

Wheat Weekly Research Report

Table of Contents

- ❖ **Review and Outlook**
- ❖ **Export/Import**
- ❖ **Weather**
- ❖ **Weekly Price Change**
- ❖ **Stocking Norms**
- ❖ **FOB Quotes**
- ❖ **Spot Price at NCDEX Delivery Centers**
- ❖ **Domestic Outlook and Spot Prices**
- ❖ **Progressive Sowing**
- ❖ **International Wheat Market**
- ❖ **IGC**
- ❖ **CBOT Future Contract**
- ❖ **CBOT Trend**
- ❖ **International FOB Trend**

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

During the week of March 09 to 15 2022, the weekly average price in India was up by 8.31 percent at Rs. 2366.82 per quintal against Rs. 2185.27 per quintal the previous week while the wheat average prices had increased by 20.80 percent from Rs. 1959.33 per quintal same time last year. On 12th March, the price of wheat in Kanpur market for mill delivery was at Rs. 2280 per quintal, up by 1.33 percent from Rs. 2250 per quintal the previous week. In domestic markets, wheat is showing firm trend in major markets. Though the prices have become steady since last few days.

FCI has decided to discontinue the practice of storing wheat in uncovered facilities from September 2022 to improve storage facility and ensure direct transfer of grains from procurement centers to the states for public distribution. Out of 98 MMT capacity to store the wheat, around 19 MMT of wheat are stored in open where it cannot be stored for more than 6 months.

As of March 1st, the stocks of wheat available within central pool is 23.4 MMT way higher than the buffer norm of 7.46 MMT. The stocks are lowest since last 2 years. In the upcoming procurement season, the target made by various states include Punjab (13.2 MMT), Madhya Pradesh (12.9 MMT), Haryana (8.5 MMT), Uttar Pradesh (6 MMT) and Bihar (1 MMT). Though in Madhya Pradesh, it is expected that the procurement will drop by 15 to 20% as farmers are selling it to traders where it is being exported due to its better proximity to the ports.

There is a robust demand for Indian wheat from Asian buyers such as Nepal, Bangladesh, Sri Lanka, Indonesia and the Philippines. And the supply of wheat to these countries is easy due to lower freight charges and currently Indian wheat is of good quality compared to international wheat. There is also better cargo handling in the port which is supporting the export demand. Though internal freight costs and unavailability of freight wagons is hampering the trade.

With the increase in the price of wheat in international markets, Indian traders are getting benefited by the huge export demand received from overseas markets. Currently wheat is being sold from Kandla Port at FOB \$340 per tonne to \$350 per tonne. Few weeks back the prices were between \$305 per tonne to \$310 per tonne. The current prices are still highly competitive compared to the wheat of other nations. As per sources, government is also supportive of the wheat exports due to huge reserves of wheat available domestically.

During the week ending 11th March, wheat tender sales were done in five states. In Chhattisgarh, 1500 MT of wheat was sold, in Goa 1000 MT of wheat, in Karnataka 1000 MT, in Maharashtra 2650 MT and Odisha 1150 MT of wheat was sold. There were no purchases made in the major producing states of Punjab, Haryana and Madhya Pradesh.

Outlook & Recommendation: We are expecting that for the coming 2 months, India's exports are expected to be 4-5 MMT as currently India is the only country where harvesting is ongoing. Indian wheat is compared with Russia wheat due to its taste and texture and making it complete substitute.

Trade Call: There is no NCDEX trading currently.

Weather Outlook: Heatwave is expected in Gujarat and parts of Rajasthan in coming days. The wheat crop has already matured and harvesting has started. Hence there will be no impact on the crop.

