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Wheat Weekly Research Report
21st Mar-2022

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Wheat Domestic Market Fundamentals

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During the week of March 16 to 23 2022, the weekly average price in India was down by 4.87 percent to Rs. 2207.02 per quintal against Rs. 2320.80 per quintal last week while the wheat average prices had increased by 12.72 percent from Rs. 1957.94 per quintal same time last year. On 16th March, the price of wheat in Kanpur market for mill delivery was at Rs. 2150 per quintal, down by 4.44 percent from Rs. 2250 per quintal the previous week. In domestic market new wheat crop arrivals have started in many states, which is putting some pressure on prices.

The number of farmers in Madhya Pradesh registering to sell wheat to state agencies has dropped by more than 17 per cent because of the huge demand for the cereals by the private players owing to spike in global prices because of Russia-Ukraine crisis. Till March 10th, around 1.98 million farmers applied to sell wheat to government agencies, while last year during the same period it was around 2.4 million.

Private traders have purchased 9.5 LMT of wheat from the godowns of Punjab through the auctions done by FCI under OMSS. Around 340 rakes have moved out of Punjab carrying wheat and 105 more rakes will move before the RMS 2022-23 starting from April 1. Due to fast movement of stocks, very few stocks are left in the covered area plinths, which in last year was around 60 LMT.

Large number of steps is being implemented in order to increase good quality wheat exports from India. Around 213 government approved laboratories have been set up to test the quality of wheat. Extra warehouse capacity is being created near the ports to ensure proper supply. The wheat cargoes can also be diverted to Eastern port to reduce congestions in Mundra and Kandla Ports. In the upcoming 2022-23 marketing year, India's exports are expected to be 10 MMT.

As per trade sources, around 3.65 LMT of wheat were estimated to be exported from India during the month of February 2022. The exports are lower compared to 9.18 LMT exported in the month of January 2022. Bangladesh emerged as the largest importer of Indian wheat with 0.98 LMT of wheat imports followed by Sri Lanka with 0.96 LMT and Yemen with 0.58 LMT.

Farmers from Madhya Pradesh, Punjab and other states are receiving large enquiries for wheat as a result most of the farmers are neglecting the government procurement and is directly supplying the stock to the exporters. The wheat is being sold to the traders at Rs. 2700 per quintal including freight cost to Kandla Port way higher than the MSP value of Rs. 2015 per quintal.

During the week ending 18th March, wheat tender sales were done in several states. Around 14,720 MT of wheat was sold by FCI in various tenders against 7,300 MT of wheat tender the previous week.

Outlook & Recommendation: We are expecting that the prices are expected to stay steady, though there is good export demand but good crop arrivals and sufficient stocks available in the market would make the wheat market steady in the coming week.

Trade Call: There is no NCDEX trading currently.

Weather Outlook: Last week heatwave was reported in Rajasthan and Gujarat, though the crop is already matured and harvesting has started, there is little or no impact on wheat crop.

Wheat Weekly Export

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A week-on-week Exports	Quantity in MT	Average FoB ($/T)
01-08 Feb-2022	97912.6396	331.1150
9-15 Feb-2022	193472.5575	331.7264
16-23 Feb-2022	48174.5375	359.6796
24-28 Feb-2022	25492.7000	425.1250
Total	**365052.4346**	**353.4701**

