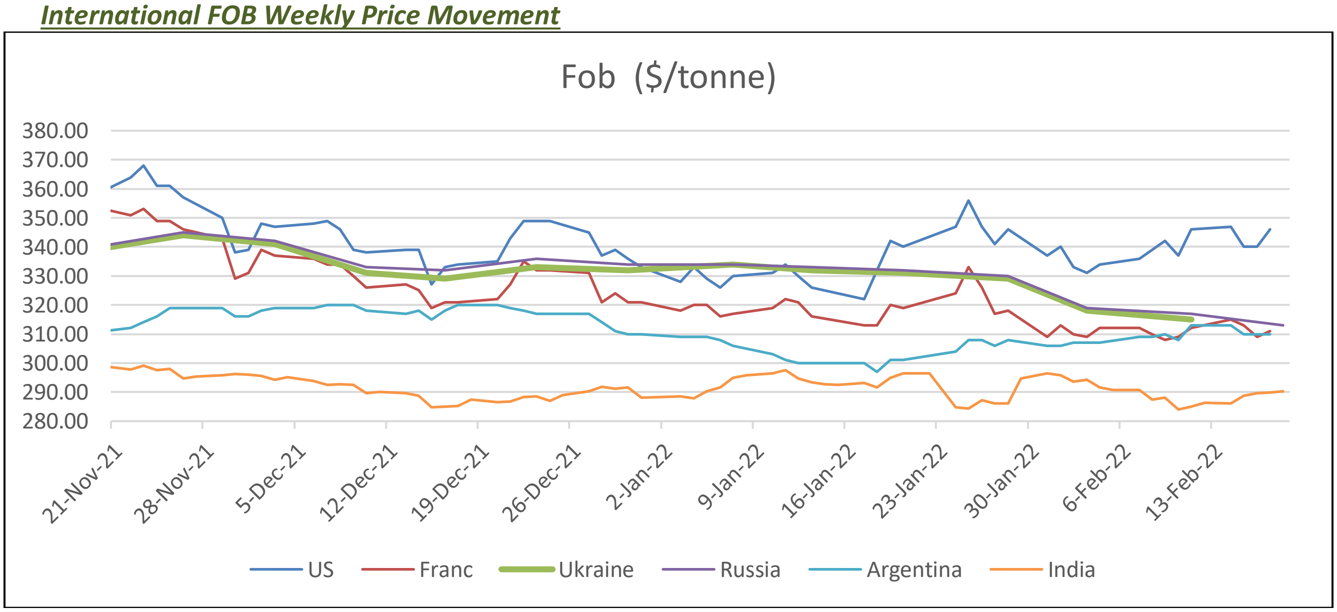
1st Support: 735.50
2nd Support: 671.50
1stResistance: 806.25
2nd Resistance: 824.00
($ per tonne)

The wheat contract showed bearish trend last week. The concerns over global wheat still persists due to the ongoing issue between Russia and Ukraine but looking at the technical aspects, the CBOT would face a resistance though fundamental aspects supports the market. We expect the CBOT to trade weak in coming week.

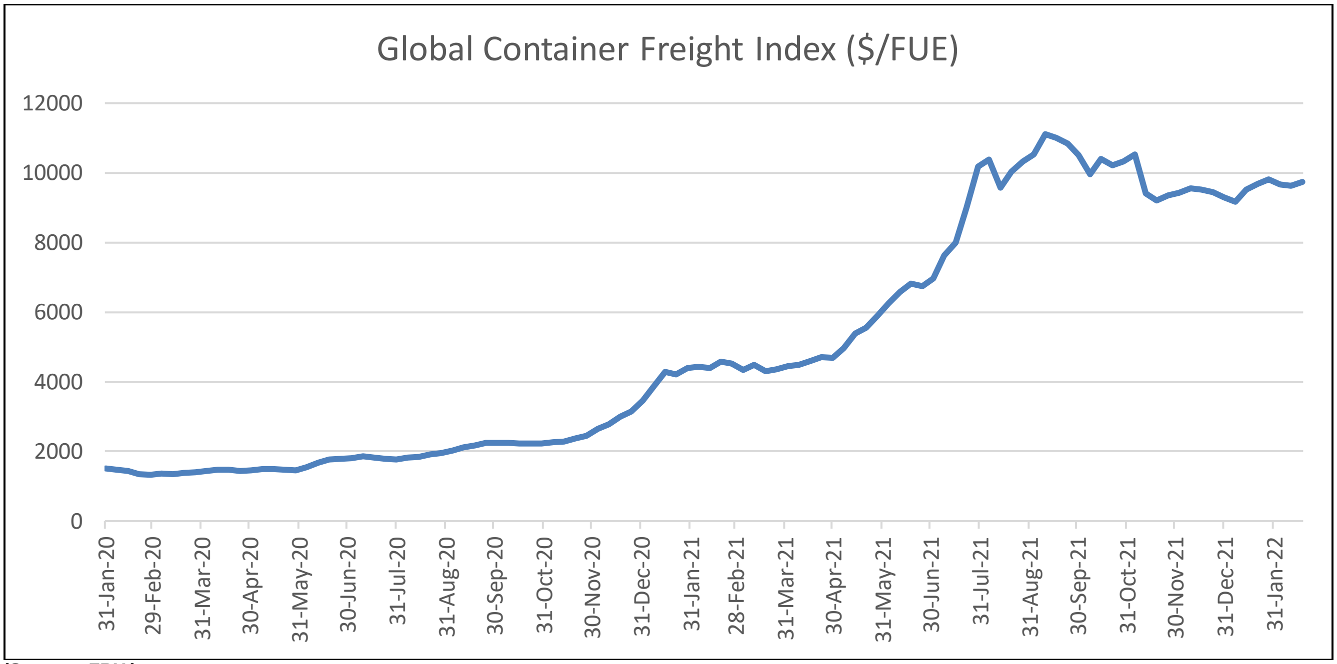
International FOB Weekly Price Movement



Indian FoB is being quoted at $290.31 per tonne. The Indian rupee appreciated as a result the FOB prices were slightly on higher side. In coming week as well, we can see Indian FOB to remain steady as the domestic prices are expected to remain steady in coming week.

Container Freight Index

The global freight index was $9745 per FUE was up by 1.22 percent compared to previous week suggesting increase in demand after Lunar new year. Asia-US east coast rate increased by 8% compared to 3% increase in Asia-US East Coast rate. This is mainly because of diverting shipment towards East Coast due to heavy congestion in Los Angeles. National Retail Foundation has projected US ocean imports to be higher in the first quarter of 2022. The utilization of old containers is on higher side thus misbalancing the supply demand scenario.



(Source : FBX)