AGRIWATCH

Wheat Weekly Research Report
28th Mar-2022

Wheat Weekly Research Report

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Wheat Domestic Market Fundamentals

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During the period March 16th to 23rd 2022, the weekly average price in India was up by 1.78 percent to Rs. 2,235.29 per quintal against Rs. 2,196.15 per quintal last week while the wheat average prices have increased by 15.87 percent from Rs. 1,929.35 per quintal from same period last year. On 26th March, the price of wheat in Kanpur market for mill delivery was at Rs. 2,100 per quintal, down by 2.32 percent from Rs. 2,150 per quintal from the previous week. The procurement for RMS 2022-23 will start from April 1st. New crop arrivals have started in most of the major mandis which is putting pressure on the spot market.

Looking at the current pace of exports and demand from the exporters, at present there are less chance of any inflationary issue in the Indian market as the stocks are available in abundance and new crop arrivals is about to come in all the major markets. But if Indian wheat exports rise by 45-50 percent in 2022, it will push the price of wheat by 8-10 percent from a year ago in the first quarter of next fiscal year.

In Haryana, the procurement of wheat will start from April 1st and would continue till May 15th. For the Rabi marketing season 2022-23, around 398 mandis and procurement centers have been in the state for the procurement of wheat.

The government's food subsidy costs are expected to fall by roughly Rs 26,000 crore during 2022-23 due to smaller volume of wheat procurement in the rabi marketing season, which starts on April 1. The procurement is expected to be around 34 MMT, as opposed to the target of 44 MMT.

As per sources, exports from other wheat-producing states, particularly Punjab and Haryana, will be difficult due to a lack of necessary transportation infrastructure, greater transportation costs to western ports, and higher grain purchase taxes.

Madhya Pradesh announced no mandi tax on wheat exported from Madhya Pradesh. The state government will provide all possible facilities to the exporters. The exporters can now buy wheat from mandis or farmers directly. Railway Board has also assured to provide racks for wheat export. India is in final talks to start wheat export to Egypt, while discussions are going on with countries like Turkey, China, Bosnia, Sudan, Nigeria, Iran and others for wheat export.

In Punjab, against a procurement target of 135 lakh tonnes fixed by the department for the rabi season, it is likely that the procurement would see a steep fall and total procurement might be restricted to around 100 lakh tonnes as traders and corporates are keen to lift stocks from the state due to huge export demand. The total wheat production in the state is likely to touch 175 lakh tonnes. The state food department has raised a cash credit limit of Rs 30,000 crore for wheat purchase.

As per IIWBR, wheat production for the current season is expected to reach 112 million tonnes despite fall in the acreage compared to previous year. This is mainly due to availability of good quality and high yielding varieties of wheat.

The procurement of wheat at the mandis of the Indore district at the MSP will start on March 28. Preparations are being made for this on a large scale. In the Rabi marketing year 2022-23, 98 procurement centers have been set up for procurement of wheat at the support price in the district.

The government has extended the PMGKAY scheme for another six months i.e., till September 2022 (Phase VI). The Phase-V of PM-GKAY scheme was to end in March 2022. The PM-GKAY has been under implementation since April 2020, as the largest food security program in the world. The Government has spent approximately Rs. 2.60 Lakh Crore so far and another Rs. 80,000 Crore will be spent over the next 6 months till September 2022 taking the total expenditure under PM-GKAY to nearly Rs. 3.40 Lakh Crore.

During the week ending 25th March, wheat tender sales were done in several states. Around 3,930 MT of wheat was sold by FCI in various tenders against 39,720 MT of wheat tender the previous week.

Outlook & Recommendation: As government has extended the free ration scheme for next 6 months, the demand from middle class and poor families would be less despite good export demand. We expect that the market will remain steady in coming weak as new crop arrivals have also started with good pace.

Trade Call: There is no NCDEX trading currently.

