AGRIWATCH

Wheat Weekly Research Report
18th Apr-2022

Wheat Weekly Research Report

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Wheat Domestic Market Fundamentals

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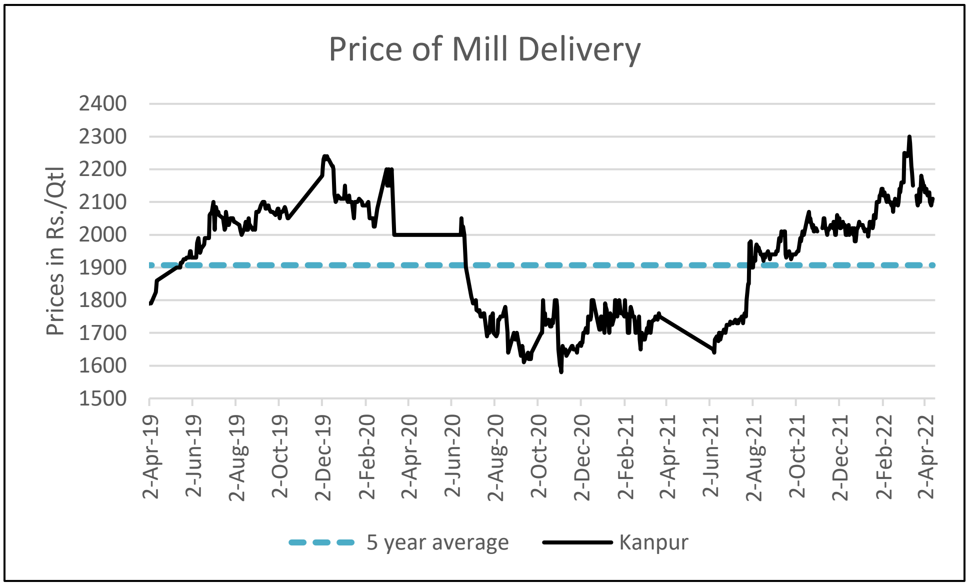
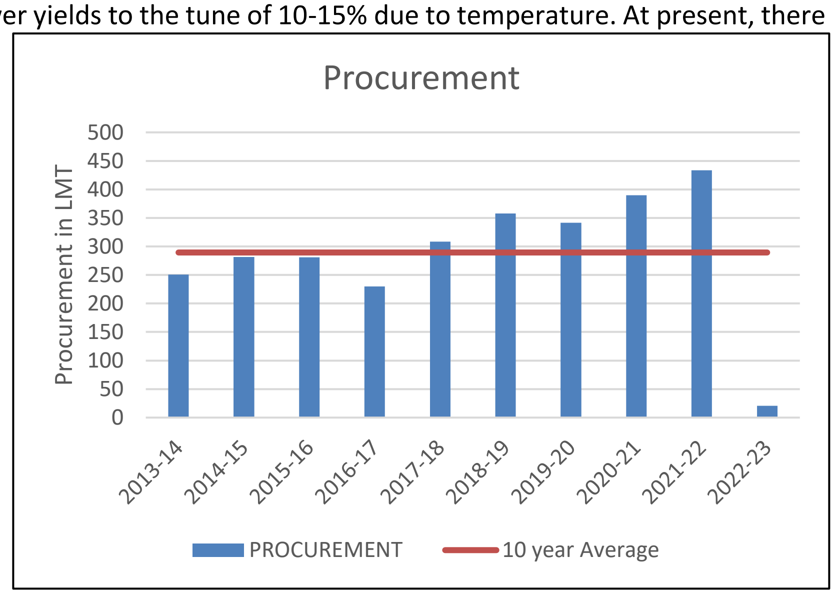
On 16th April, the price of Mill delivery in Kanpur market was at Rs. 2260 per quintal up by 3.43 percent compared to Rs. 2185 per quintal the previous week. Good export demand and high purchase by private traders is supporting the market.



In Punjab, the wheat procurement is largely bought by the flour millers. As per the sources, the yield in Punjab is expected to fall by 10-20 percent. The quality of wheat arriving is not good as reportedly grains size shrunken due to temperature.

