

Wheat Weekly Research Report

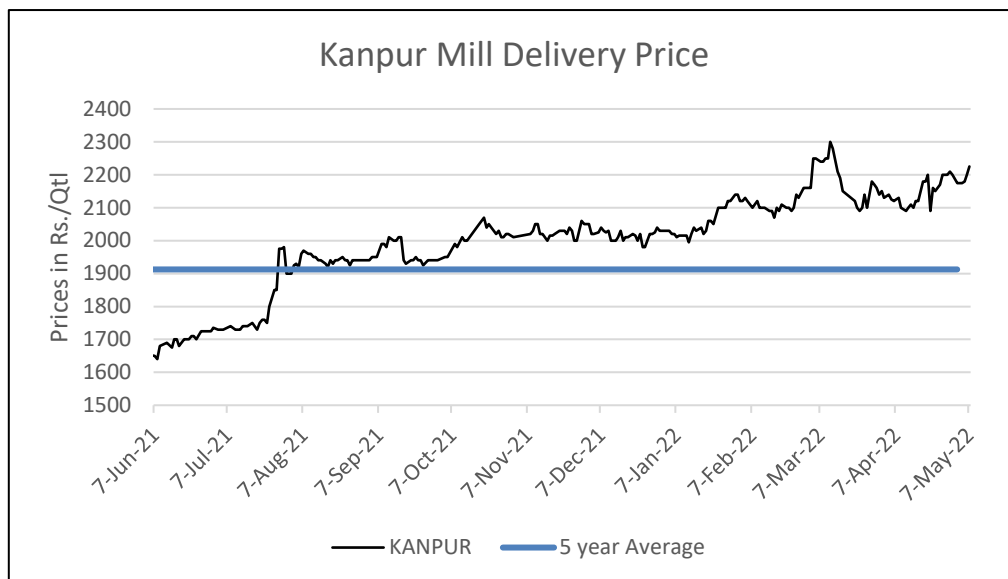
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Wheat Domestic Market Fundamentals

On 7th May 2022, Kanpur Wheat Mill delivery was traded at Rs. 2225 per quintal up by 1.14 percent from previous week's Rs. 2200 per quintal. The prices are seeing an upward trend after slight correction. The export restrictions are unlikely after the government's confirmation. Reduction in yield is also supporting the prices.

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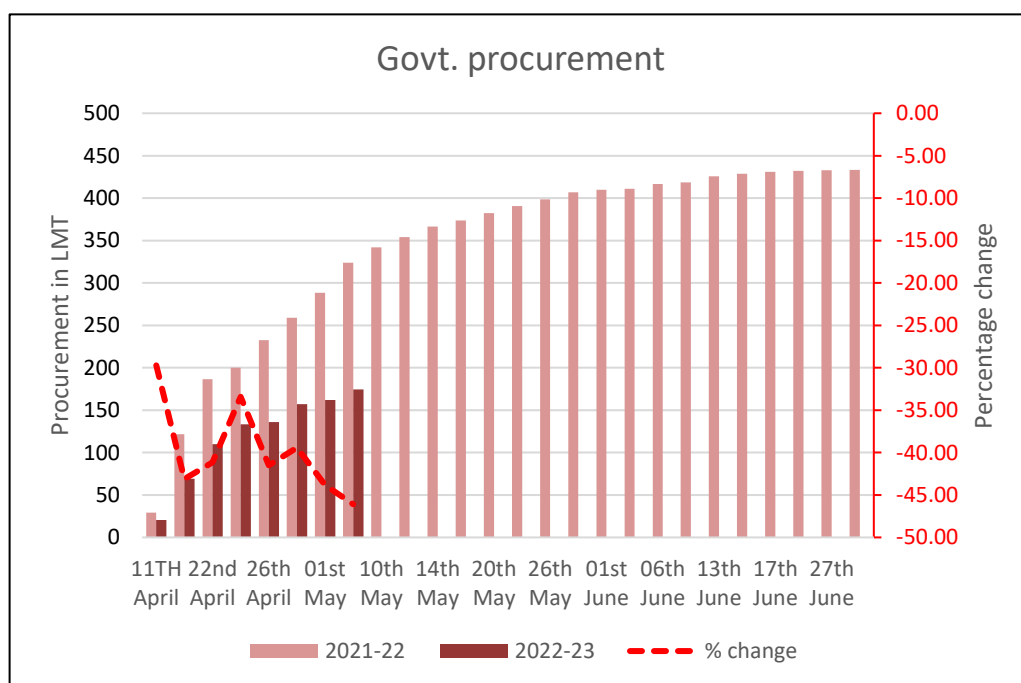


Source: AgriWatch

As of 06th May, the government wheat procurement stood at 174.80 Lakh MT (LMT). The procurement in Uttar Pradesh, Rajasthan, Gujarat remains low.