Weather Outlook: There was high temperature reported in parts of Punjab and Haryana and it likely that it would induce early maturation of crop leading to yield losses.

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\’

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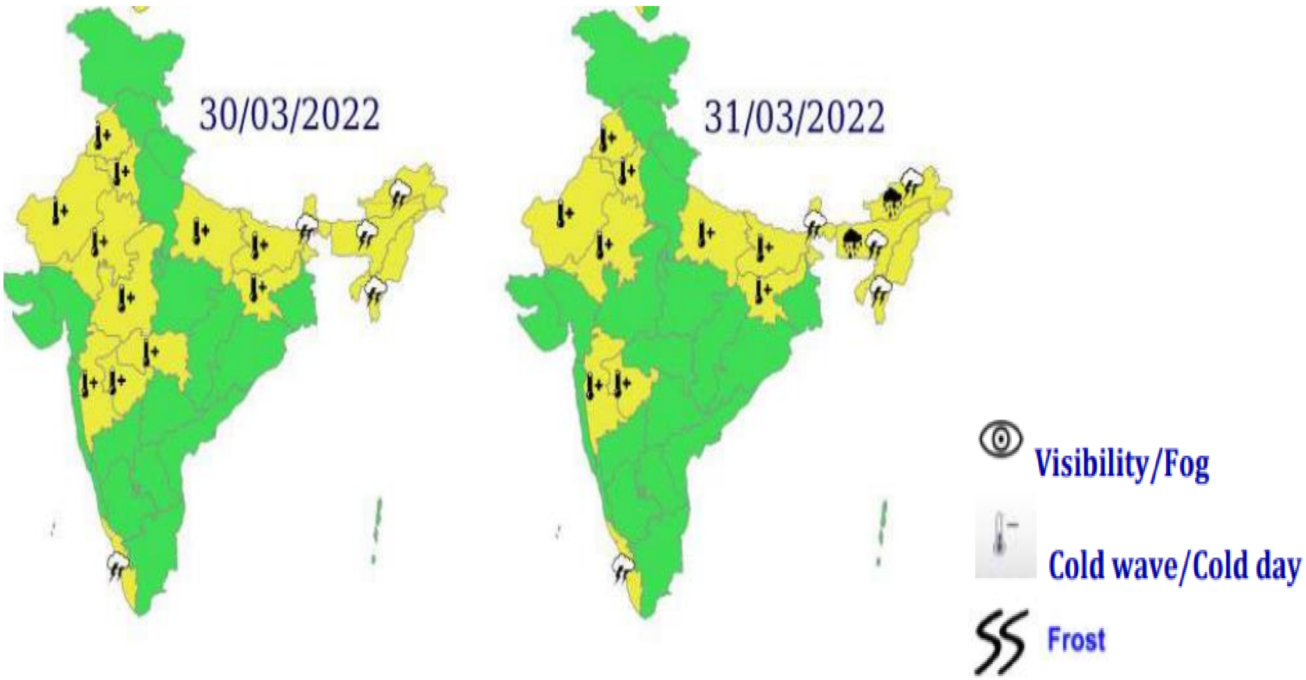
Weather: -
Weather forecast:
Forecast: - March 2022