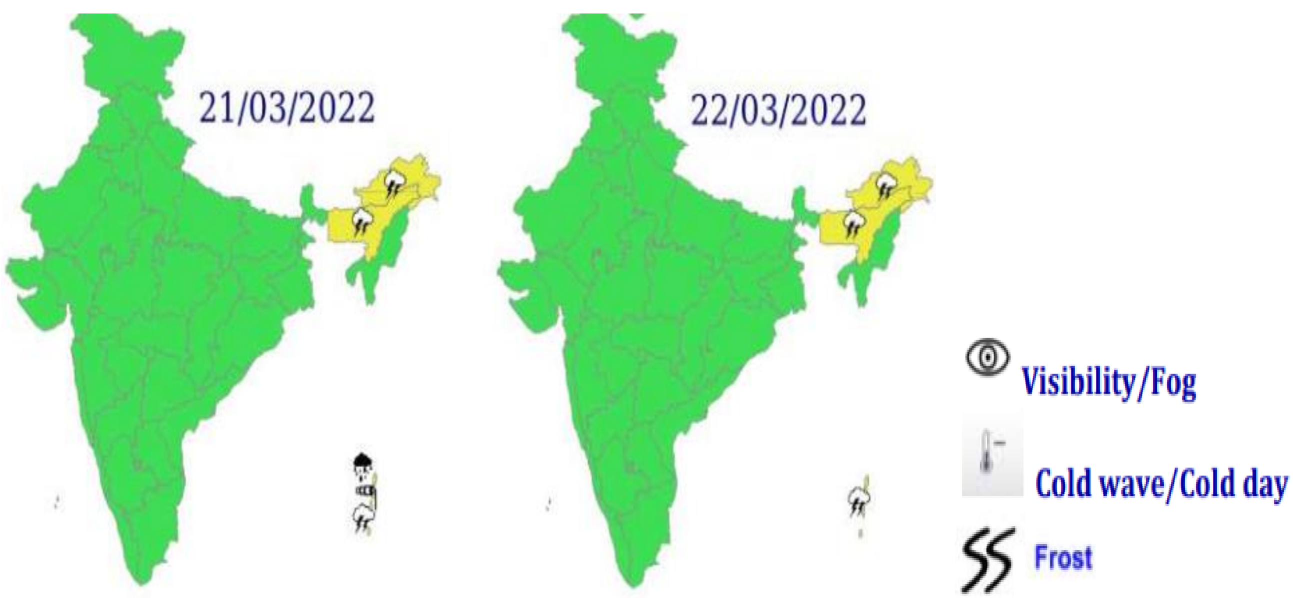
Source: Trade

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: Apeda\'

Weather: -
Weather forecast:
Forecast: - March 2022



Source: IMD

Wheat Weekly Average Price Chart

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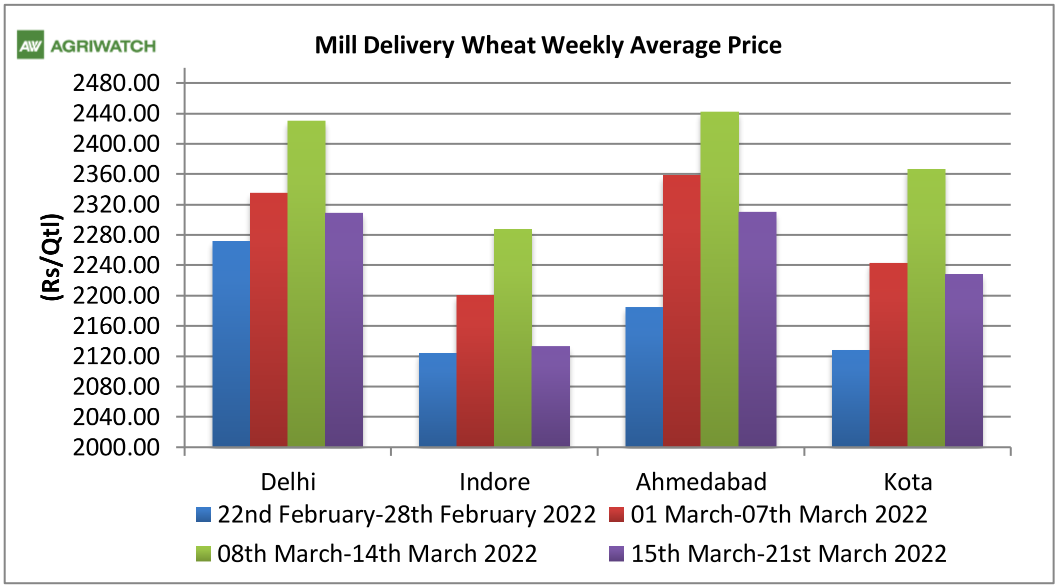

In all the mandis, the prices were showing weak trend. In Delhi, the average prices were down by 4.98 percent and is expected to trade in the range of Rs. 2250-2350 per quintal in coming week. In Indore, the prices were down by 6.73 percent and is expected to trade in the range of Rs. 2150-2250 per quintal in coming week. In Ahmedabad, the prices were down by 5.41 percent and in coming week it is expected to trade in the range of Rs. 2280-2400 per quintal in coming week. In Kota, the prices were down by 5.83 percent and is expected to trade in the range of Rs. 2150-2250 er quintal in coming week.

