Wheat Weekly Research Report

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Wheat Domestic Market Fundamentals

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During the week of February 24 to 28, 2022, the weekly average price in India was down by 1.20 percent at Rs. 2079.35 per quintal against Rs. 2104.64 per quintal the previous week while the wheat average prices had increased by 11.96 percent from Rs. 1857.17 per quintal same time last year. On 26th February, the price of wheat in Kanpur market for mill delivery was at Rs. 2130 per quintal, up by 0.47 percent from Rs. 2110 per quintal the previous week. The prices are moving steady currently, and in coming days we can expect the market to trade firm as good export demand from international markets are taking place which would support the market.

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.

There are high chances that India's wheat exports would increase considerably in the coming months as Ukraine and Russia may not be able to supply the wheat if the current conflict is not quickly resolved. Delivery and new trade deals in the Black Sea Region would only resume once things become stable. . Turkey, Egypt and Bangladesh are a large importers of Russian and Ukrainian wheat and India can expect greater export demand for its stocks including from the Central Pool.

The cold wave that has occurred in the state of Punjab between December 15th and February 15th, has helped improve the crop yield in the state. The yield has increased by 1-2 quintals per hectare in the state. The production in the state is expected to be higher this current season. While there are some reports of yellow rust , the impact of yellow rust seems negligible and as of now the crop condition is very good in the state.

During the week ending 25th February, wheat tender sales were done in four states. In Haryana, 0.41 LMT of wheat was sold against the bid quantity of 0.43 LMT. In Madhya Pradesh, 0.15 LMT of wheat was sold with the same quantity being bid. In Punjab, 0.25 LMT of wheat was sold against a bid quantity of 0.26 LMT. In West Bengal, around 0.50 LMT of wheat was sold against the same quantity being bid. Last week, no purchases were made by FCI.

Outlook & Recommendation: With the ongoing war between Russia and Ukraine, many countries are likely to shift to India for supply of wheat. There is high inflation of wheat in international market which could drive the domestic market as well in coming days. Though new crop arrivals have started in many states, the overall impact would be on firm side.

Trade Call: There is no NCDEX trading currently.

Weather Outlook: In Himachal Pradesh, rainfall activity is expected in the coming week. Water stagnation in the field can have a negative impact on the crop growth.

