

Wheat Weekly Research Report

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

During the week of March 24 to 31 2022, the weekly average price in India was up by 3.36 percent at Rs. 2269.83 per quintal against Rs. 2196.03 per quintal previous week while the average prices were up by 17.65 percent from same period last year. On 30th March, the price of wheat in Kanpur market for mill delivery was at Rs. 2160 per quintal, up by 3.35 percent from Rs. 2090 per quintal last week. The prices are showing firm tone last week though overall trend remains steady to slightly firm. With the government's extension of free ration scheme and easing tensions between Russia and Ukraine, it is expected that the prices would show slightly weak tone in coming week.

India is having more than 21 MMT of wheat in the central pool as of March 16th and various strategies are being implemented by the government to improve India's wheat exports. Government is exploring markets in Egypt, Turkey and Italy. The government is also keen to export wheat to China and Iran as well. Practically speaking every market needs to consider Indian wheat now, particularly in the vicinity of Asia, Africa and the Middle East.

Uttar Pradesh is targeting to procure 6 million tonnes (MT) of wheat in the coming rabi marketing season commencing April 1 at the MSP of Rs 2,015 per quintal. However, the prevailing market price of the commodity is hovering around Rs 2,200 per quintal. But currently the state farmers are likely to gravitate towards buyers who offer remunerative prices.

As per sources, India's exports as of 21st March 2022 has crossed 7.04 MMT for 2021-22 against 2.1 MMT in 2020-21. India is drawing up a strategy to step up the country's wheat exports to an all-time record of 21 million tons (MT) in the fiscal year 2022-23 as the Russia-Ukraine conflict has disrupted global trade.

Indian export is witnessing requirement for wheat and wheat-related products including durum wheat and milled wheat from 500-2,000 tonnes per customer enquiry before the war to 1-2 lakh tonnes in post-war enquiries. The exports enquiries have also jumped over 3X from around 20-30 per week before the war to around 100 currently. The growth in demand is huge currently, particularly for durum wheat and milled wheat in our case from buyers in the Middle East, Europe, Africa, and Bangladesh.

There is also jump in freight rates particularly to Europe due to the disruption caused in the shipping network amid the container jam post Covid and it might dampen the export potential of at least small exporters who operate on limited financial bandwidth. The freight rates to Europe have jumped from earlier Rs 1.5-1.9 lakh per container to around Rs 4.5 lakh or above. Hence, sending containers to Europe is not cheap in comparison to shipping to Dubai that costs Rs 75,000 upwards.

Considering India's exports, Egypt seems to be the lucrative option for India. But Egypt is not looking for imports anytime soon. Egypt expects to float tenders after its harvest in April, but it will surely need to meet its import "shortfall". Egypt doesn't face an immediate crisis because it maintains a wheat buffer, but it has to replenish its stocks because it is a net importer. A key constraint is rising global shipping costs which have increased over 60% than a year ago.

In Haryana, 90% of the wheat crop has been sold to government under MSP and private traders are not purchasing wheat from the farmers in Haryana. Also, flour mills and seed plants buy a limited stock of wheat and they buy it directly from the farmers and traders outside the mandis to avoid charges. The private buyers will have to buy wheat above MSP and then they will have to pay a 4% market fee besides transportation and handling charges.

The 2022-23 session procurement by the government agencies in the key growing states – Punjab, Haryana, Madhya Pradesh, Rajasthan, Gujarat and Uttar Pradesh will start from April 1st. The target of 44 MMT of grain procurement from the farmers would be reduced by around 10 MMT due to a possible surge in export and high mandi prices. In Madhya Pradesh, a major volume of wheat exports is expected, because of its proximity to ports, the procurement target of 12.9 MMT would decline by more than 6–7 MMT, as the market price of wheat has been currently ruling above the minimum support price (MSP) of Rs 2,015 per quintal. This would encourage the farmers to sell their produce to exporters. In Punjab, wheat purchase in the state could decline by around 1 MMT, from the target of 13.2 MMT for the session.

In Amritsar district, the procurement has started though there has been no arrivals as the harvesting is yet to begin. With the government fixing 12 per cent as the highest permissible limit of the wheat grains, the farmers can face a problem if they harvest the crop early. The administration has also imposed a ban on the use of combine harvesters during night as it leads to more moisture in the grain. Further a ban on burning of crop residue after harvesting has also been imposed.

