AGRIWATCH

Wheat Weekly Research Report
23rd May-2022

Wheat Weekly Research Report

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Wheat Domestic Market Fundamentals

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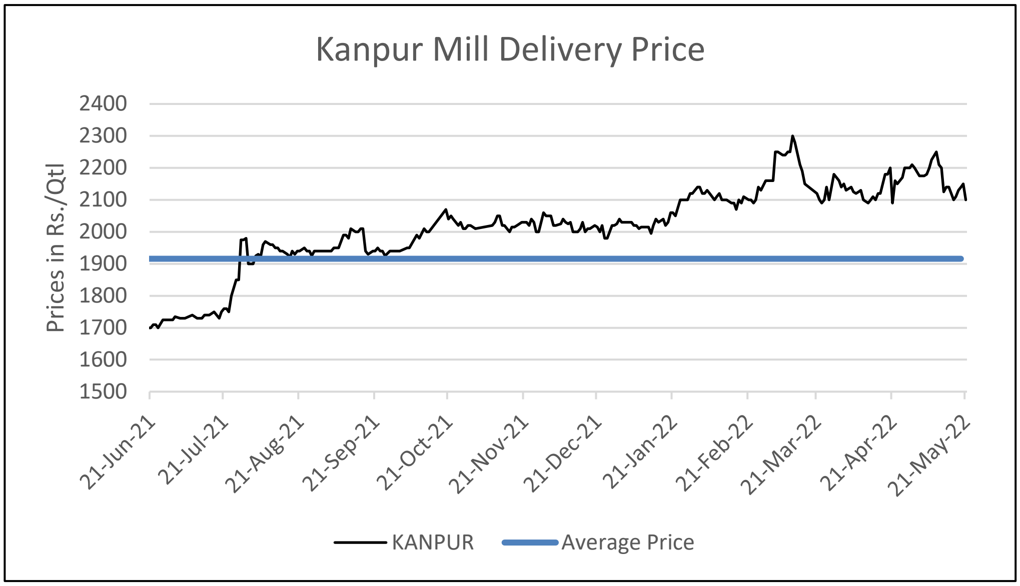
On 21st May 2022, Kanpur Wheat Mill delivery was traded at Rs. 2100 per quintal compared to Rs. 2140 per quintal last week. The prices fell by 1.87%. The decreased export pace has led to fall in prices in major benchmark markets.

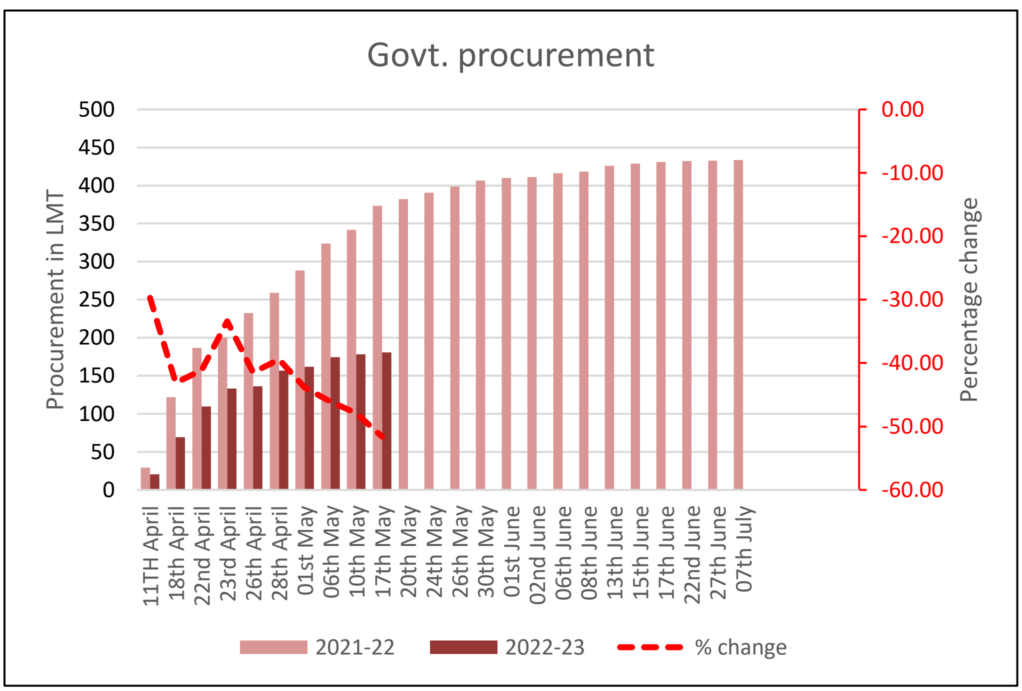


Source: AgriWatch

In Kandla Port, around 15 LMT of wheat has been stranded since 13th May in around 5000 trucks. Due to piling up of wheat stocks, rents have shot up by around 200% and causing loss for exporters.