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**

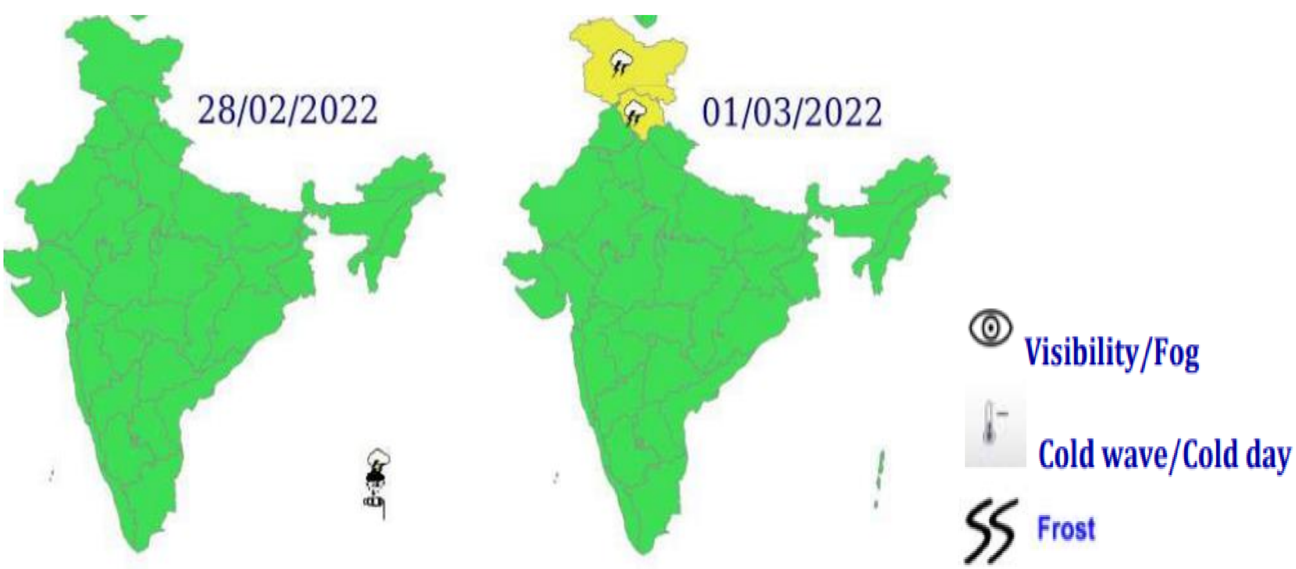
Source: Trade

Wheat Import

Date	Origin	Port	Quantity in MT
Nov-2021	*Australia, UK*	*Tuticorin*	*4.0*
	Mexico		*2.3*
	Total		*54.02*

Source: Traders
No Import so far.

Weather: -
Weather forecast:
Forecast: - February & March 2022



Source: IMD

Wheat Weekly Average Price Chart

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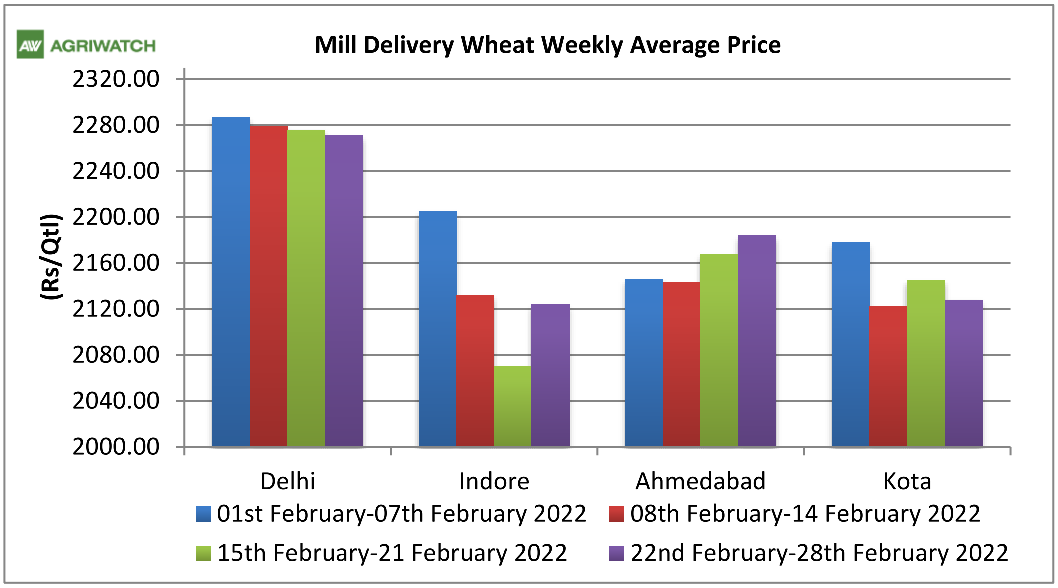

In the major mandis of Ahmedabad and Indore, the prices were showing steady to slightly firm tone with 0.74 and 2.61 percent increase while in Delhi market, the prices were showing steady to slightly weak tone with a decrease of 0.22 percent. In Kota, the wheat was trading with a steady to weak tone. The prices were down by 0.79 percent. The market is steady currently which would shift to firm side in coming weeks due to international scenarios.

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)	**21200**
Freight charge	310
Misc. Charges (port handling)	650
FOB (at Kandla Rs/T)	22160
FOB value in $ for FAQ	**295.26**
Freight Charges (US $/ton) to Dubai	36
Insurance @ 0.1% ($/MT)	0.29
CIF to Dubai (value in $ for SRW)	**331.55**

(INR value: 75.053 as on 25.02.2022)

The FOB prices were quoted at USD 295.26 per tonne which is higher compared to $290.31 per tonne the previous week. The prices in domestic market are rising due to the good export demand.