Wheat Weekly Export

[\(Back to Table of Contents\)](#)

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

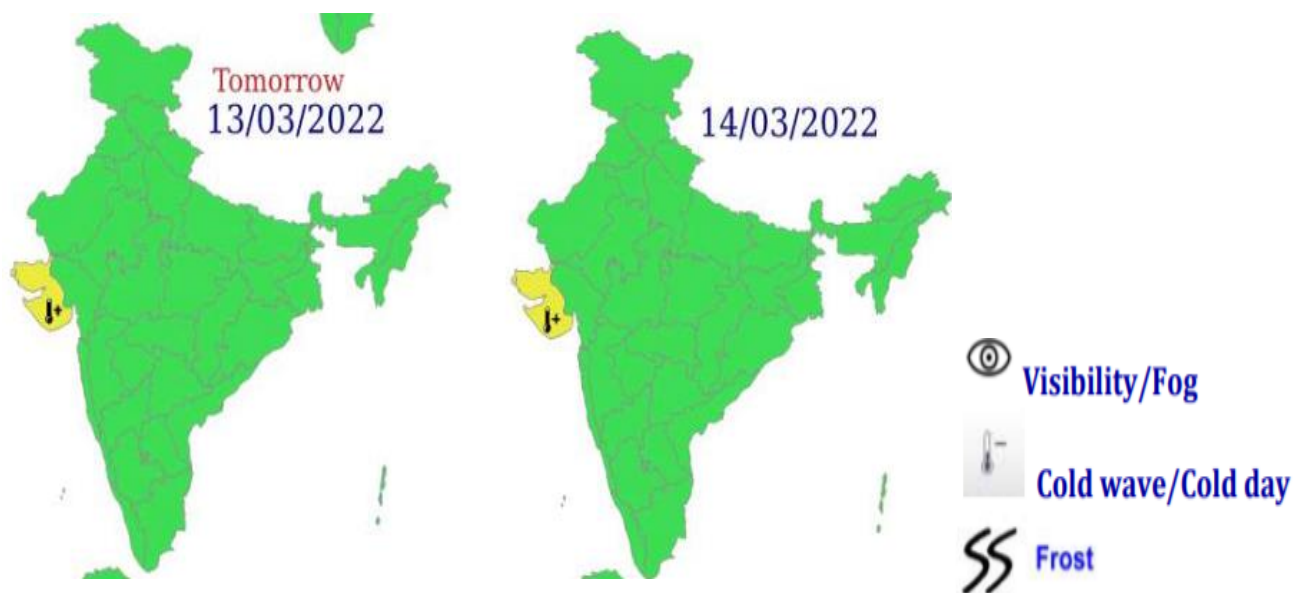
Date	Origin	Port	Quantity in MT
April to Dec-2021	Australia, UK	Tuticorin	51.06
	Mexico, USA		3.00
	Total		54.06

Source: Apedal'

Weather: -

Weather forecast:

Forecast: - March 2022



Source: IMD

Wheat Weekly Average Price Chart
[\(Back to Table of Contents\)](#)

In all the mandis, the prices were showing firm trend. In Delhi, the average prices rose by 4.07 percent and is expected to trade in the range of Rs. 2350-2450 per quintal in coming week. In Indore, the prices rose by 3.95 percent and is expected to trade in the range of Rs. 2250-2350 per quintal in coming week. In Ahmedabad, the prices rose by 3.56 percent and in coming week it is

expected to trade in the range of Rs. 2400-2500 per quintal in coming week. In Kota, the prices rose by 5.48 percent and is expected to trade in the range of Rs. 2350-2450 per quintal in coming week.