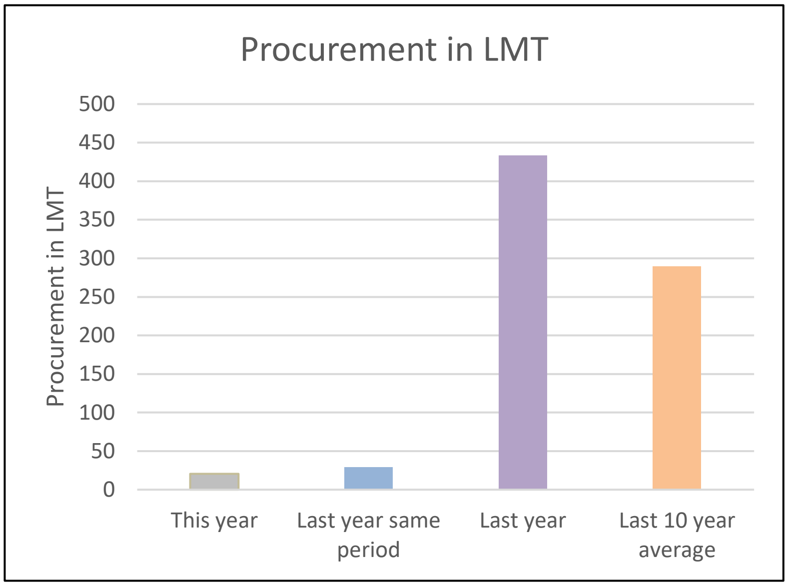
In Kota and Bundi, the quality of crop arriving is rated poor compared to previous year. The arrivals are already is in peak in Rajasthan and is expected to reduce from April 17th onwards. The yield in Rajasthan is expected to fall by 8-10% as per sources due to high temperature during harvest.

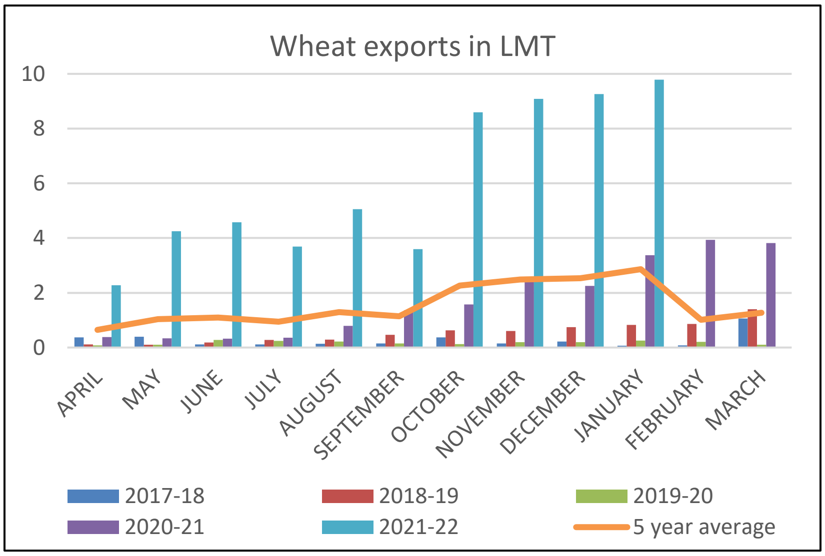
Uttar Pradesh, also expected to witness lower yields to the tune of 10-15% due to temperature. At present, there is no issue of moisture on the new crop arrivals however, the quality of crop being reported to be average to poor. Due to higher prices, the good quality wheat is going to private traders for exports while the farmers are taking average or below average quality to government procurement center.



On the procurement front, the pace of procurement is good in NW India particularly in Punjab and Haryana while it is lagging with a huge margin in Uttar Pradesh and Madhya Pradesh as well. As of 11th April, total procurement under RMS 2022-23 stood at 20.55 lakh MT (LMT) which is down by 30% from previous season. Procurement in Punjab is 7.85 LMT and in Haryana the procurement is 7.68 LMT. The procurement in Punjab is at 5-year record and on 10th April, a record 2.15 LMT of purchase was made in Punjab. The record procurement in Punjab is mainly due to early harvest of crops as well as higher mandi development charges due to which export demand is almost nil. Procurement in MP has started but the pace is slow as farmers are mostly inclined to take their produce to private traders amid good demand from exporters while in UP reportedly the procurement is very negligible.