The wheat procurement in Punjab on 06th May stood at 93.38 LMT which is down from 125.56 LMT corresponding period previous week. Most of the mandis have stopped the procurement and we expect Punjab

procurement will not cross 100 LMT and would stay in the range of 94-96 LMT.



Source: FCI

In Haryana, the procurement stood at 40.72 LMT which is down by 49.57% compared to 80.75 LMT procured during previous year corresponding time. The procurement in Uttar Pradesh stood at 1.86 LMT and Madhya Pradesh at 38.77 LMT. The procurement in all other states including Rajasthan, Gujarat and others remain largely low.

Government has also reduced the procurement target of wheat from earlier 44 LMT to 19.5 LMT. This is due to low arrivals and procurement because of good export pace and farmers inclination towards private traders as they are paying the wheat at much higher prices.

Government has changed the allocation of wheat and rice in PMGKAY. The wheat allocation has been reduced by 61%. In states of Bihar,

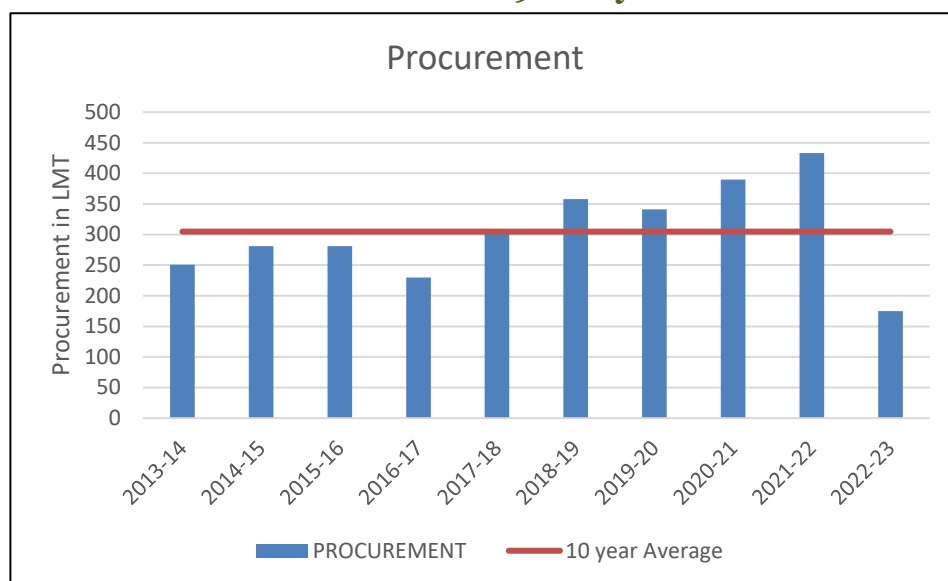
Uttar Pradesh and Kerala, the wheat has been completely replaced by Rice. For the upcoming 5 months, around 3.55 MMT of wheat is expected to be allocated across various states against 10.92 MMT of wheat expected to be allocated for April-September. Government is expected to supply 21 MMT of wheat under various schemes and OMSS for the MY 2022-23. The overall stocks needed for PMGKAY and various schemes include 26.37 MMT of wheat.

As per sources, we estimate the exports for the month of April 2022 stood in the range of 16-18 LMT. The exports are in the range of 12-14 LMT from Mundra and Kandla Port alone. While remaining quantity of wheat has been exported through road and other modes of transport as well as from eastern ports like Vishakhapatnam.

Outlook & Recommendation: With the confirmation of government for no export ban, we expect the prices to show an upward trend in coming days. The market fundamentals are strong with good export demand, lower production, low procurement and higher domestic demand. The loose wheat is also expected to cross Rs. 2500 per quintal in various benchmark markets.

Trade Call: There is no NCDEX trading currently.

Weather Outlook: Rainfall activity was seen in southern parts of India as well as rain showers in areas of Northern India. No major impact has been seen in the crop as the wheat is already harvested.