Indicative FOB Quotes:

Wheat FOB	Variety	Today	Week Ago	Month Ago	Year Ago	% Change over Prev. Week
		25-Feb-22	18-Feb-22	25-Jan-22	25-Feb-21	
USA (Chicago)	2srw	395	346	356	-	14.16
France	FCW3	363	311	333	296.02	16.72
Argentina	ASW	365	310	308	-	17.74
Russia	SRW	316	313	330	290.00	0.96
India	FAQ	295.26	290.31	286.16	257.38	1.89

International Weekly Outlook:

Following the Russia-Ukraine conflict beginning, prices for US soft winter wheat rose by 14.16 percent compared to previous week. . In France, the price rose by 16.72 percent compared to last week. The crop in Oklahoma and Kansas is likely to be smaller and the European Commission has also lowered its production estimate. This will add to the price pressure. In Argentina, the farmers have already sold 15.5 MMT of wheat already and the domestic demand of Argentina is 6 MMT. The production of the country is 22 MMT, the availability of the stocks is less than 1 MMT which is pressurizing the market. Indian FOB is up by 1.80 percent due to increase in export demand. Though the rupee value has depreciated compared to US dollar.

AGRIWATCH

Wheat Weekly Research Report
28th Feb-2022

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
	25-Feb-22	18-Feb-22	25-Jan-22	25-Feb-21	
Indore	2100	2050	2050	1790	17.32
Delhi	2250	2252	2240	1958	14.91
Kanpur	2110	2055	2100	1800	17.22
Rajkot	2110	2060	2091	1800	17.22
Kota	2100	2100	2120	1828	14.88

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
			25-Feb-22	24-Feb-22	18-Feb-22	25-Jan-22	25-Feb-21
Delhi	Lawrence Road	Mill Delivery	2270	2265	2270	2260	1895
	Narella	Mill Quality Loose	2100	2090	2100	2070	1780
	Nazafgarh	Mill Quality Loose	2125	2120	2120	2070	1750
Gujarat	Rajkot	Mill Delivery	2120	2075	2070	2120	1800
	Ahmedabad	Mill Delivery	2200	2190	2160	2180	1880
	Surat	Mill Delivery	2270	2250	2250	2250	1935
	Dhrol	Mill Delivery	2205	2180	2315	2200	1760
M.P.	Indore	Mill Delivery	2175	2180	2080	2160	1870
	Bhopal	Mill Quality Loose	2000	1980	1940	1960	1700
Rajasthan	Kota	Mill Quality Loose	2000	1980	2000	2000	1700
		Mill Delivery	2130	2130	2150	2150	1825
U.P.	Kanpur	Mill Delivery	2140	2100	2090	2100	1760
	Mathura	Mill Quality Loose	2070	2040	2050	2075	1725
	Kosi	Mill Quality Loose	2050	2050	2055	2050	1725
	Hathras	Mill Quality Loose	2050	2060	2025	2100	1690
	Aligarh	Mill Quality Loose	2090	2050	2100	2060	1690
Punjab	Khanna	Mill Quality Loose	2040	2030	2010	1990	1800
	Ludhiana (Jagraon)	Mill Delivery	-	-	-	-	-
Haryana	Sirsa	Mill Delivery loose	2070	2070	2070	2040	1810
	Hodal	Mill Delivery	-	-	-	-	-
	Bhiwani	Mill Quality Loose	2325	2300	2300	2100	1810
	Karnal	Mill Delivery	-	-	-	-	-
	Panipat	Mill Quality Loose	-	-	-	-	-
Tamil	Chennai	Mill Quality	2450	2450	2450	2450	2125

Nadu	Madurai	Mill Quality	2507	2550	2550	2550	2250
	Coimbatore	Mill Quality	2507	2600	2600	2600	2300
Bihar	Khagariya	Mill Delivery	2200	2050	2100	2150	1800
	Muzaffarpur	Mill Delivery	-	-	-	-	1800

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:

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Volatility in wheat prices is continuing due to the tensions between Russia and Ukraine. The export prices of wheat have risen both in Russia and Ukraine. On February 22nd, the prices of 12.5% protein Russian wheat were at $312 per tonne, while 11.5% protein Ukrainian wheat prices were at $306 per tonne, both up $3 day on day. Demand for wheat remained weak in the Black Sea region amid the tensions, while buyers are inquiring about the food grain from alternative origins, like Romania and Germany. Buying interest remained very limited after the escalation of tensions. Although the weather conditions are favorable in key producing region in both countries.