Government has also allowed export of wheat which has been registered under the customs. We expect the quantity under the customs to be around 1.5 MMT and 4.5 MMT contracts already made before 13th May. So overall, the exports is likely to be 6 MMT.

As on May 18th, wheat procurement stood at 181.25 Lakh MT (LMT) which is down by 51.62% from 373.51 LMT procured during previous year.



Source: FCI

Despite the export ban, the procurement has been low as most of the farmers are with wait and watch attitude. The farmers are still waiting for the prices to go up and are not willing to sell the wheat to the government at the MSP as they believe there will be export ban relaxation in near future and private players will be willing to purchase the stock from the farmers.

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 1064.10 LMT.

AGRIWATCH REVISED 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 stay steady in coming days as the relaxation in exports may give the market some support. Also, the allocation of wheat on PDS and PMGAY remains low as a result there is expected to be huge demand from domestic front and feed purpose also the demand remains high which may support the prices in coming days.

Trade Call: There is no NCDEX trading currently.

Weather Outlook: Early rainfall is expected in most of the regions of the country. Good rainfall is likely to benefit the upcoming paddy.

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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**

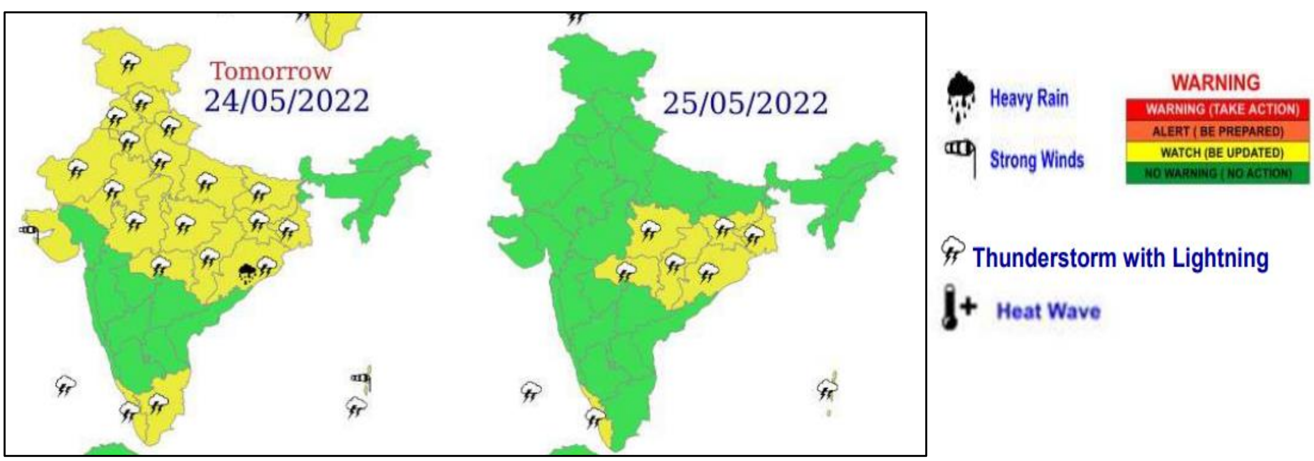
Source: Trade

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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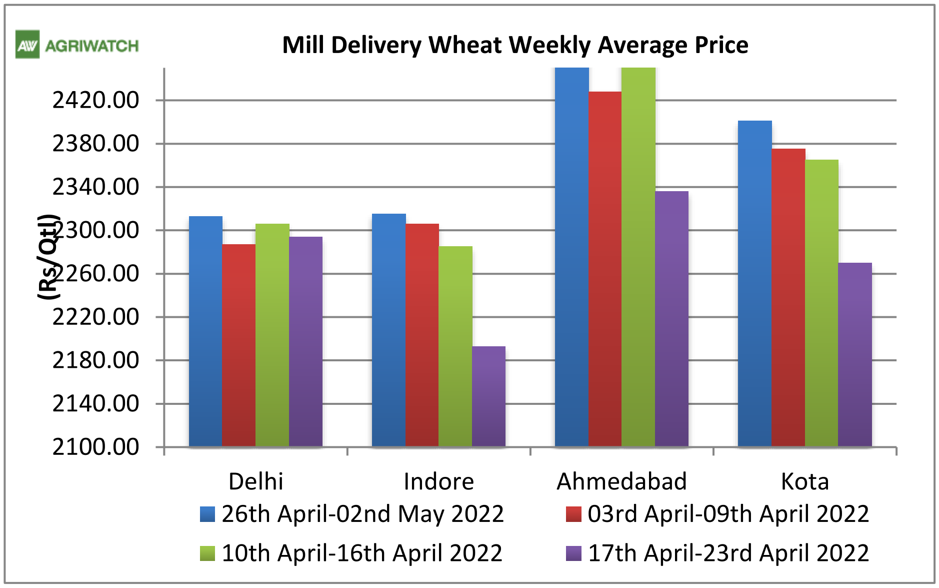
In all the mandis, the prices were showing weak tone. The export ban has led to many private traders reluctant to buy the wheat from farmers. In Indore, the prices are expected to stay in the range of Rs. 2150-2250 per quintal in coming days.



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 18th May- 2022 (Figures in LMT)		
	FCI (A)	State Agency (B)	Total (A+B)
Punjab	6.06	89.81	95.87