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)	**22500**
Freight charge	310
Misc. Charges (port handling)	650
FOB (at Kandla Rs/T)	23460
FOB value in $ for FAQ	308.90
Freight Charges (US $/ton) to Dubai	44
Insurance @ 0.1% ($/MT)	0.29
CIF to Dubai (value in $ for SRW)	**353.19**

(INR value: 75.95 as on 19.03.2022)

The Indian wheat FOB prices were quoted at USD 308.90 per tonnes down by 5.87 percent compared to USD 328.17 per tonnes the previous week. There has been easing of trade in the Black Sea region and concern over Russia Ukraine issue is diminishing. The domestic prices also weakened due to new crop arrivals. We expect that in coming days the FOB prices to remain steady.

Indicative FOB Quotes:						
Wheat FOB	**Variety**	**Today**	**Week Ago**	**Month Ago**	**Year Ago**	**% Change over Prev. Week**
		19-Mar-22	**12-Mar-22**	**19-Feb-22**	**19-Mar-21**	
USA (Chicago)	2srw	457	453	348	-	**0.88**
France	FCW3	434	436	315	264.22	**-1.47**
Argentina	ASW	401	421	313	-	**-4.75**
Russia	SRW	460	440	313	275.00	**4.55**
India	FAQ	308.90	328.17	281.36	250.93	**-5.87**

International Weekly Outlook:

Prices for US soft winter wheat rose by 0.88 percent compared to previous week. The US wheat prices remain steady as there is less concerns over Russia Ukraine war and rainfall activity in already drought affected areas of Kansas and Oklahoma gives better crop scenario. In France, the FOB prices fell by 1.47 percent compared to previous week. The crop condition has been rated good for France which is weakening the market. The Russian wheat prices rose by 4.55 percent suggesting high volatility in Russian wheat market though trade between Russia and other importing countries is still ongoing.

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
	19-Mar-22	12-Mar-22	19-Feb-22	19-Mar-21	
Indore	2176	2303	2100	1788	21.70
Delhi	2287	2380	2259	1886	21.26
Kanpur	2120	2240	2087	1700	24.71
Rajkot	2325	2425	2060	1800	29.17
Kota	2275	2350	2125	1822	24.86

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-Mar-22	18-Mar-22	12-Mar-22	16-Feb-22	19-Mar-21
Delhi	Lawrence Road	Mill Delivery	2280	-	2390	2275	1940
	Narella	Mill Quality Loose	2150	-	2250	Closed	1825
	Nazafgarh	Mill Quality Loose	2200	-	2250	Closed	1760
Gujarat	Rajkot	Mill Delivery	2250	-	2420	2075	1790
	Ahmedabad	Mill Delivery	2320	-	2430	2170	1860
	Surat	Mill Delivery	2375	-	2500	2240	1950
	Dhrol	Mill Delivery	2335	-	2300	2240	-
M.P.	Indore	Mill Delivery	2200	-	2275	2060	1880
	Bhopal	Mill Quality Loose	2000	-	2200	1970	1800
Rajasthan	Kota	Mill Quality Loose	2050	-	2230	2000	1670
		Mill Delivery	2200	-	2380	2150	1820
U.P.	Kanpur	Mill Delivery	Closed	-	2280	2070	1700
	Mathura	Mill Quality Loose	Closed	-	2200	2030	1700
	Kosi	Mill Quality Loose	Closed	-	2190	2060	1780
	Hathras	Mill Quality Loose	Closed	-	2150	2070	1715
	Aligarh	Mill Quality Loose	Closed	-	2080	2040	1730
Punjab	Khanna	Mill Quality Loose	2060	-	2100	2030	1800
	Ludhiana (Jagraon)	Mill Delivery	-	-	-	-	-
Haryana	Sirsa	Mill Delivery loose	2140	-	2210	2070	1815
	Hodal	Mill Delivery	-	-	-	-	-
	Bhiwani	Mill Quality Loose	2240	-	2300	2270	1800
	Karnal	Mill Delivery	-	-	-	-	-
	Panipat	Mill Quality Loose	-	-	-	-	-
Tamil	Chennai	Mill Quality	2400	-	2550	2450	2100