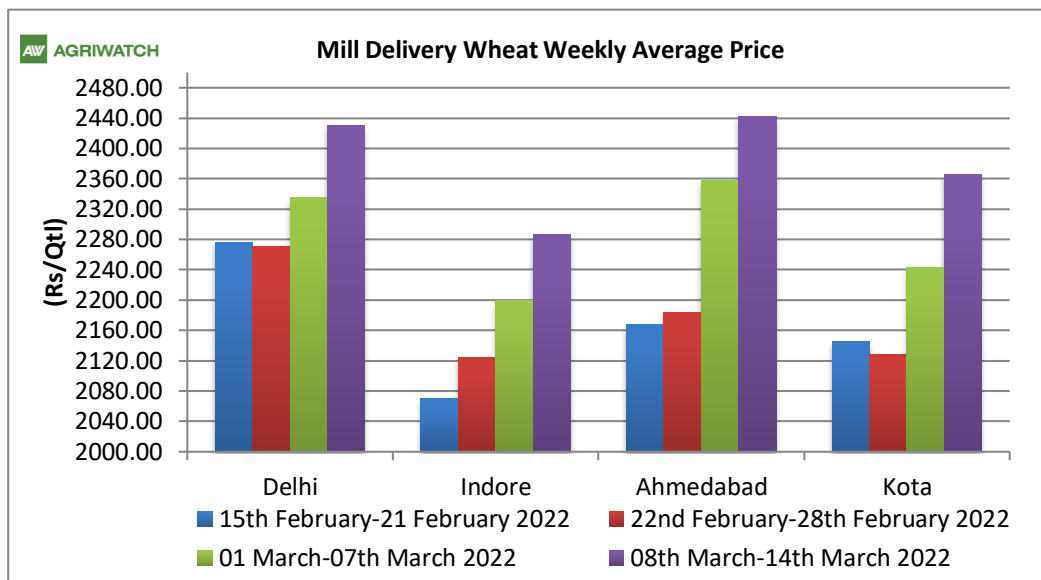

Wheat and Rice Stocking Norms
Wheat Stock Norms

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 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

[\(Back to Table of Contents\)](#)

	At Kandla
Mill delivery (Rajkot)	24200
Freight charge	310
Misc. Charges (port handling)	650
FOB (at Kandla Rs/T)	25160
FOB value in \$ for FAQ	328.17
Freight Charges (US \$/ton) to Dubai	44
Insurance @ 0.1% (\$/MT)	0.29
CIF to Dubai (value in \$ for SRW)	372.46

(INR value: 76.67 as on 12.03.2022)

The Indian wheat FOB prices were quoted at USD 328.17 per tonne which is higher compared to \$326.74 per tonne the previous week. The prices in domestic market are rising due to the good export demand, though due to depreciation of Indian rupee, the international prices for Indian wheat is highly competitive, attracting a large number of overseas markets. The FOB prices are expected to increase further due to firm trend outlook in the coming week within the domestic market and with higher exports rupee appreciation can happen resulting in higher prices.

Indicative FOB Quotes:

Wheat FOB	Variety	Today	Week Ago	Month Ago	Year Ago	% Change over Prev. Week
		12-Mar-22	04-Mar-22	12-Feb-22	12-Mar-21	
USA (Chicago)	2srw	453	472	346	-	-4.03
France	FCW3	436	427	312	268.46	2.11
Argentina	ASW	421	418	313	-	0.72
Russia	SRW	440	-	317	284.00	-
India	FAQ	328.17	326.74	285.02	250.47	0.44

International Weekly Outlook:

Prices for US soft winter wheat fell by 4.03 percent compared to previous week. This is due to USDA's new report with increased US ending stocks from 17.63 MMT to 17.77 MMT. The global ending stocks are also increased from 278.21 MMT to 281.51 MMT. In France, the FOB prices rose by 2.11 percent, though the prices fell from \$460 during the mid-week after reports of good crop condition in France. Around 92 percent of the crop is rated good to excellent. Russian wheat is highly volatile currently. The agricultural trade from Russia has been put out of the sanctions, hence exports from Russia is still highly possible.

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-Mar-22	25-Feb-22	04-Feb-22	04-Mar-21	
Indore	2303	2227	2059	1792	28.52
Delhi	2380	2273	2260	1883	26.39
Kanpur	2240	2180	2055	1700	31.76
Rajkot	2425	2300	2056	1810	33.98
Kota	2350	2200	2150	1810	29.83

Domestic Market Weekly Outlook:

[\(Back to Table of Contents\)](#)