Haryana	3.95	36.77	40.72
Uttar Pradesh	0.05	2.41	2.46
Madhya Pradesh	0	42.09	42.09
Bihar	0	0.03	0.03
Rajasthan	0.01	0.00	0.01
Others	0.06	0.01	0.07
All-India	**10.13**	**171.12**	**181.25**

FOB & CIF Quote for Wheat at Kandla

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	At Kandla
Mill delivery (Rajkot)	**22200**
Freight charge	310
Misc. Charges (port handling)	650
FOB (at Kandla Rs/T)	23160
FOB value in $ for FAQ	297.61
Freight Charges (US $/ton) to Dubai	44
Insurance @ 0.1% ($/MT)	29.76
CIF to Dubai (value in $ for SRW)	**371.37**

(INR value: 77.82 as on 21.05.2022)

The Indian wheat FOB prices quoted at 297.61 per tonne which is down from 384.12 per tonne last week. Due to the export ban, the domestic prices continue to fall and there is also depreciation of Indian rupee reducing the FOB prices.

Indicative FOB Quotes:						
Wheat FOB	**Variety**	**Current Week**	**Week Ago**	**Month Ago**	**Year Ago**	**% Change over Prev. Week**
		19-May-22	**12-May-22**	**19-Apr-22**	**19-May-21**	
USA (Chicago)	2srw	476	451	448	-	**5.54**
France	FCW3	458	430	444	-	**6.51**
Argentina	ASW	481	456	427	-	**5.48**
Russia	SRW	400	395	375	-	**1.27**
India	FAQ	301.77	331.91	318.03	-	**-9.08**

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International Weekly Outlook:

The US FOB is up by 5.54 percent compared to previous week. This is largely due to decreased stock level due to the drought condition persisting in the country. In France, the FOB has increased by 6.51 percent due to worsening condition of the crop due to drought in France. The crop few weeks back was rated good but sudden increase in temperature has reduced the yield of the crop. Argentina has capped the volume of wheat exports due to the domestic grain shortage. The prices rose by 5.48 percent compared to previous week. The prices in Russia is volatile and currently up by 1.27 percent.

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
	20-May-22	13-May-22	20-Apr-22	20-May-21	
Indore	2146	2275	2194	-	-
Delhi	2300	2325	2275	1890	21.69312
Kanpur	2140	2200	2220	-	-
Rajkot	2265	2500	2372	-	-
Kota	2212	2400	2372	-	-