Nadu	Madurai	Mill Quality	2457	-	2650	2550	2200
	Coimbatore	Mill Quality	2457	-	2700	2600	2250
Bihar	Khagariya	Mill Delivery	2100	-	2200	2100	1800
	Muzaffarpur	Mill Delivery	-	-	-	-	1775

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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Egypt will receive a total of 189,000 tons of previously contracted wheat in the coming days shipped from Russia, Romania and Ukraine. Egypt has already received 63,000 tons of French wheat on March 8, and a similar amount of Romanian wheat on March 5. It is expected that the existing reserves and wheat from the upcoming harvest will be sufficient to provide subsidized bread until the end of the year to the people of Egypt. Wheat costs in Egypt have risen by a modest 17 percent because of the war as compared to other international markets that witnessed a 48-percent surge in wheat costs. Egypt has a sufficient amount of wheat to last until the end of 2022, and they imposed a three-month export ban on green wheat, cooking oil, and corn.

South Korea purchased about 55,000 tonnes of animal feed wheat on 15th March to be sourced from worldwide optional origins in a private deal without issuing an international tender. Japan is seeking to buy a total of 104,483 tonnes of food-quality wheat from the United States, Canada and Australia in regular tenders that will close on 17th March. Bangladesh has issued an international tender to purchase 50,000 tonnes of milling wheat. The deadline for submission of price offers was March 16th. Jordan issued an international tender to buy 120,000 tonnes of milling wheat which can be sourced from optional origins. The deadline for submission of price offers was March 16th. Turkey has issued an international tender to purchase and import about 270,000 tonnes of milling wheat. The deadline for submission of price offers for the wheat tender is March 17.

As per reports, 92% of French soft wheat crops were in good or excellent condition by March 14th, unchanged from a week earlier and above a year-ago rating of 87%. The condition is better compared to previous year indicating better crop conditions in the coming harvest season. France's Strategie Grains in its monthly report, cut its projection for wheat exports out of Ukraine by almost 6 million tonnes and from Russia by 5 million tonnes. Also, wheat shipments from EU were lifted by 2 MMT to 32.5 million tonnes.

In Pakistan, there is a fear of fall in production by 10 percent due to drought and low fertilizer offtake and as a result the ministry has proposed to import 3 MMT of wheat. And if wheat is not imported from Russia on due to sanctions on Russia, Pakistan may be allowed to import the entire quantity of 3 MMT of wheat through international tendering.

Brazil being one of the largest wheat importers has reduced its dependence on foreign crops and have had record export demand which has provided farmers with funds to expand the planting areas. Brazil exported around 2.5 million tonnes of wheat from December to March, an unprecedented volume driven by a historically good harvest in 2021, while demand has been further boosted by the war between major suppliers Russia and Ukraine. This will encourage more planting in Brazil, and acreage is expected to double from the current 2.74 million hectare in coming years and eventually meet domestic consumption needs of around 12.7 million tonnes a year.

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	
				17.02.2022	17.03.2022
Production	733	762	774	781	781
Trade	168	185	190	197	194
Consumptions	740	746	771	781	778
Carryover stocks	260	275	278	278	281
Y-O-Y change	-8	16	3		3
Major Export	69	63	61	57	63

- 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 19 MMT. It is lower by 3 MMT compared to the previous estimate and also higher by 4 MMT from 2020-21.
- Consumption has been lowered at 778 MMT compared to previous estimate of 781 MMT for 2021-22. The forecast is higher by 7 MMT compared to 2020-21.
- Carryout for 2021-22 is forecast at 281 MMT compared to an estimate of 278 MMT in previous month. It is higher 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-Mar-22	**12-Mar-22**	**16-Feb-22**	**17-Dec-21**	**18-Sep-21**	**19-Mar-21**	
May-22	390.82	406.53	288.87	282.81	258.56	224.57	**74.03**
Jul-22	383.84	395.78	287.49	283.36	259.38	225.49	**70.22**
Sep-22	369.51	383.75	288.04	284.55	261.50	-	-
Dec-22	355.28	372.54	289.51	284.74	261.96	-	-
Mar-23	345.63	359.32	290.89	280.60	257.91	-	-
May-23	333.14	336.63	288.68	280.60	212.45	-	-
Jul-23	310.09	306.41	278.76	-	-	-	-