During 1st June21 to 21st February, 22, Ukraine exported 17.8 million metric tonnes (MMT) of wheat, up by 34% y-o-y. Ukraine shipped out 16.6 million metric tonne (MMT) of wheat in MY 2020-21, while Russia had shipped out 25.2 million metric tonne (MMT), lower by 24%y-o-y. However, since tensions emerged in the region, Ukraine's pace of exports has declined. In January, the average weekly exports declined to around 200,000 metric tonnes (MT) from the weekly average of nearly 400,000 metric tonnes (MT) in December. The tension between Ukraine and Russia is escalating and it is expected that the pace of wheat exports from Ukraine will remain slow in the coming weeks. For Russia, too, the momentum of shipments is expected to be poor as buyers are uncertain about the trade prospects in the region.

In USA, the wheat crop condition has been 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.

The average retail price of fertilizers has climbed the full second week of February. The prices of the most of the fertilizers were high compared to previous month. The DAP had an average price of $874 per tonne compared to last month, MAP $935 per tonne, potash $815 per tonne, anhydrous $1,488 per tonne which is an all-time high price.

China has approved to purchase Russian wheat from all the regions. The approval was done on 24th February. Earlier China has banned the imports of wheat from Russia due to smut fungus infestation. The decision has come after most of the global nations are imposing sanctions on Russia. It is expected that China would be an alternative for Russia to export wheat.

Lebanon is left with only one month's wheat reserves and is facing serious supply issue of wheat as the country imports 60 percent of the wheat from Ukraine. The country's wheat silos were destroyed due to the 2020 Beirut Port explosion and is considering to purchase wheat for affordable price to secure reserves for at least two months. Lebanon is in talks with USA, India, France and other European countries for an alternative to Ukrainian wheat.

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**
	24-Feb-22	**17-Feb-22**	**24-Jan-22**	**24-Nov-21**	**26-Aug-21**	**24-Feb-21**	
Mar-22	340.21	293.19	294.10	312.38	276.01	247.44	**37.49**
May-22	343.43	295.67	295.39	314.68	277.39	-	-
Jul-22	339.85	294.01	291.07	309.81	264.71	-	-
Sep-22	335.80	294.75	291.07	308.25	264.99	-	-
Dec-22	333.42	296.49	292.17	309.08	266.73	-	-
Mar-23	330.20	297.78	293.55	309.08	212.45	-	-
May-23	318.81	294.93	291.07	-	-	-	-

CBOT Feb -22

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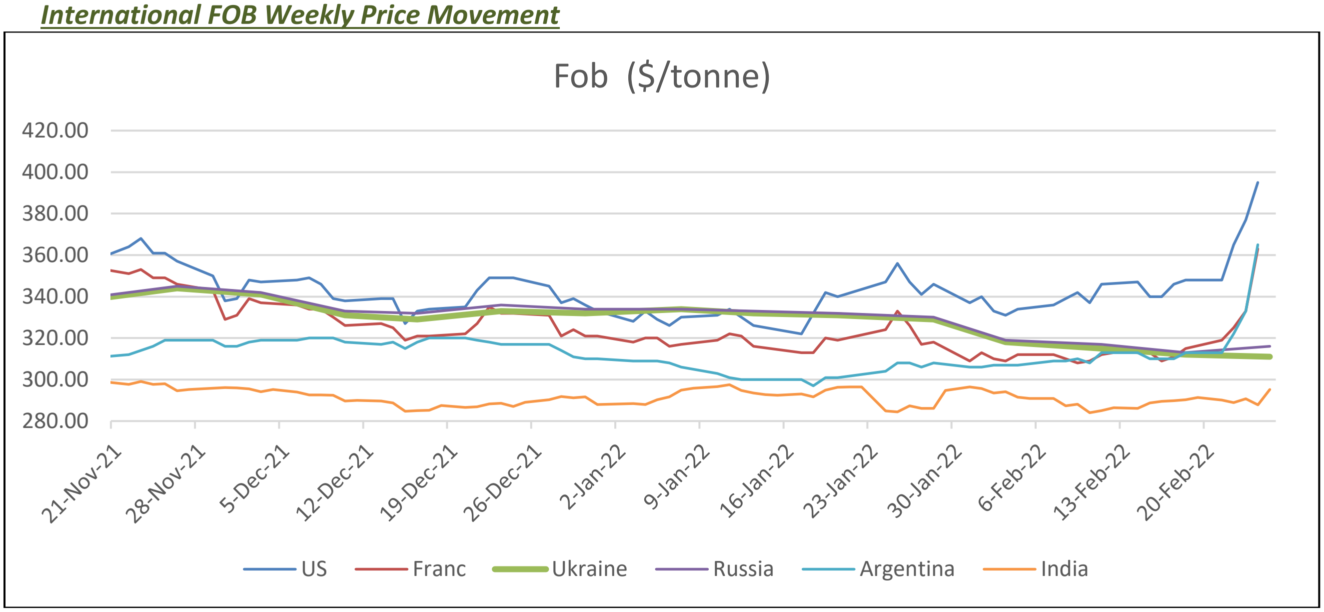
1st Support: 735.50
2nd Support: 671.50
1st Resistance: 863.25
2nd Resistance: 951.25
($ per tonne)

