AGRIWATCH

Wheat Weekly Research Report
16th May-2022

Wheat Weekly Research Report

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Wheat Domestic Market Fundamentals

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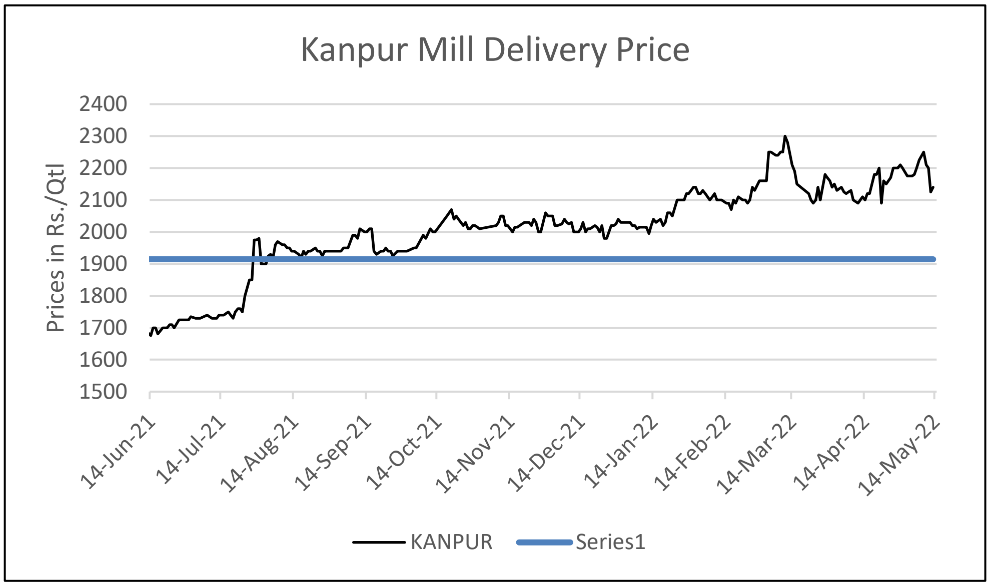
On 14th May 2022, Kanpur Wheat Mill delivery was traded at Rs. 2140 per quintal compared to Rs. 2225 per quintal last week. The prices fell by 3.83%. The government has banned the wheat export which led to fall in prices.