Source: FCI

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

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: - May 2022



Source: IMD

Procurement RMS 2022-23

State/UTs	Procurement as of 28 th April-2022 (Figures in LMT)		
	FCI (A)	State Agency (B)	Total (A+B)
Punjab	4.82	80.87	85.69
Haryana	3.35	33.61	36.96
Uttar Pradesh	0.03	1.20	1.23
Madhya Pradesh	0	32.96	32.96
Bihar	0	0.01	0.01
Rajasthan	0.01	0.00	0.01
Others	0.05	0.01	0.06
All-India	8.26	148.66	156.92

FOB & CIF Quote for Wheat at Kandla

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	At Kandla
Mill delivery (Rajkot)	24250
Freight charge	310
Misc. Charges (port handling)	650
FOB (at Kandla Rs/T)	25460
FOB value in \$ for FAQ	330.86
Freight Charges (US \$/ton) to Dubai	44
Insurance @ 0.1% (\$/MT)	33.07
CIF to Dubai (value in \$ for SRW)	407.93

(INR value: 76.95 as on 07.04.2022)

The Indian wheat FOB prices quoted at 330.86 per tonne which is up from 329.11 per tonne last week. There is high volatility in rupee and dollar prices. The domestic prices are expected to increase in coming week as a result FOB prices remain firm in coming week.

Indicative FOB Quotes:

Wheat FOB	Variety	Current Week	Week Ago	Month Ago	Year Ago	% Change over Prev. Week
		5-May-22	28-Apr-22	5-Apr-22	5-May-21	
USA (Chicago)	2srw	447	439	436	-	1.82
France	FCW3	421	437	417	-	-3.66
Argentina	ASW	457	450	396	-	2.00
Russia	SRW	395	380	380	-	3.95
India	FAQ	329.50	329.11	310.94	-	0.12

International Weekly Outlook:

The US FOB is up by 1.82 percent compared to previous week. Warm and dry weather condition is causing supply concern keeping the prices firm. French wheat has been rated 89% of the crop as good to excellent up compared to 79% the previous year. The crop condition remains stable keeping pressure on the prices. Australia and New Zealand has accepted Argentina's GMO wheat and lower production estimate for the upcoming season is keeping the prices on higher side. Russian wheat prices remain largely volatile, there were reports of good production for Russian crop which will be harvested in July-August month.

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
	6-May-22	29-Apr-22	6-Apr-22	6-May-21	
Indore	2218	2237	2150	-	-
Delhi	2301	2315	2222	1891	21.68165
Kanpur	2185	2200	2145	-	-
Rajkot	2425	2454	2280	-	-
Kota	2375	2422	2230	-	-

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
			7-May-22	6-May-22	30-Apr-22	6-Apr-22	7-May-21
Delhi	Lawrence Road	Mill Delivery	2300	2300	2300	2200	Closed
	Narella	Mill Quality Loose	2180	2180	2200	Closed	Closed
	Nazafgarh	Mill Quality Loose	2180	2180	2200	Closed	Closed
Gujarat	Rajkot	Mill Delivery	2450	2450	2450	2225	Closed
	Ahmedabad	Mill Delivery	2450	2440	2460	2335	Closed
	Surat	Mill Delivery	2500	2500	2500	2380	Closed
	Dhrol	Mill Delivery	2340	2410	-	2315	-
M.P.	Indore	Mill Delivery	2325	2320	2300	2250	Closed
	Bhopal	Mill Quality Loose	2080	2040	2000	2000	Closed
Rajasthan	Kota	Mill Quality Loose	2250	2200	2250	2090	Closed
		Mill Delivery	2350	2350	2400	2240	Closed
U.P.	Kanpur	Mill Delivery	2225	2200	2200	2120	Closed
	Mathura	Mill Quality Loose	2220	2240	2210	2015	Closed
	Kosi	Mill Quality Loose	2240	2245	2200	1975	Closed
	Hathras	Mill Quality Loose	2125	2120	2200	2025	Closed
	Aligarh	Mill Quality Loose	2100	2125	2150	2040	Closed
Punjab	Khanna	Mill Quality Loose	2060	2050	2040	2120	Closed



	Ludhiana (Jagraon)	Mill Delivery	2150	2150	2150	-	-
Haryana	Sirsa	Mill Delivery loose	2125	2125	2100	2015	Closed
	Hodal	Mill Delivery	-	-	-	-	Closed
	Bhiwani	Mill Quality Loose	2200	2200	2200	2080	Closed
	Karnal	Mill Delivery	-	-	-	-	Closed
	Panipat	Mill Quality Loose	2050	2050	2050	-	Closed
Tamil Nadu	Chennai	Mill Quality	2500	2500	2500	2500	Closed
	Madurai	Mill Quality	2557	2700	2700	2650	Closed
	Coimbatore	Mill Quality	2557	2750	2750	2700	Closed
Bihar	Khagariya	Mill Delivery	2150	2150	2200	2100	1700
	Muzaffarpur	Mill Delivery	2100	2100	2100	2000	1625

[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

International Market Update:
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Ukraine's 2022 wheat harvest is likely to be near to last year's level of more than 32 MMT. Ukraine sowed 6.5 million hectares of winter wheat for the 2022 harvest but as per sources some of the area couldn't be harvested due to Russian invasion.