Spot Market Price:							
Centre	Market	Variety	Prices (Rs/Qtl)				
			Today	Yesterday	Week Ago	Month Ago	Year Ago
			12-Mar-22	11-Mar-22	5-Mar-22	9-Feb-22	12-Mar-21
Delhi	Lawrence Road	Mill Delivery	2390	2400	2340	2280	1915
	Narella	Mill Quality Loose	2250	2270	2000	Closed	1800
	Nazafgarh	Mill Quality Loose	2250	2230	2200	Closed	1750
Gujarat	Rajkot	Mill Delivery	2420	2425	2400	2060	1775
	Ahmedabad	Mill Delivery	2430	2470	2500	2130	1875
	Surat	Mill Delivery	2500	2510	2525	2200	1925
	Dhrol	Mill Delivery	2300	2360	2340	2280	1775
M.P.	Indore	Mill Delivery	2275	2280	2200	2200	1850
	Bhopal	Mill Quality Loose	2200	2150	2100	1950	1750
Rajasthan	Kota	Mill Quality Loose	2230	2200	2200	1960	1700
		Mill Delivery	2380	2350	2350	2110	1850
U.P.	Kanpur	Mill Delivery	2280	2300	2250	2120	1780
	Mathura	Mill Quality Loose	2200	2100	2070	2060	1730
	Kosi	Mill Quality Loose	2190	2165	2100	2080	1750
	Hathras	Mill Quality Loose	2150	2100	2100	2120	1700
	Aligarh	Mill Quality Loose	2080	2100	2080	2080	1710
Punjab	Khanna	Mill Quality Loose	2100	2170	2070	1970	1800
	Ludhiana (Jagraon)	Mill Delivery	-	-	-	-	-
Haryana	Sirsa	Mill Delivery loose	2210	2210	2080	2070	1800
	Hodal	Mill Delivery	-	-	-	-	-
	Bhiwani	Mill Quality Loose	2300	2300	2325	2150	1800
	Karnal	Mill Delivery	-	-	-	-	-
	Panipat	Mill Quality Loose	-	-	-	-	-
Tamil	Chennai	Mill Quality	2550	2550	2550	2425	2100



Nadu	Madurai	Mill Quality	2607	2650	2650	2550	2200
	Coimbatore	Mill Quality	2607	2700	2700	2600	2250
Bihar	Khagariya	Mill Delivery	2200	2150	2250	2050	1800
	Muzaffarpur	Mill Delivery	-	-	-	-	1750

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

China has officially said that its winter wheat crop would be the worst in history. This came after a survey report where there was a 20 percent reduction in the first and second grade wheat due to the heavy rainfall during the sowing time that reduced the acreage by one third. For securing sufficient stocks for the domestic requirement, China will import more wheat in coming days specially from Russia after they removed the ban of wheat imports from Russia. This will also become an alternative for Russia to export its wheat after getting sanctions from West. India being on close proximity to China can benefit from the wheat imports.

As per USDA, 24% of the Kansas winter wheat crop in good to excellent condition, down from 25% a week earlier. In Kansas, topsoil moisture was short to very short in 81% of the state, up from 80% the previous week. In Texas, the USDA rated just 7% of the crop as good to excellent, down from 8% the previous week. The USDA rated 75% of the Texas crop as poor to very poor, steady with the previous week. In Oklahoma, the USDA rated 15% of the winter wheat crop in good to excellent condition, up from 11% a week earlier. The poor condition of wheat in USA is also creating a major wheat supply concern in addition to the supply disruptions due to Ukraine and Russia war. Poor crop indicates bad harvest which would start from April onwards. This will also prompt many major importers of USA to shift to other alternatives like India.

Romania will not limit wheat exports despite surging prices in domestic and international markets. Last year, Romania has harvested more than 11 MMT of wheat and the consumption was lower than 4.5 MMT. Though nearby countries like Hungary and Bulgaria have already restricted the shipment of wheat.

Japan imports of wheat from USA has rebounded by 4.8 percent to 154,929 MT compare to January 2021. But the imports are still 38 percent lower compared to the same month two years ago. The reduction is mainly due to disruptions in supply due to covid related pandemic, big wheat crop in Japan and less eating out in Restaurants. Though imports from Russia and Ukraine is nil for Japan, rising wheat prices would impact its economy.