Meanwhile, Egypt has confirmed that it is considering taking wheat from India this month. Generally, Egypt purchase wheat from Black Sea region due to its proximity, competitive prices and quality of wheat. Egypt is also in talks with USA, Argentina and France.





Outlook & Recommendation: The wheat is expected to trade steady to firm in coming week. Good export demand and good demand from private traders is expected to support the market.

Trade Call: There is no NCDEX trading currently.

Weather Outlook: High temperature and heatwave condition is impacting yield of crops in various states.

Wheat Weekly Export

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A week-on-week Exports	Quantity in MT	Average FoB ($/T)
01-08 Feb-2022	97912.64	331.12
9-15 Feb-2022	193472.56	331.73
16-23 Feb-2022	48174.54	359.68
24-28 Feb-2022	25492.70	425.13
Total	**365052.43**	**353.47**

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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: - April 2022

Source: IMD

Wheat Weekly Average Price Chart

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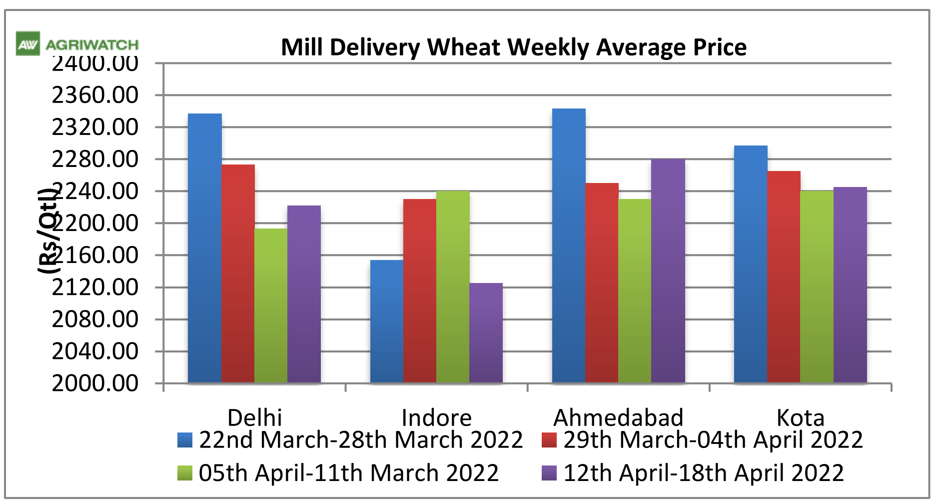
In all the mandis, the prices were showing firm tone except Indore mandi where the market was mostly closed last week. In Delhi, the prices are expected to trade in the range of Rs. 2250-2300 per quintal in coming week. In Indore, the expected price range is Rs. 2120-2200 per quintal.



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 2022-23

State/UTs	Procurement as of11th April-2022 (Figures in LMT)		
	FCI (A)	State Agency (B)	Total (A+B)
Punjab	0.23	7.62	7.85
Haryana	0.51	7.17	7.68
Uttar Pradesh	0	0.05	0.05
Madhya Pradesh	0	4.96	4.96
Bihar	0	0	0
Rajasthan	0	0	0
Others	0	0	0
All-India	0.75	**19.80**	**20.55**

FOB & CIF Quote for Wheat at Kandla

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	At Kandla
Mill delivery (Rajkot)	**23000**
Freight charge	310
Misc. Charges (port handling)	650
FOB (at Kandla Rs/T)	23960
FOB value in $ for FAQ	313.89
Freight Charges (US $/ton) to Dubai	44
Insurance @ 0.1% ($/MT)	31.39
CIF to Dubai (value in $ for SRW)	**389.28**

(INR value: 76.33 as on 15.04.2022)

The Indian wheat FOB prices quoted at 313.89 per tonne up from 307.69 per tonne last week. The dollar rupee remains largely volatile and export demand is supporting the FOB prices.

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Indicative FOB Quotes:

Wheat FOB	Variety	Current Week	Week Ago	Month Ago	Year Ago	% Change over Prev. Week
		15-Apr-22	08-Apr-22	15-Mar-22	15-Apr-21	
USA (Chicago)	2srw	453	426	477	-	6.34
France	FCW3	444	411	449	-	8.03
Argentina	ASW	413	396	416	-	4.29
Russia	SRW	375	380	460	-	-1.32
India	FAQ	313.89	307.69	310.25	-	2.02

International Weekly Outlook:

The US FOB is supported by the persisting drought in the US plain belt. The crop condition of French wheat remains stable supporting the market. Argentina's wheat planting is expected to decline in coming season which is supporting the market. Russia's wheat export still remains highly volatile and prices is slightly weak.