India's wheat exports are likely to cross 10 MMT during 2022-23, due to increasing demand for the commodity in the world market. The exports have crossed 7 MMT in 2021-22 (worth over Rs 15,000 crore) as against 2.16 MMT (over Rs 4,000 crore) in 2020-21. It was only two lakh tonnes (Rs 500 crore) in 2019-20. Maximum exports are routed through Kandla port and discussions are on with railways for facilitation of wheat exports from different ports such as Vizag, Kakinada, and Nhava Sheva.

During the week ending 01st April, wheat tender sales were done in several states. Around 4,770 MT of wheat vessel was sold by FCI in various tenders against 3,930 MT of wheat tender the previous week.

Outlook & Recommendation: With the government's extension of free ration scheme and easing tensions between Russia and Ukraine, it is expected that the prices would show slightly weak tone in coming week.

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: Apedal'

Weather: -

Weather forecast:

Forecast: - April 2022



Source: IMD

Wheat Weekly Average Price Chart
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In all the mandis, the prices were showing weak tone in all the major mandis except Indore mandi. As the market was mainly closed in most of the days in Indore, the prices were showing on higher side and it is expected that in coming week the prices will continue to show steady to weak tone. In Delhi, prices expected to trade in the range of Rs. 2200-2260 per quintal in coming week. In Indore, the price is expected to trade in the range of Rs. 2200-2270 per quintal in coming week. In Ahmedabad, the prices in coming week are expected to trade in the range of Rs. 2200-2260 per quintal in coming week. In Kota, the price is expected to trade in the range of Rs. 2200-2250 per quintal in coming week.

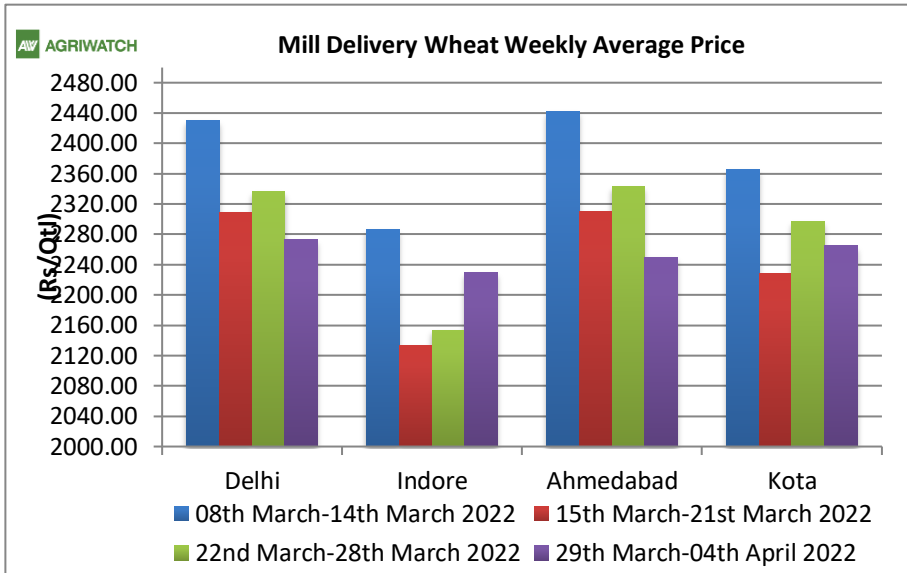

Wheat and Rice Stocking Norms
Wheat Stock Norms

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

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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	308.86
Freight Charges (US \$/ton) to Dubai	44
Insurance @ 0.1% (\$/MT)	0.29
CIF to Dubai (value in \$ for SRW)	353.15

(INR value: 75.96 as on 02.04.2022)

The Indian wheat FOB prices were quoted at USD 308.86 per tonne down by 0.29 percent from USD 309.76 per tonne the previous week. There was high volatility in Indian rupee and dollars. And the domestic prices are also fluctuating and is trading with weak tone since last week due to new crop arrivals.