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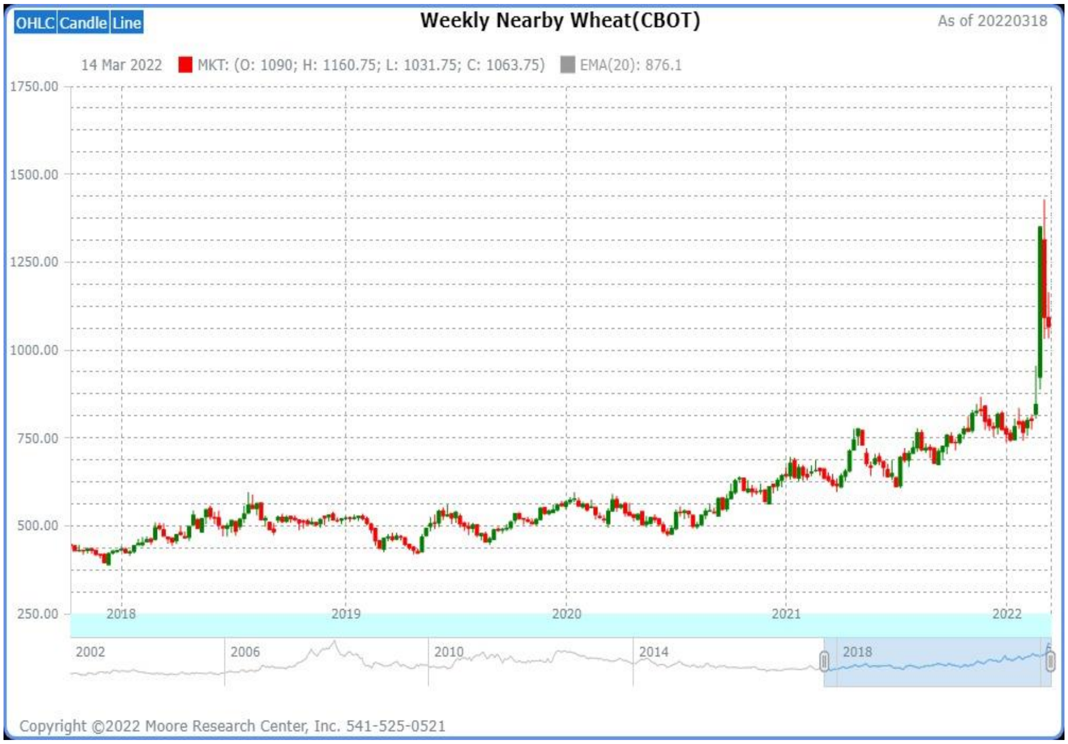
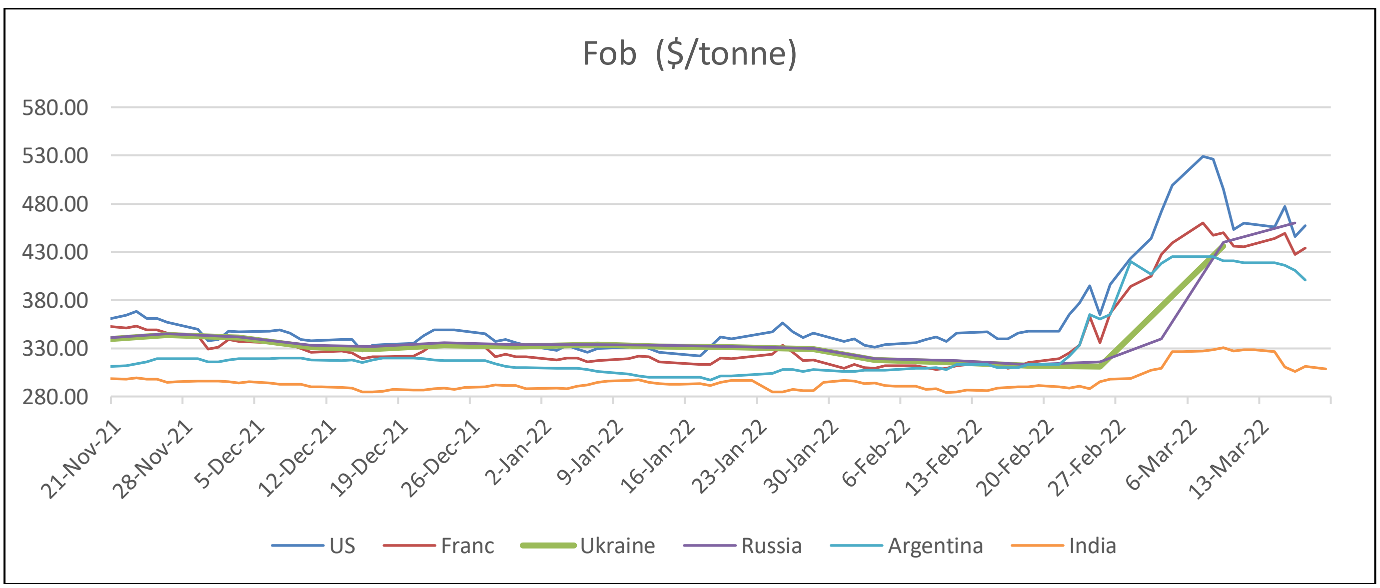
1st Support: 840.24
2nd Support: 740.00
1stResistance: 1222.00
2nd Resistance: 1300.00
($ per tonne)