Russian wheat export prices fell last week due to higher domestic supply from farmers willing to free up storage before the new crop arrives in summer. Russia continues to export despite difficulties with logistics and payments caused by Western sanctions. Prices for wheat with 12.5% protein content for supply in May from Black Sea ports were down by \$10 to \$370 free on board (FOB) at the end of last week. Russia exported 780,000 tonnes of grains last week, compared with 590,000 tonnes a week earlier. This is the highest weekly amount of wheat exports since mid-February.

Turkey is believed to have cancelled all their purchase after provisionally buying 480,000 MT of wheat in tenders on April 29th. The reason cited for cancelling the tender is said to be expensive pricing.

Russia on May 6th has set the variable export tax on wheat at \$114.30/MT for the May 13th -17th period, down \$5.80 from the May 6th -12th previous period, the first reduction in the export tax since March 16th.

Wheat export prices of Russian wheat rose last week due to shipments from the country's Black Sea ports. The exports continue despite difficulties with logistics and payments caused by Western sanctions on Prices for wheat with 12.5% protein content for supply in May from Black Sea ports were up \$10 to \$380 FOB at the end of last week.

IGC Wheat Balance Sheet:
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IGC Forecast (Fig-In MMT)	2019-20	2020-21 est.	2021-22 F'cast		2022-23 Proj
			17.03.2022	21.04.2022	21.04.2022
Production	762	775	781	781	780
Trade	185	190	194	193	193
Consumptions	746	771	778	778	785
Carryover stocks	275	279	281	282	277
Y-O-Y change	15	4		3	-5
Major Export	62	60	63	64	66

- IGC has projected 2022-23 global wheat production at 780 MMT down from 2021-22 estimate. IGC has estimated global wheat production at 781 MMT for 2021-22, similar to last month's estimate.
- The trade projection for 2022-23 is 193 MMT similar to 2021-22 forecast.
- Consumption has been increased for 2022-23 projection by 7 MMT compared to 2021-22 forecast.
- Carryout for 2022-23 is projected at 66 MMT which is 2 MMT higher than 2021-22 forecast.

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
	6-May-22	29-Apr-22	5-Apr-22	3-Feb-22	5-Nov-21	6-May-21	
May-22	403.04	383.47	384.02	278.58	287.95	277.20	45.39
Jul-22	407.26	387.88	384.12	276.38	284.28	259.75	56.79
Sep-22	407.72	388.80	381.18	276.84	284.37	259.11	57.36
Dec-22	408.64	388.80	377.41	278.58	286.30	-	-
Mar-23	408.82	388.53	371.53	280.33	286.85	-	-
May-23	404.42	386.05	363.63	280.33	212.45	-	-
Jul-23	383.47	371.81	340.03	-	-	-	-

US Wheat Futures May -22
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1st Support: 1011.89
2nd Support: 928.07
1st Resistance: 1160.50
2nd Resistance: 1285.16
(\$ per tonne)