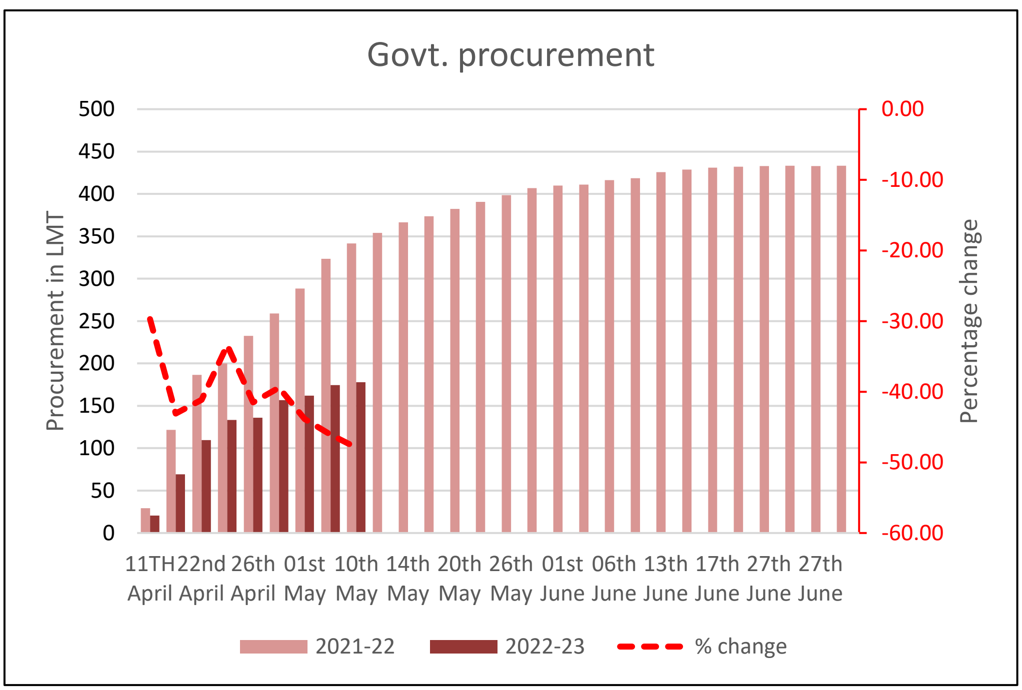


Source: AgriWatch

Government has banned wheat exports with HS codes: 1001, 10011900, 100199, 10019910, 10019920. This includes all the type of wheat. Though government has made transitional arrangements for those who have issued Irrevocable Letter of credit (ICLC) on or before 13th May. Also, government is interested to export wheat if there is a food crisis in any country and the government of that country requests Indian government. AgriWatch had already expected and mentioned about export restrictions and scenario of prices fall in the wheat weekly report dated 25th April 2022.

As on May 10th, wheat procurement stood at 178.01 Lakh MT (LMT) which is down by 47.92% from 341.72 LMT procured during previous year.

The wheat procurement has been very low but with the export ban we are expecting that the procurement will pick up the pace in coming days as private traders won't be interested in buying the stocks, as a result the farmers will sell their produce to the government.



Source: FCI

We anticipate the procurement in Uttar Pradesh, Rajasthan and Madhya Pradesh to pick up which as of 13th May was on lower side.

Wheat procurement was likely to end by May 10 in Rajasthan and by May 15 in Bihar, Madhya Pradesh, Gujarat, Uttar Pradesh and Himachal Pradesh. But the center has extended the wheat procurement till May 31st. Also, government has relaxed the wheat procurement norms for shriveled grains from previous limit of 6% to 18% as the heatwave has impacted the size of the grains drastically in major states.

AgriWatch has revised wheat production estimate down to 976.76 lakh MT (LMT) from previous year crop size of 1026.75 Lakh MT (LMT). The estimate is down by 6.04 LMT from the previous estimate of 1038.00 LMT. Government has revised down the previous wheat production estimate of 1113.20 LMT to 1050.00 LMT.

STATE WISE APY

State/UT	Acreage (Lakh Ha)		Yield (Kg/Ha)		Production (LMT)	
	2020-21	2021-22	2020-21	Current Estimate	2020-21	Current Estimate
Assam	0.09	0.09	1259.6	1269.3	0.11	0.11
Bihar	22.99	24.21	1999.4	2069.51	45.97	50.10
Chhattisgarh	2.01	1.72	1294.92	1303.89	2.61	2.24
Gujarat	13.66	12.50	2857.25	2771.53	39.04	34.64
Haryana	25.21	23.87	4736.45	4357.53	119.41	104.01
Himachal Pradesh	3.40	3.40	1696.24	1710.83	5.77	5.82
Jammu & Kashmir	2.52	2.50	1891.78	1922.04	4.76	4.80
Jharkhand	2.31	2.26	1975.85	1935.16	4.57	4.37
Karnataka	1.90	1.67	929.63	933.12	1.76	1.56
Madhya Pradesh	87.98	91.96	2349.4	2465.47	206.70	226.73
Maharashtra	11.64	10.60	1463.57	1458.4	17.04	15.46
Orissa	0.00	0.02	1626.03	1632.35	0.00	0.02
Punjab	35.10	35.02	5009.92	4508.93	175.85	157.90
Rajasthan	32.62	31.00	2919.3	2890.1	95.24	89.59
Uttar Pradesh	99.04	97.23	2958.19	2721.53	292.99	264.61
Uttarakhand	3.27	3.22	2399.73	2411.23	7.85	7.76
West Bengal	2.52	2.46	2779.01	2788.44	7.00	6.85
Others	0.10	0.17	1000	1000	0.10	0.17
All India	**346.37**	**343.89**	**2964.46**	**2840.38**	**1026.75**	**976.76**

Outlook & Recommendation: The wheat prices are expected to fall in coming days as the export ban has impacted the export pace which till now was driving the prices. Traders are reluctant to buy any stock and there are huge stocks already available within the traders which is likely to come into the domestic market in coming days which will further pressurize the prices. We can also see a complete trend reversal of international and domestic prices which till now was moving with similar trend of upward rise.