Source: IMD

Wheat Weekly Average Price Chart

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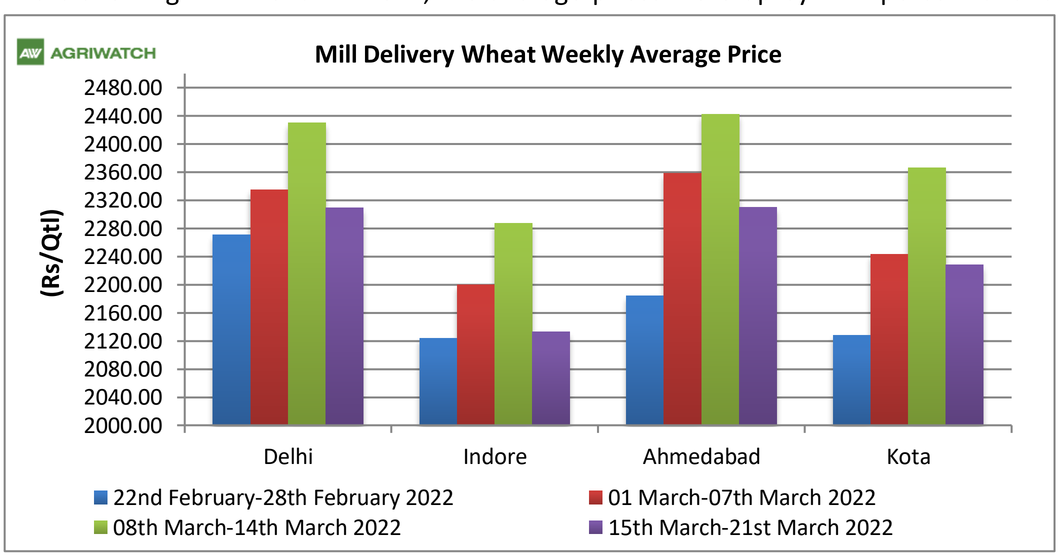
In all the mandis, the prices were showing firm trend. In Delhi, the average prices were up by 1.21 percent and is expected to trade in the range of Rs. 2300-2370 per quintal in coming week. In Indore, the prices were up by 0.97 percent and is expected to trade in the range of Rs. 2210-2270 per quintal in coming week. In Ahmedabad, the prices were up by 1.43 percent and in coming week it is expected to trade in the range of Rs. 2250-2300 per quintal in coming week. In Kota, the prices were down by 3.10 percent and is expected to trade in the range of Rs. 2330-2360 per quintal in coming week.



Wheat and Rice Stocking Norms

Wheat Stock Norms

Fig. In Lakh Tonne / As on	Operational Stock			Strategic Reserve		
	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)	**22750**
Freight charge	310
Misc. Charges (port handling)	650
FOB (at Kandla Rs/T)	23710
FOB value in $ for FAQ	309.76
Freight Charges (US $/ton) to Dubai	44
Insurance @ 0.1% ($/MT)	0.29
CIF to Dubai (value in $ for SRW)	**354.05**

(INR value: 76.54 as on 23.03.2022)

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The Indian wheat FOB prices were quoted at USD 309.76 per tonne up by 0.28 percent compared to USD 308.76 per tonne the previous week. There was high volatility in Indian rupee and dollars. Good export demand is also received from international markets which is supporting the FOB prices.

Indicative FOB Quotes:

Wheat FOB	Variety	Current Week	Week Ago	Month Ago	Year Ago	% Change over Prev. Week
		23-Mar-22	19-Mar-22	23-Feb-22	23-Mar-21	
USA (Chicago)	2srw	460	457	377	-	0.66
France	FCW3	449	434	333	262.93	3.46
Argentina	ASW	401	401	333	-	Unch
Russia	SRW	435	460	316	272.00	-5.43
India	FAQ	309.76	308.90	290.77	250.61	0.28

International Weekly Outlook:

Prices for US soft winter wheat rose by 0.66 percent compared to previous week. Most of the trade is diverting from Ukraine and Russia to USA. In France the sales have increased to China, Algeria and Morocco as a result FOB prices increased by 3.46 compared to previous week. The Russian wheat prices fell by 5.43 percent, the Russian market is highly volatile and many shipments have been cancelled through black seas due to concern looming over the war.