The wheat contract showed bullish trend last week. The prices breached the previous resistance levels of 850 and can now expected to go even upto 1000 in the coming week, before reversing.

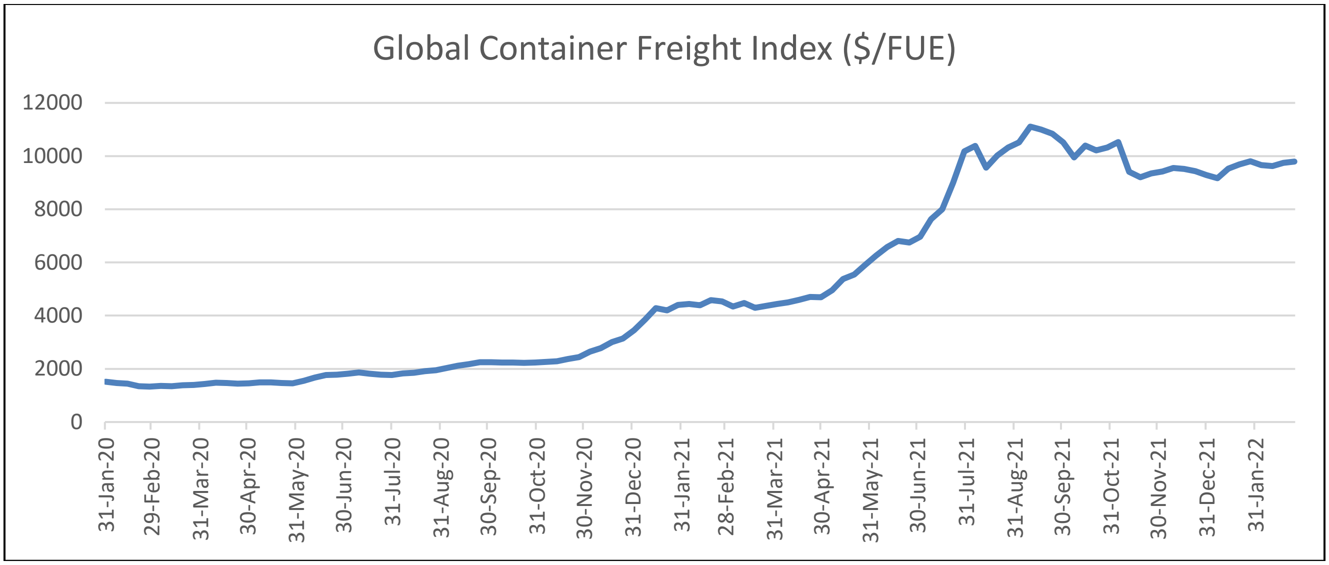
International FOB Weekly Price Movement



Indian FoB is being quoted at $295.26 per tonne. In coming week as well, we can see Indian FOB to trade firm as Indian wheat's demand in the overseas market has increased during the Russia-Ukraine war.

Container Freight Index

The global freight index increased by 0.45 percent compared to previous week to $9789/FUE. The rate was stable and there were backlogs which is keeping the prices up. The demand is high and congestion problem still persists so it's unlikely that the prices would come down anytime soon. Freight charges are expected to increase due to increase in oil prices and uncertainty over insurance cover.



(Source : FBX)