The wheat contract showed bearish trend last week as IGC increased global ending stocks along with easing tensions between Russia and Ukraine. We expect the CBOT to trade with firm bias in coming days hitting a resistance at $1222.00 and reversing back.



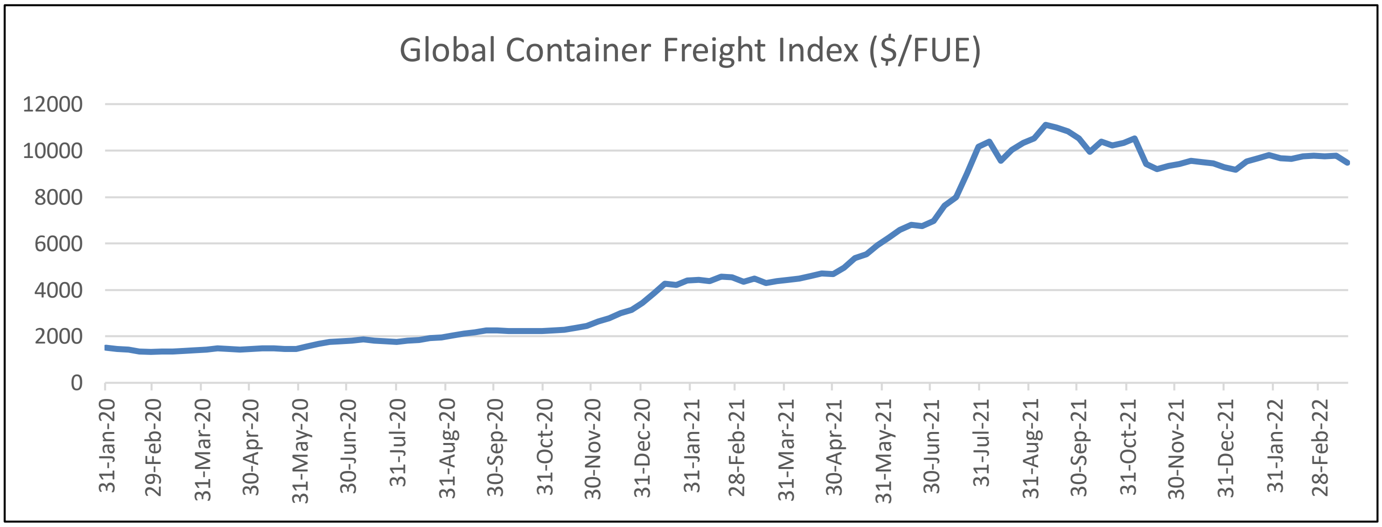
International FOB Weekly Price Movement



Indian FoB is being quoted at $308.90 per tonnes. In coming week as well, we can see Indian FOB to trade steady as the crop arrivals have increased along with good number of stocks in central pool way higher than the buffer stocks.

Container Freight Index

The global freight index fell by 2.96 percent compared to previous week to $9488/FUE. new covid outbreaks in the major Chinese export hubs of Shanghai and Shenzhen, has the affected the supply chain and manufacturing industries. But the pause in manufacturing will likely cause a surge in freight demand once factories reopen, and the degree of impact on ocean logistics will depend on how long the lockdown lasts, and the extent to which the ports are affected.



(Source : FBX)