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
	26-Mar-22	19-Mar-22	26-Feb-22	26-Mar-21	
Indore	2191	2176	2100	1767	24.00
Delhi	2317	2287	2260	1884	22.98
Kanpur	2200	2120	2115	1650	33.33
Rajkot	2300	2325	2110	1800	27.78
Kota	2300	2275	2160	1837	25.20

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**
			26-Mar-22	**25-Mar-22**	**19-Mar-22**	**23-Feb-22**	**26-Mar-21**
Delhi	Lawrence Road	Mill Delivery	2345	2350	2280	2280	1920
	Narella	Mill Quality Loose	2200	2200	2150	Closed	1800
	Nazafgarh	Mill Quality Loose	2180	2185	2200	Closed	1730
Gujarat	Rajkot	Mill Delivery	Closed	-	2250	2075	Closed
	Ahmedabad	Mill Delivery	Closed	-	2320	2180	Closed
	Surat	Mill Delivery	Closed	-	2375	2240	Closed
	Dhrol	Mill Delivery	-	-	2335	2330	-
M.P.	Indore	Mill Delivery	2250	2140	2200	2080	1900
	Bhopal	Mill Quality Loose	2125	2150	2000	1925	1725
Rajasthan	Kota	Mill Quality Loose	2210	2200	2050	1975	1775
		Mill Delivery	2360	2350	2200	2125	1925
U.P.	Kanpur	Mill Delivery	2100	2140	-	2090	1650
	Mathura	Mill Quality Loose	2150	2150	-	2035	1685
	Kosi	Mill Quality Loose	2030	2035	-	2050	1700
	Hathras	Mill Quality Loose	2100	2100	-	2100	1700
	Aligarh	Mill Quality Loose	2140	2125	-	2025	1710
Punjab	Khanna	Mill Quality Loose	2090	2150	2060	2060	Closed
	Ludhiana (Jagraon)	Mill Delivery	-	-	-	-	-
Haryana	Sirsa	Mill Delivery loose	2120	2120	2140	2070	1840
	Hodal	Mill Delivery	-	-	-	-	-
	Bhiwani	Mill Quality Loose	2200	2210	2240	2300	1840
	Karnal	Mill Delivery	-	-	-	-	-
	Panipat	Mill Quality Loose	-	-	-	-	-
Tamil Nadu	Chennai	Mill Quality	2500	2500	2400	2450	2125
	Madurai	Mill Quality	2557	2650	2600	2550	2250
	Coimbatore	Mill Quality	2557	2700	2650	2600	2300
Bihar	Khagariya	Mill Delivery	2100	2100	2100	2050	1825
	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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Argentina increased its annual wheat export quota for the 2022-23 season by 8 MMT from 2 MMT to a total of 10 MMT to take advantages of high international prices. Argentina limits exports of wheat in a bid to ensure domestic supply and to avoid local price hikes. But Russia's invasion of Ukraine has led to a surge in wheat prices, as both countries combined normally provided 30% of global supply of the grain. The new increased export quota remains lower than the previous 2021-2022 cycle, in which Argentina allowed exports of 14.5 million tonnes of wheat. In Argentina, next wheat season will only begin when planting starts in May, but sales are often decided months in advance, especially in times of high prices.

Ukraine is likely to export just 200,000 tonnes of wheat from March to June due to its Black Sea ports being blocked by the Russian invasion. As per reports, 2021-22 (July-June) wheat exports would not exceed 18.3 million tonnes, while ending stocks will reach 5.9 million tonnes. Ukraine exported 18.1 million tonnes of wheat from July 2021 to March 2022.

Lebanon is planning to import 50,000 tonnes of wheat in an international tender from India but the timing depends on Lebanon central bank opening the necessary criteria. They have asked the central bank to provide advance of $26 million in order to issue a tender. Lebanon is also waiting response from USA and Kazakhstan. And 26,000 tonnes of Ukrainian wheat are on its way.

As per sources, it is unlikely that Australia's next wheat crop is unlikely to cross the record tonnage produced in 2021-22. According to ABARES, Australian growers are forecasted to plant 12.4 million hectares of wheat in coming months which is 5 percent below the 13.039 million hectares planted in 2021-22 producing a record 37.3 MMT of wheat which is followed by the previous record of 33.3 MMT, grown over 12.885 million hectares in 2020-21. The low wheat acreage is due to high input costs, dry weather conditions and possibility of wheat prices to reverse by the time Australia's 2022-23 harvest rolls out.