As per new USDA report, the 2021-22 global outlook this month is for higher production, decreased trade and consumption, and larger ending stocks. Global output is raised mainly due to increase in crop in Australia where the estimation is raised by 2.3 MMT to a record 36.3 MMT by ABARES. World exports are lowered by 3.6 MMT to 203.1 million, due to decrease in Ukraine and Russia exports and slight increase in Australia and India exports.

Bulgaria government has decided to buy 1.1 MMT of wheat which include both milling wheat and feed wheat in order ensure proper food supply in the domestic markets. Bulgaria has about 3 MMT of wheat and about 300,000 tonnes are in the state reserves. Though Bulgaria has not imposed a ban on grain exports, there is extensive checks on the grain exporters.

The Moroccan wheat has been affected by the prolonged drought which has been the worst since last 30 years. Ukraine and Russia were the major exporter of wheat to Morocco. Morocco received 0.55 MMT of wheat from Ukraine from an order of 0.6 MMT covering November-February months. It is expected that Morocco spending on wheat subsidy will increase by 15 percent from last year to \$410 million. Morocco is

diversifying its wheat imports and is looking for wheat from France, Brazil, Argentina, Poland, Germany and Lithuania.

In France, an estimated 92% of French soft wheat crops were in good or excellent condition by March 7, which is down from 93% a week earlier but up from a year earlier rating of 88%. And durum wheat similarly saw slight declines in their weekly ratings but conditions remained favorable, with 88% of crops rated as good or excellent.

IGC Wheat Balance Sheet:

(Back to Table of Contents)

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
	11-Mar-22	4-Mar-22	8-Feb-22	9-Dec-21	10-Sep-21	11-Mar-21	
Mar-22	400.47	495.26	286.11	285.38	256.90	238.26	68.08
May-22	406.53	444.19	288.04	287.49	259.11	238.08	70.76
Jul-22	395.78	431.79	285.47	284.64	253.41	230.82	71.47
Sep-22	383.75	390.55	285.75	285.56	254.33	0.00	-
Dec-22	372.54	360.05	287.40	287.21	256.63	0.00	-
Mar-23	359.32	347.28	288.96	287.21	212.45	-	-
May-23	336.63	335.44	287.03	-	-	-	-

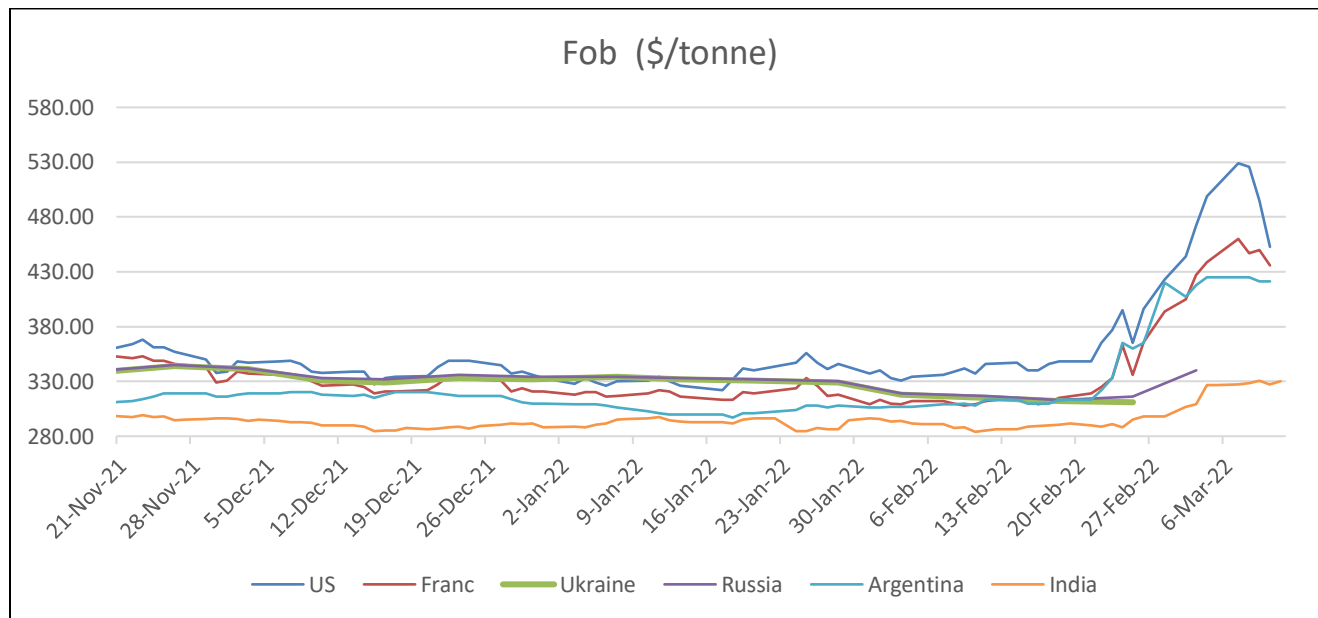
CBOT Mar -22
[\(Back to Table of Contents\)](#)
1st Support: 885.00
2nd Support: 740.00
1stResistance: 1153.00
2nd Resistance:
1300.00
(\$ per tonne)