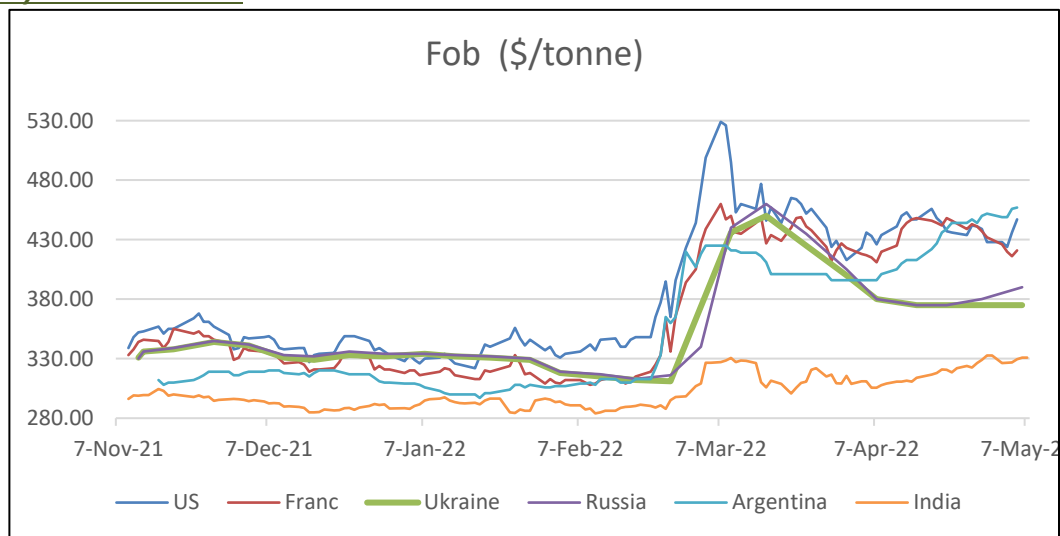
The CBOT wheat futures is moving above 9,18,50 and 100 DMA indicating firm bias. The MACD crossover also indicates bullish trend. RSI oscillator value of 61.09 indicates good buying strength. We expect the futures to stay in range bound in coming week.





International FOB Weekly Price Movement

Indian FOB is being quoted at \$330.86 per tones. With the exports to continue without any restrictions and lower production estimate, we expect the FOB to remain firm, though volatility in rupee and dollar may weaken the FOB.

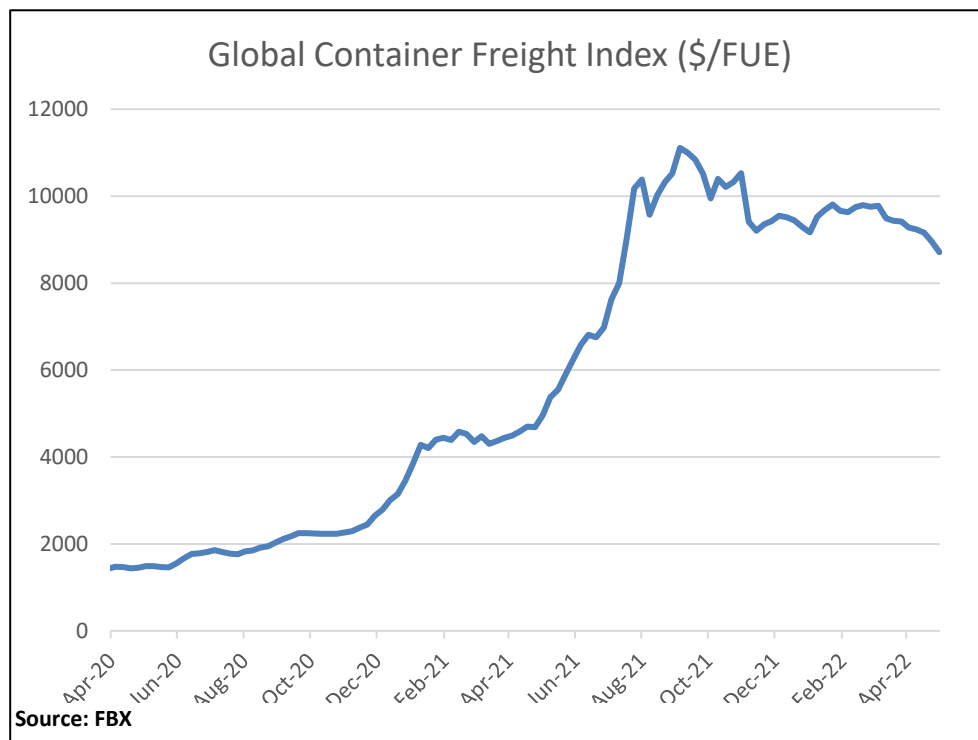


Source: AgriWatch/IGC

Container Freight Index

The global freight index fell by 2.74 percent compared to previous week to \$8710 per Foot Unit Equivalent. The ongoing lockdown in Shanghai as well as China's Labor Day holiday saw many manufacturing factories closed over the week making the exports scarce. COVID cases are rising in Beijing and other cities raising the possibility of additional lockdowns.

Government data released this week showed that manufacturing levels in April were at their lowest levels in China since just after the initial outbreak in 2020, and that national-wide freight volumes declined 15% compared to last April. The continued dull ocean volumes will be a welcome chance for destination ports to clear some of the existing backlogs. But longer the lockdown lasts, the larger and the more concerning the coming surge of containers will become for those already-congested ports.



Source: FBX



AGRIWATCH

Wheat Weekly Research Report 09th May-2022

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