Turkey has issued an international tender to purchase and import about 210,000 tonnes of milling wheat. The deadline for submission of price offers in the wheat tender is March 23. Wheat shipment is sought between April 1-April 30.

Iraq is expected to produce approximately 500,000 tons less wheat than 2021. Iraq is expected to produce 3 million tons of wheat this year. Iraq's present wheat reserves, stored in silos, will only last three months. Iraq is working on increasing wheat production in the country to bolster its self-sufficiency and reduce its heavy reliance on imports.

Bangladesh has issued another international tender to purchase 50,000 tonnes of milling wheat. The deadline for submission of price offers is April 4. Bangladesh has issued a series of wheat and rice tenders in recent months to increase its depleted reserves after extreme weather from floods to heatwaves damaged crops.

IGC Wheat Balance Sheet:

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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
	25-Mar-22	18-Mar-22	22-Feb-22	23-Dec-21	24-Sep-21	25-Mar-21	
May-22	404.97	390.82	313.21	299.34	263.06	229.26	76.64
Jul-22	401.38	383.84	311.37	300.72	263.24	222.19	80.65
Sep-22	393.03	369.51	311.19	296.03	264.80	223.29	76.02
Dec-22	383.47	355.28	312.11	295.57	265.45	0.00	-
Mar-23	371.63	345.63	312.57	296.40	262.14	0.00	-
May-23	356.38	333.14	307.70	296.40	212.45	-	-
Jul-23	331.85	310.09	294.01	-	-	-	-

CBOT Mar -22

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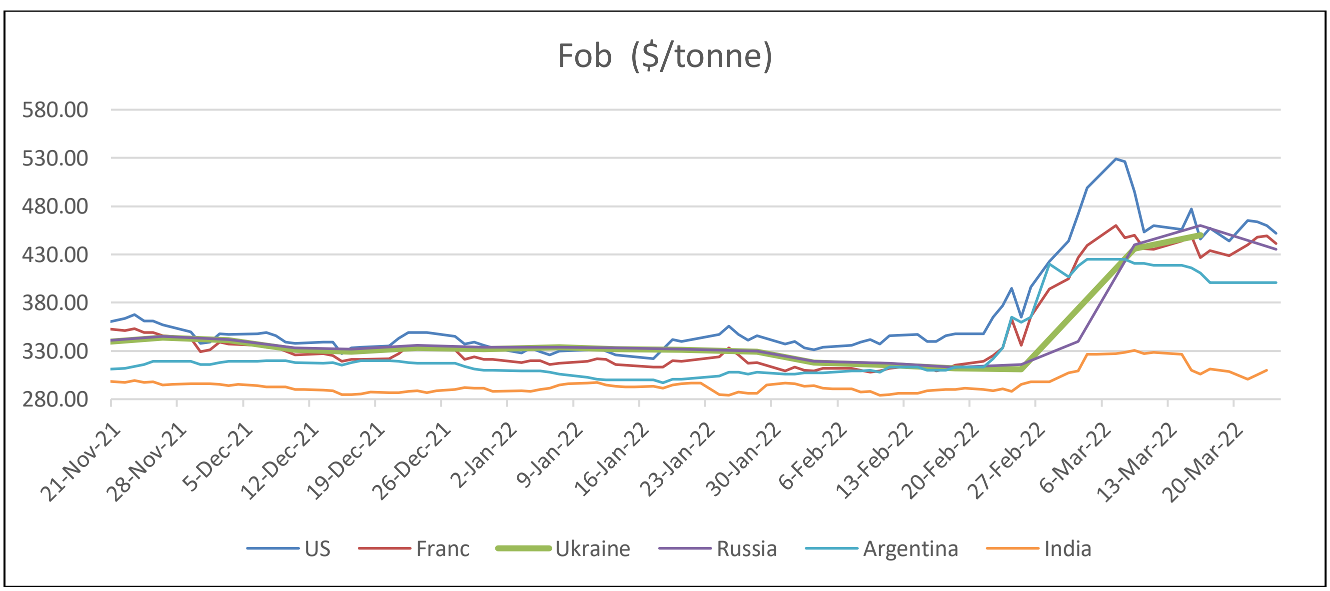
1st Support: 976.00
2nd Support: 840.24
1stResistance: 1160.00
2nd Resistance: 1222.00
($ per tonne)