Indicative FOB Quotes:

Wheat FOB	Variety	Current Week	Week Ago	Month Ago	Year Ago	% Change over Prev. Week
		02-Apr-22	25-Mar-22	02-Mar-22	02-Apr-21	
USA (Chicago)	2srw	421	456	472	-	-7.68
France	FCW3	427	438	427	-	-2.51
Argentina	ASW	396	401	418	-	-1.25
Russia	SRW	-	435	340	-	-
India	FAQ	308.86	310.67	309.18	248.06	-0.58

International Weekly Outlook:

The US wheat acreage has been increased by 1 percent which is weakening the market of US wheat while the condition of French wheat still remains in good condition and the prices were showing downward trend for French wheat.

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
	02-Apr-22	19-Mar-22	02-Mar-22	02-Apr-21	
Indore	2126	2191	2086	1771	20.05
Delhi	2252	2317	2252	1885	19.47
Kanpur	2132	2200	2090	1700	25.41
Rajkot	2300	2300	2191	1800	27.78
Kota	2297	2300	2130	1839	24.90

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
			2-Apr-22	1-Apr-22	26-Mar-22	2-Mar-22	2-Apr-21
Delhi	Lawrence Road	Mill Delivery	2240	2250	2345	2320	1880
	Narella	Mill Quality Loose	2060	2160	2200	-	1700
	Nazafgarh	Mill Quality Loose	2080	2100	2180	-	1770
Gujarat	Rajkot	Mill Delivery	2250	-	-	2225	1720
	Ahmedabad	Mill Delivery	2400	-	-	2250	1810
	Surat	Mill Delivery	2425	-	-	2300	1850
	Dhrol	Mill Delivery	2505	-	-	2305	-
M.P.	Indore	Mill Delivery	Closed	-	2250	-	Closed
	Bhopal	Mill Quality Loose	Closed	-	2125	-	Closed
Rajasthan	Kota	Mill Quality Loose	2075	2150	2210	2020	1625
		Mill Delivery	2225	2300	2360	2170	1820
U.P.	Kanpur	Mill Delivery	2130	2150	2100	2160	1680
	Mathura	Mill Quality Loose	2060	2030	2150	2060	1735
	Kosi	Mill Quality Loose	1980	2025	2030	2070	1700
	Hathras	Mill Quality Loose	2050	2100	2100	2070	1720
	Aligarh	Mill Quality Loose	2040	2060	2140	2070	1700
Punjab	Khanna	Mill Quality Loose	2130	2035	2090	2100	Closed
	Ludhiana (Jagraon)	Mill Delivery	-	-	-	-	-
Haryana	Sirsa	Mill Delivery loose	2100	2105	2120	2070	1850
	Hodal	Mill Delivery	-	-	-	-	-
	Bhiwani	Mill Quality Loose	2200	2200	2200	2325	Closed
	Karnal	Mill Delivery	-	-	-	-	-
	Panipat	Mill Quality Loose	-	-	-	-	-
Tamil	Chennai	Mill Quality	2500	2500	2500	2500	2100



Nadu	Madurai	Mill Quality	2557	2700	2650	2600	2250
	Coimbatore	Mill Quality	2557	2750	2700	2650	2300
Bihar	Khagariya	Mill Delivery	2050	2050	2100	2200	1600
	Muzaffarpur	Mill Delivery	2000	2000	-	-	1650

[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:**[\(Back to Table of Contents\)](#)****Russia has kept its wheat exports steady via Black Sea ports last week as Azov Sea routes remain restricted.**

The domestic prices for the grain continued to rally because of the recent weakening of the rouble. Western sanctions imposed on Russia have complicated trade logistics and transactions in foreign banks for many Russian firms in the last four weeks. Though Export flow continues as a combination of old and newly signed contracts. Russia has exported 400,000 tonnes of grains last week compared with 520,000 tonnes a week earlier. Russia's southern regions have started spring grains sowing amid favourable weather. As of March 18, spring grains were planted on 222,000 hectares compared with 178,000 hectares on the same date a year ago.

Compared to previous week, the fertilizer prices have increased almost by 10% and this is largely due to the ongoing war between Russia and Ukraine. The prices are \$1,515 per ton for anhydrous ammonia, \$892 per ton for urea, \$862 for Diammonium Phosphate (DAP), and 818 for potash. Increasing prices assumes that the sanctions resulting from the Ukraine-Russia conflict will be long-lasting and result in higher prices. In Brazil, fertilizer stocks amount to at least 13 million tons, including the inputs that have been already internalized and the ones that have been ordered.