Trade Call: There is no NCDEX trading currently.

Weather Outlook: Rainfall activity is expected in the southern states as well as there is heatwave scenario in the northern 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**

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

Wheat Weekly Average Price Chart

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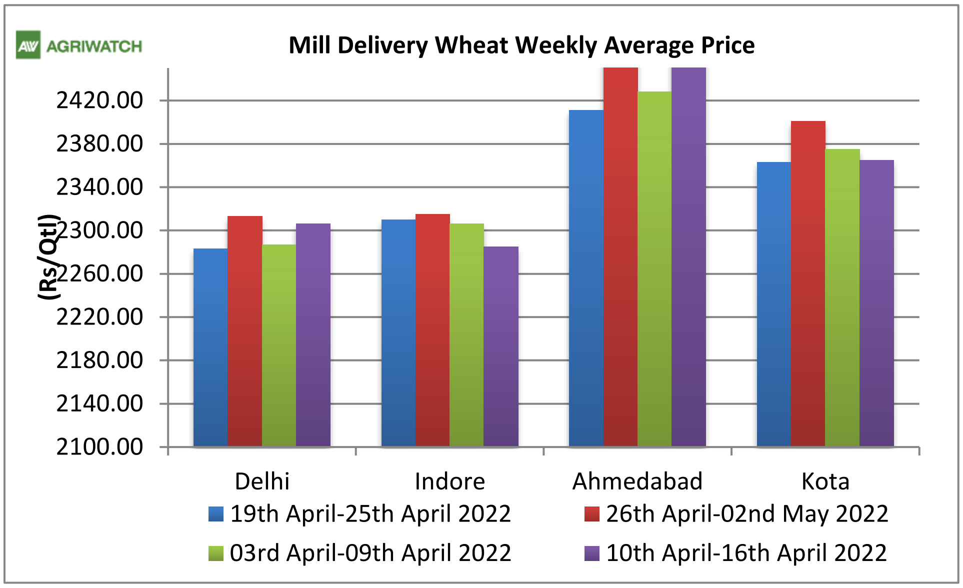
In all the mandis, the prices were showing steady to weak tone. The impact of export ban can be seen in all the major mandis as traders were reluctant to buy new stocks of wheat from the farmers. Most of the traders are having huge stocks keeping the prices under pressure.



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 of 10th May- 2022 (Figures in LMT)		
	FCI (A)	State Agency (B)	Total (A+B)
Punjab	5.74	88.95	94.69
Haryana	3.95	36.77	40.72
Uttar Pradesh	0.05	2.10	2.15
Madhya Pradesh	0	40.35	40.35
Bihar	0	0.02	0.02
Rajasthan	0.01	0.00	0.01
Others	0.06	0.01	0.06
All-India	**9.81**	**168.20**	**178.01**

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	309.20
Freight Charges (US $/ton) to Dubai	44
Insurance @ 0.1% ($/MT)	30.92
CIF to Dubai (value in $ for SRW)	**384.12**

(INR value: 77.49 as on 14.05.2022)

The Indian wheat FOB prices quoted at 384.12 per tonne which is down from 330.86 per tonne last week. Due to export ban, the domestic price fell drastically and Indian rupee is also seen depreciating reducing the FOB price.