The wheat contract showed bearish trend last week as the sales have increased from USA and concern for the winter wheat still persist due to drought. We expect the CBOT to trade with firm bias in coming days hitting a resistance at $1160.00 and reversing back.

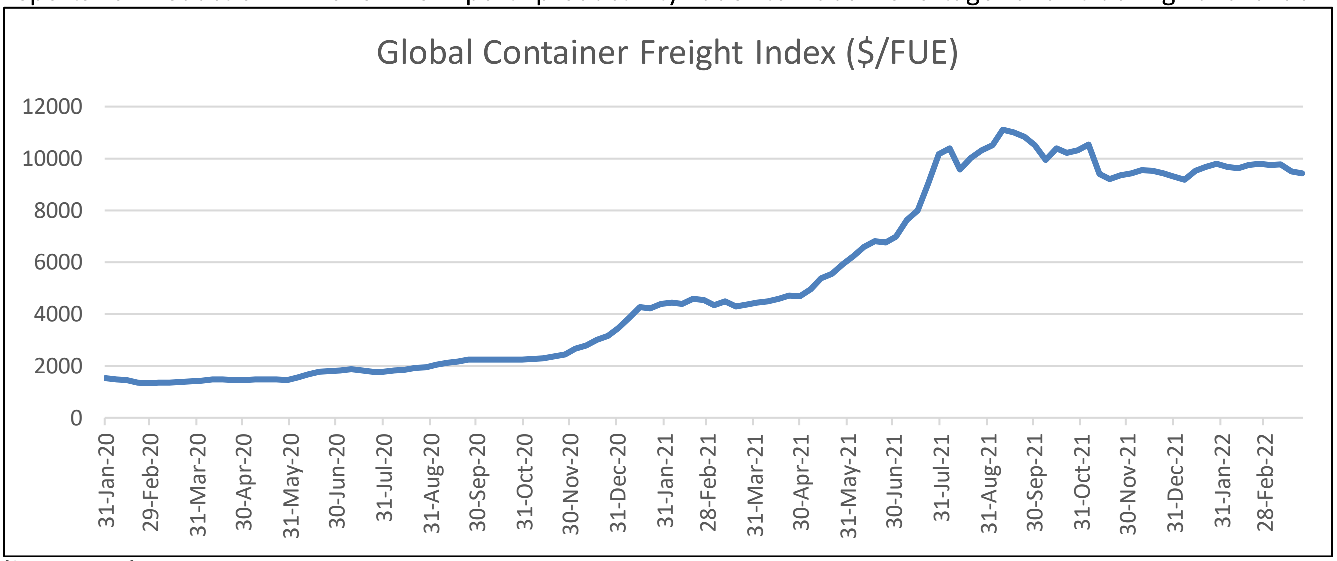
International FOB Weekly Price Movement



Indian FoB is being quoted at $309.76 per tonnes. In coming week as well, we can see Indian FOB to trade steady as the government has extended the PMGKAY scheme and 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 0.61 percent compared to previous week to $9430/FUE. It is due to temporary dip in supply of exports from Chinese ports. Shezhen has reponed after closure due to covid surge. There were reports of reduction in Shenzhen port productivity due to labor shortage and trucking unavailability.



(Source : FBX)