Taiwan has purchased an estimated 40,000 tonnes of milling wheat to be sourced from the United States in a tender which closed on 30th March 2022. The wheat was bought in one consignment comprising various wheat types for shipment from the U.S. Pacific Northwest coast between May 14 and May 28. The purchase involved U.S. dark northern spring wheat of 14.5% protein content bought at \$439.82 a tonne FOB. Hard red winter wheat of 12.5% protein was bought at \$462.94 a tonne FOB and soft white wheat of 10.5% protein was bought at \$415.47 a tonne FOB. The purchase has an additional freight charge of \$74.14 per tonne for ocean shipping from the U.S. Pacific Northwest coast to Taiwan.

As per USDA, US wheat stocks on March 1 were at 1.02 billion bushels, 22% lower on the year. Of the total stocks, 174 million bushels were stored on farms, which is down by 39% on the year, while off-farm stocks at 850 million bushels were down by 17% from a year ago. Of the total wheat stocks, durum wheat stocks totaled at 29.7 million bushels, down by 30% on the year as of March 1. According to the report, 12.6 million bushels of durum wheat were stored on farms, down by 30% on the year, while off-farm stocks at 17.1 million bushels were down by 44% from a year ago. The states with the largest wheat stocks were Kansas, with 234.4 million bushels, North Dakota with 131.7 million bushels, and Oklahoma with 103.4 million bushels.

Algeria have purchased about 600,000 tonnes of optional-origin milling wheat in an international tender on 30th March 2022. The price paid for the wheat was estimated at about \$448 a tonne C&F. In first assessments late on 30th March, traders had reported an initial volume of about 120,000 tonnes, also at \$448 a tonne C&F. Saudi Arabia is seeking 355,000 tonnes of wheat in an import tender for delivery September-November 2022.

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.

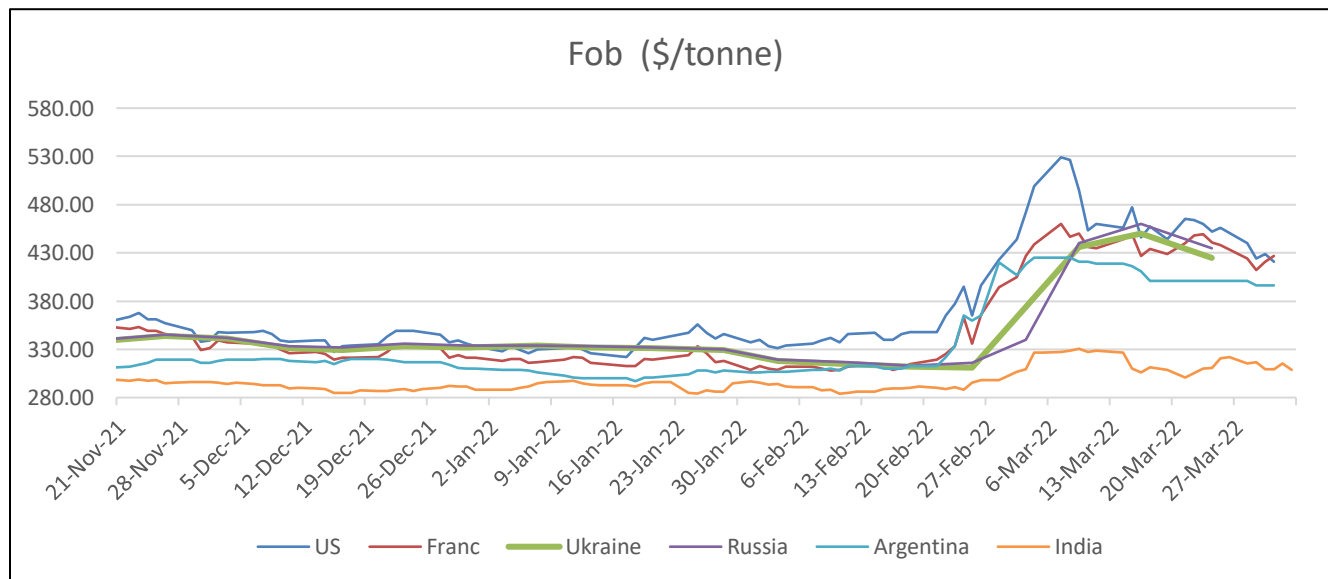
CBOT FUTURES CONTRACT:

CBOT Futures Prices:(USD/T)							
CONTRACT MONTH	Today	Week Ago	Month Ago	3 Month Ago	6 Month Ago	Year Ago	% Change over prev. year
	2-Apr-22	26-Mar-22	2-Mar-22	31-Dec-21	2-Oct-21	2-Apr-21	
May-22	361.71	398.90	389.08	284.46	272.34	229.63	57.52
Jul-22	361.61	394.77	382.56	280.88	272.79	222.83	62.28
Sep-22	358.03	385.49	351.14	281.61	274.36	223.10	60.48
Dec-22	354.36	374.93	327.72	282.90	275.00	-	-
Mar-23	348.39	362.99	316.61	283.54	271.51	-	-
May-23	341.41	348.85	304.67	283.54	212.45	-	-
Jul-23	322.12	325.70	283.82	-	-	-	-

CBOT Mar -22
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1st Support: 853.25
2nd Support: 740.75
1st Resistance: 1169.00
2nd Resistance: 1222.00
(\$ per tonne)

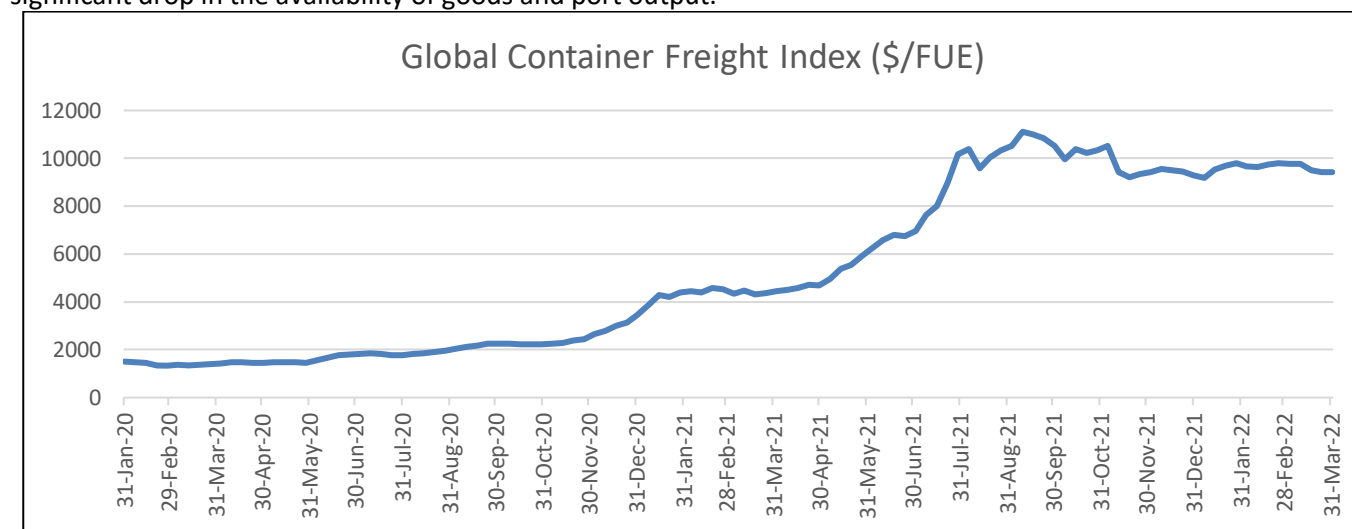
The wheat contract showed bearish trend last week as US wheat acreage has been increased and Russia Ukraine war concerns are easing now. We expect the CBOT to trade with weak bias in coming days hitting a support at \$853.25 and reversing back.


International FOB Weekly Price Movement


Indian FOB is being quoted at \$308.86 per tonnes. In coming week as well, we can see Indian FOB to stay weak as the domestic prices are expected to fall though volatility in Indian rupee and dollar can also induce the FOB prices on firm side as well.

Container Freight Index

The global freight index fell by 0.15 percent compared to previous week to \$9416/FUE. The Shenzhen's manufacturing and logistics continue to recover after the city's lockdown ended last week, but the targeted restrictions in Shanghai have now progressed to a full lockdown. The closure of many warehouses, the drop in manufacturing and the serious disruption to trucking in, out and within the city are expected to cause a significant drop in the availability of goods and port output.



(Source : FBX)

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