Indicative FOB Quotes:

Wheat FOB	Variety	Current Week	Week Ago	Month Ago	Year Ago	% Change over Prev. Week
		12-May-22	5-May-22	12-Apr-22	12-May-21	
USA (Chicago)	2srw	451	447	450	-	0.89
France	FCW3	430	421	439	-	2.14
Argentina	ASW	456	457	410	-	-0.22
Russia	SRW	395	390	375	-	1.28
India	FAQ	331.91	329.50	310.66	-	0.73

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
	13-May-22	6-May-22	13-Apr-22	13-May-21	
Indore	2275	2218	2135	-	-
Delhi	2325	2301	2209	-	-
Kanpur	2200	2185	2080	-	-
Rajkot	2500	2425	2300	-	-
Kota	2400	2375	2200	-	-

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
			14-May-22	13-May-22	7-May-22	13-Apr-22	14-May-21
Delhi	Lawrence Road	Mill Delivery	2250	2340	2300	2200	Closed
	Narella	Mill Quality Loose	2150	2165	2180	Closed	Closed
	Nazafgarh	Mill Quality Loose	2160	2170	2180	Closed	Closed
Gujarat	Rajkot	Mill Delivery	2300	2550	2450	2275	Closed
	Ahmedabad	Mill Delivery	2400	2510	2450	2360	Closed
	Surat	Mill Delivery	2450	2550	2500	2400	Closed
	Dhrol	Mill Delivery	2465	2380	2340	2410	-
M.P.	Indore	Mill Delivery	2200	2310	2325	2130	Closed
	Bhopal	Mill Quality Loose	2050	2100	2080	2000	Closed
Rajasthan	Kota	Mill Quality Loose	2150	2250	2250	2100	Closed
		Mill Delivery	2300	2400	2350	2250	Closed
U.P.	Kanpur	Mill Delivery	2140	2215	2225	2110	Closed
	Mathura	Mill Quality Loose	2150	2230	2220	2050	Closed
	Kosi	Mill Quality Loose	2240	2215	2240	2025	-
	Hathras	Mill Quality Loose	2150	2170	2125	2025	-
	Aligarh	Mill Quality Loose	2100	2160	2100	2025	-
Punjab	Khanna	Mill Quality Loose	2125	2120	2060	2020	Closed

	Ludhiana (Jagraon)	Mill Delivery	2230	2230	2150	2120	-
Haryana	Sirsa	Mill Delivery loose	2100	2190	2125	2015	Closed
	Hodal	Mill Delivery	-	-	-	-	Closed
	Bhiwani	Mill Quality Loose	2200	2350	2200	1980	Closed
	Karnal	Mill Delivery	-	-	-	-	-
	Panipat	Mill Quality Loose	-	-	2050	2015	-
Tamil Nadu	Chennai	Mill Quality	2550	2600	2500	2500	Closed
	Madurai	Mill Quality	2607	2900	2700	2650	Closed
	Coimbatore	Mill Quality	2607	2950	2750	2700	Closed
Bihar	Khagariya	Mill Delivery	2200	2250	2150	2050	1700
	Muzaffarpur	Mill Delivery	2150	2200	2100	2050	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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Wheat acreage in Australia is expected to fall in upcoming MY 2022-23 (October-September) due to rising input costs. Drop in wheat acreage may also lead to decline in output and exports. The reduction is due to a rise in fertilizer, diesel, and chemical prices. It is anticipated that wheat acreage to range around 12.6-12.9 Mha. In MY 2021-22, Australia's wheat acreage was around 13.03 Mha. The Australian Crop Forecasters has forecasted MY 2022-23 wheat acreage at 12.7 Mha, down 4% on year from 13.3 MMT.

Australia and New Zealand has approved use and sale of GMO wheat from Argentina. Argentina has produced 21.8 MMT of wheat in 2021-22, though a slight reduction in production is expected in coming season due to unfavorable season.

As per USDA, in southwestern Kansas annual average rainfall was 12 inches. Much of southwest Kansas has gone nearly 300 days without an inch of precipitation. And 82% of Kansas winter wheat land was in drought, with 27% in "severe" or "exceptional" drought. Wheat was planted in 7.4 million acres for harvest this year, 1% more than the 2021 crop.