The wheat contract showed bearish trend last week with traders opting out of purchases due to high prices. We expect the CBOT to trade with firm bias in coming days hitting a resistance at \$1153 and reversing back.





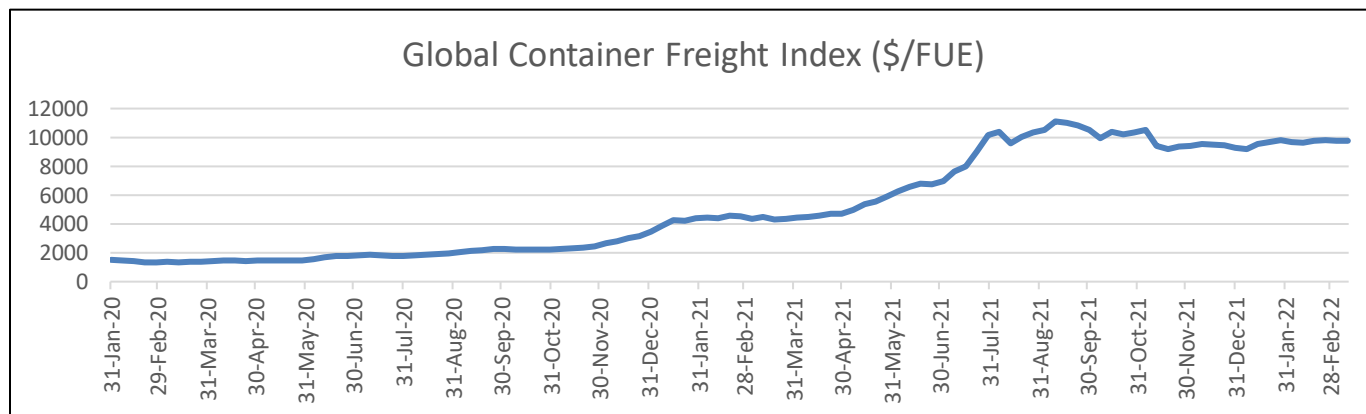
International FOB Weekly Price Movement



Indian FoB is being quoted at \$328.17 per tonne. In coming week as well, we can see Indian FOB to trade firm as well due to firm trend in domestic markets owing to good export demand and also rupee appreciation is likely in coming week due to good exports happening.

Container Freight Index

The global freight index increased by 0.20 percent compared to previous week to \$9777/FUE. The prices are still stable. There are added congestions in European port. Due to sanctions, Asia-Europe rail volumes will likely to shift to ocean which could increase Asia – Europe charges. Approx. 30 to 50% of the Russian ocean freight books have been cancelled.



(Source : FBX)

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