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
	16-Apr-22	09-Apr-22	16-Mar-22	16-Apr-21	
Indore	2135	2145	2176	-	-
Delhi	2210	2204	2295	1923	14.92
Kanpur	2070	2100	2100	1775	18.31
Rajkot	2300	2295	2318	-	-
Kota	2200	2212	2250	1900	15.79

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
			16-Apr-22	15-Apr-22	9-Apr-22	16-Mar-22	16-Apr-21
Delhi	Lawrence Road	Mill Delivery	2260	2230	2185	2350	1930
	Narella	Mill Quality Loose	2100	2060	2040	-	1790
	Nazafgarh	Mill Quality Loose	2070	2065	2050	-	1825
Gujarat	Rajkot	Mill Delivery	Closed	2300	2250	2230	Closed
	Ahmedabad	Mill Delivery	Closed	2370	2315	2250	Closed
	Surat	Mill Delivery	Closed	2400	2360	2325	Closed
	Dhrol	Mill Delivery	Closed	2355	2275	2255	-
M.P.	Indore	Mill Delivery	Closed	Closed	2260	2100	Closed

	Bhopal	Mill Quality Loose	Closed	Closed	2000	2050	Closed
Rajasthan	Kota	Mill Quality Loose	2100	2100	2100	2100	1770
		Mill Delivery	2250	2250	2250	2250	1920
U.P.	Kanpur	Mill Delivery	2120	2120	2100	2150	1750
	Mathura	Mill Quality Loose	2070	2055	2020	2100	1720
	Kosi	Mill Quality Loose	2080	2025	2030	2200	1725
	Hathras	Mill Quality Loose	2100	2030	2020	2150	1750
	Aligarh	Mill Quality Loose	2040	2020	2030	2120	1730
Punjab	Khanna	Mill Quality Loose	2020	2015	2010	2130	1975
	Ludhiana (Jagraon)	Mill Delivery	2120	2120	-	-	-
Haryana	Sirsa	Mill Delivery loose	2015	2015	2015	2130	1975
	Hodal	Mill Delivery	-	-	-	-	-
	Bhiwani	Mill Quality Loose	2015	2015	2000	2230	1880
	Karnal	Mill Delivery	-	-	-	-	-
	Panipat	Mill Quality Loose	2025	2015	-	-	1975
Tamil Nadu	Chennai	Mill Quality	2500	2500	2500	2400	2100
	Madurai	Mill Quality	2557	2650	2650	2600	2250
	Coimbatore	Mill Quality	2557	2700	2700	2650	2300
Bihar	Khagariya	Mill Delivery	2050	2050	2100	2100	1800
	Muzaffarpur	Mill Delivery	2050	2050	2000	-	1750

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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Morocco government is planning to build stockpiles of soft wheat which is needed for 5 months of domestic demand. They are also planning to increase durum wheat stocks. The local production this year was devasted by the drought and as a result 53% of the harvest is lost and only 21% of the crop is in good condition and 16% in average condition and 10% is rated as bad**.** Morocco is expected to import large proportion of wheat and France will be their first priority due to proximity.

In France, for soft wheat, the 2022 area for spring wheat crop is pegged at 4.79 million hectares which is down by 3.9% compared to 2021 and 0.7% below the past 5-year average. Winter soft wheat sowings were revised up slightly to 4.77 million hectares from a previous estimate of 4.75 million hectares in February.

Brazil's wheat crop has increased this year and would help Brazil to become one of the wheat exporting country though till last year Brazil's share for wheat exports was 1%, it is expected that it will increase. The USDA Brazilian attache has pegged Brazil's 2022-23 wheat crop at 8.8 MMT and exports at 3 MMT, both records and up a respective 14% and 7% on the year.