As per Rosaria grain exchange, Argentina's wheat production is expected to fall due to expected dry weather. The Exchange said it projects wheat production to decline to 19 MMT, down from a record 22.1 MMT in 2021-22, as a La Niña weather pattern is expected to reduce rainfall in the coming months.

FranceAgriMer has lowered its forecast of French soft wheat exports this season. In its May supply and demand outlook for cereal crops, it cut its projection of soft wheat exports outside the European Union in the 2021-22 season to 9.25 MMT from 9.5 MMT estimated in April. It also trimmed its forecast of 2021-22 French soft wheat exports within the 27-member EU, to 8.0 MMT from 8.1 MMT.

USDA is forecasting a 2022-23 harvest of 21.5 MMT, down by 35 percent from last year and 23 percent below the five-year average. It is in line with pre-USDA report estimate which is forecasting 21 MMT. The fighting is ongoing and that a large part of the country's wheat production comes from areas of eastern Ukraine where the conflict is most intense, as a result the real production figures are likely to be lower than the current crop cover might suggest The USDA is forecasting a 21 percent reduction in wheat harvested area and an 18 percent drop in yields in Ukraine.

Due to Canada's crop being hit by drought in 2021-22, some of the importers have been hit. Canada harvested 19 MMT of non-durum wheat last fall, which is 34 percent drop from the previous year. China and Indonesia are the two markets that were the hardest hit. Sales to China through the first seven months of the crop year were 529,000 MT, which is 1.25 MMT drop from the same period a year ago. Indonesia has imported 599,000 MT of Canadian wheat in that same time frame, down by 713,000 MT from a year ago.

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
	13-May-22	6-May-22	12-Apr-22	10-Feb-22	12-Nov-21	13-May-21	
May-22	432.61	403.04	405.52	286.11	304.39	258.37	67.44
Jul-22	433.90	407.26	408.73	284.74	305.77	246.80	75.81
Sep-22	435.37	407.72	407.45	285.10	300.53	246.80	76.40
Dec-22	434.45	408.64	404.69	286.48	299.71	-	-
Mar-23	426.55	408.82	400.65	287.95	300.99	-	-
May-23	403.68	404.42	393.21	287.95	212.45	-	-
Jul-23	396.24	383.47	361.89	-	-	-	-

US Wheat Futures May -22

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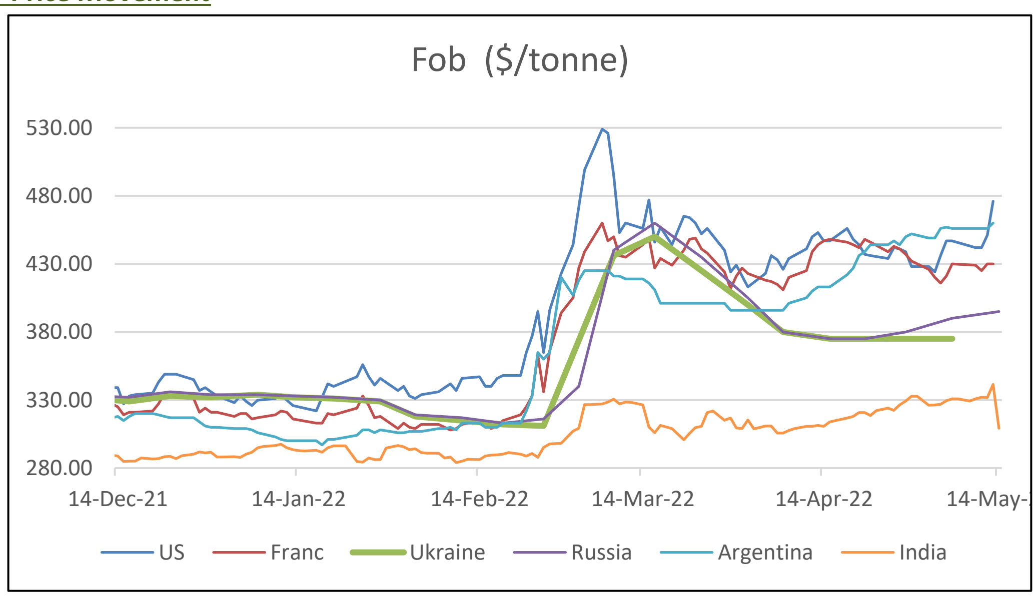
1st Support: 1124.06
2nd Support: 1082.61
1st Resistance: 1286.23
2nd Resistance: 1321.80
($ per tonne)

The CBOT wheat futures are moving in upward trend. The candles are above 9,18,50 and 100 DMA indicating firm bias. The MACD crossover is also moving upward indicating firm tone. The RSI oscillator value of 71.44 indicates overbought situation.

International FOB Weekly Price Movement

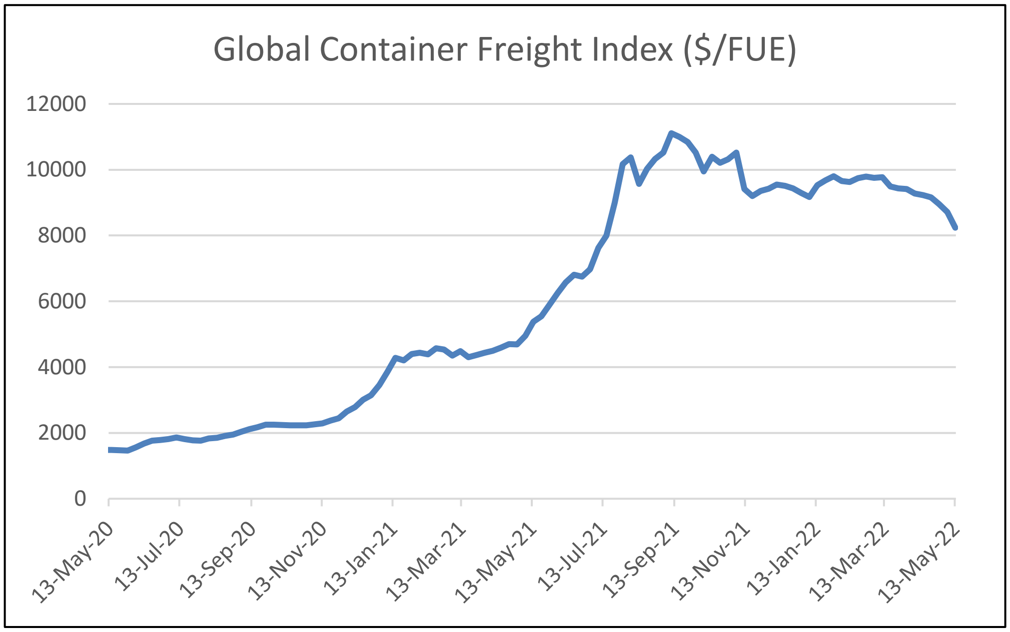
Indian FOB is being quoted at $309.20 per tones. With the export ban, the prices are expected to fall further.



Source: IGC/AgriWatch

Container Freight Index

The global freight index fell by 5.44 percent compared to previous week to $8236 per Foot Unit Equivalent. COVID case numbers in Shanghai fell to a six-week low this week, but restrictions in many areas of the city are getting tighter, and we are expecting the reopening will not be sudden but gradual. With available exports still down as manufacturing and trucking remain significantly impacted, and the major ocean carrier alliances have announced cancellations of at least a third of their scheduled sailings out of Asia through early June, affecting Asia-Europe services more than transpacific. The latest NRF data show no sign of slowing US demand for ocean imports. March set a new record for monthly container imports, and though volumes from April through August are expected to be below that level, imports this summer are projected to be higher than they were last year



Source: FBX