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
	15-Apr-22	8-Apr-22	15-Mar-22	13-Jan-22	15-Oct-21	15-Apr-21	
May-22	402.85	386.32	414.24	275.18	271.23	243.31	65.57
Jul-22	405.79	388.80	393.85	272.79	271.97	234.13	73.32
Sep-22	404.51	388.16	373.74	273.62	274.26	234.03	72.84
Dec-22	401.84	386.78	356.84	275.73	275.00	0.00	-
Mar-23	398.90	383.29	335.44	277.75	271.69	0.00	-
May-23	393.67	377.04	308.43	277.75	212.45	-	-
Jul-23	369.15	348.30	299.89	-	-	-	-

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US Wheat Futures May -22

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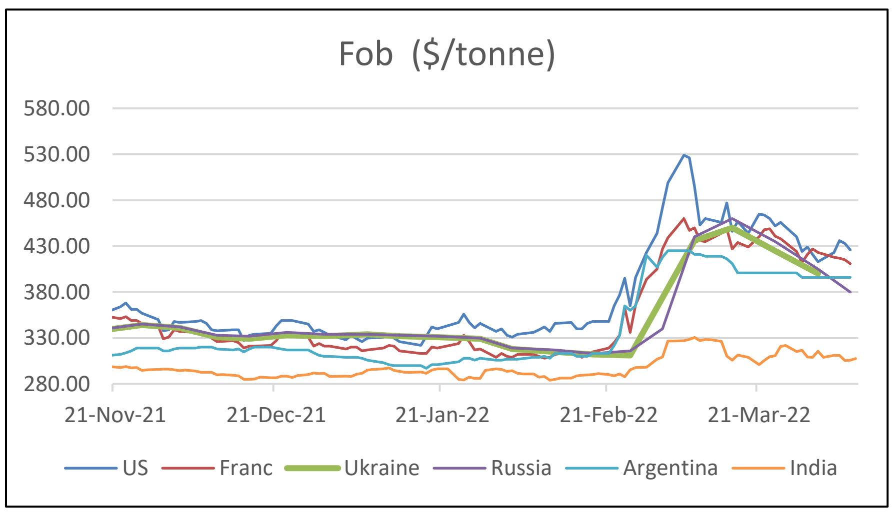
1st Support: 1053.50
2nd Support: 983.16
Resistance: 1165.04
($ per tonne)

The wheat future prices are trading above 9,18,50 and 100 DMA. MACD indicates bullish trend The MACD crossover is indicating steady momentum of the trend. The RSI value of 57.79 indicating steady to firm buying strength.

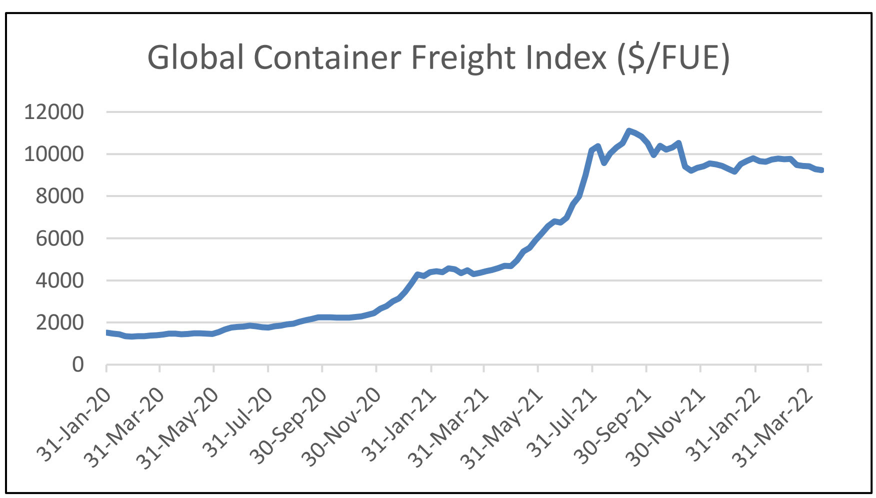
International FOB Weekly Price Movement

Indian FOB is being quoted at $313.89 per tonnes. In coming week as well, we can see Indian FOB to stay firm as the domestic prices are expected to increase due to good export demand.



Container Freight Index

The global freight index fell by 0.52 percent compared to previous week to $9232/FUE. Manufacturing shutdowns, closed warehouses and severe disruptions to trucking capacity in China are causing the



availability of exports to plummet. Ocean export volumes are sinking with them. The lull in volumes may be welcome for congested European and US ports – including major East Coast ports experiencing worsening backlogs. The Shanghai lockdowns have ended on 15th.

(Source : FBX)