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
			21-May-22	20-May-22	14-May-22	20-Apr-22	21-May-21
Delhi	Lawrence Road	Mill Delivery	2300	2300	2250	2300	1900
	Narella	Mill Quality Loose	2155	2150	2150	Closed	Closed
	Nazafgarh	Mill Quality Loose	2150	2150	2160	Closed	Closed
Gujarat	Rajkot	Mill Delivery	2220	2225	2300	2350	-
	Ahmedabad	Mill Delivery	2340	2350	2400	2410	-
	Surat	Mill Delivery	2400	2400	2450	2460	-
	Dhrol	Mill Delivery	2270	2210	2465	0	-
M.P.	Indore	Mill Delivery	2200	2180	2200	2300	Closed
	Bhopal	Mill Quality Loose	2060	2050	2050	2100	Closed
Rajasthan	Kota	Mill Quality Loose	2070	2130	2150	2250	1750
		Mill Delivery	2220	2280	2300	2400	1900
U.P.	Kanpur	Mill Delivery	2100	2150	2140	2200	1725
	Mathura	Mill Quality Loose	2150	2150	2150	2240	1740
	Kosi	Mill Quality Loose	2190	2180	2240	2200	1715
	Hathras	Mill Quality Loose	2140	2100	2150	2200	1680
	Aligarh	Mill Quality Loose	2150	2140	2100	2200	1750
Punjab	Khanna	Mill Quality Loose	2070	2080	2125	2040	Closed

	Ludhiana (Jagraon)	Mill Delivery	2250	2250	2230	2120	-
Haryana	Sirsa	Mill Delivery loose	2070	2070	2100	2050	1800
	Hodal	Mill Delivery	-	-	-	-	-
	Bhiwani	Mill Quality Loose	2100	2100	2200	2110	Closed
	Karnal	Mill Delivery	-	-	-	-	-
	Panipat	Mill Quality Loose	-	-	-	2050	-
Tamil Nadu	Chennai	Mill Quality	2450	2450	2550	2600	2050
	Madurai	Mill Quality	2507	2600	2800	2700	2200
	Coimbatore	Mill Quality	2507	2650	2850	2750	2250
Bihar	Khagariya	Mill Delivery	2250	2250	2200	2050	1700
	Muzaffarpur	Mill Delivery	2100	2100	2150	2060	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**

International Market Update:

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USDA report is indicating the worsening condition of the U.S. winter crop which is creating supply worries in an already-tight market. The USDA on Monday 27% of the U.S. winter wheat crop in good to excellent condition, which is down by 2 percentage points from the previous week, while spring wheat was 39% planted, below expectations of 43%.

Russian wheat export prices rose last week due to higher CBOT prices and Russia's export pace is also slowing due to seasonal factors. Prices for wheat with 12.5% protein content for supply in May from Black Sea ports were at $390 FOB, up by $5 from a week earlier. Russia has exported 330,000 tonnes of grains last week compared with 440,000 tonnes a week earlier. It is expected that the pace of wheat exports from Russia to slow to 1 MMT in May from 2.2 MMT in April as the state export quota is being depleted**.**

Argentina is planning to limit the wheat exports to 12.5 MMT for the 2021-22 MY. The wheat exports have reached 11.2 MMT in 2020-21 MY.

As per sources, Russia may export 39 MMT of wheat in the 2022-23 season, which starts on July 1. In the current season, it is expected that the exports will be at 32.0-32.5 MMT.

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	
				21.04.2022	19.05.2022
Production	761	774	781	780	769
Trade	185	190	194	193	194
Consumptions	745	771	778	785	780
Carryover stocks	275	279	282	277	271
Y-O-Y change	15	3	4		-11
Major Export	62	60	66	66	60

- IGC has projected 2022-23 global wheat production at 769 MMT down from previous estimate of 780 MMT in April. 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 194 MMT up from previous estimate of 193 MMT.
- Consumption has been decreased from previous estimate of 785 MMT to 780 MMT.
- Carryout for 2022-23 is projected at 60 MMT which is down from previous estimate of 66 MMT.

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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**
	20-May-22	**13-May-22**	**19-Apr-22**	**17-Feb-22**	**19-Nov-21**	**20-May-21**	
May-22	429.40	432.61	403.77	295.67	308.62	251.67	**70.62**
Jul-22	431.51	433.90	407.45	294.01	304.48	242.76	**77.75**
Sep-22	433.26	435.37	405.98	294.75	303.84	242.94	**78.34**
Dec-22	433.53	434.45	404.14	296.49	305.03	244.87	**77.04**
Mar-23	428.39	426.55	402.30	297.78	305.13	-	-
May-23	405.98	403.68	399.55	297.78	212.45	-	-
Jul-23	395.32	396.24	381.64	-	-	-	-

US Wheat Futures May -22

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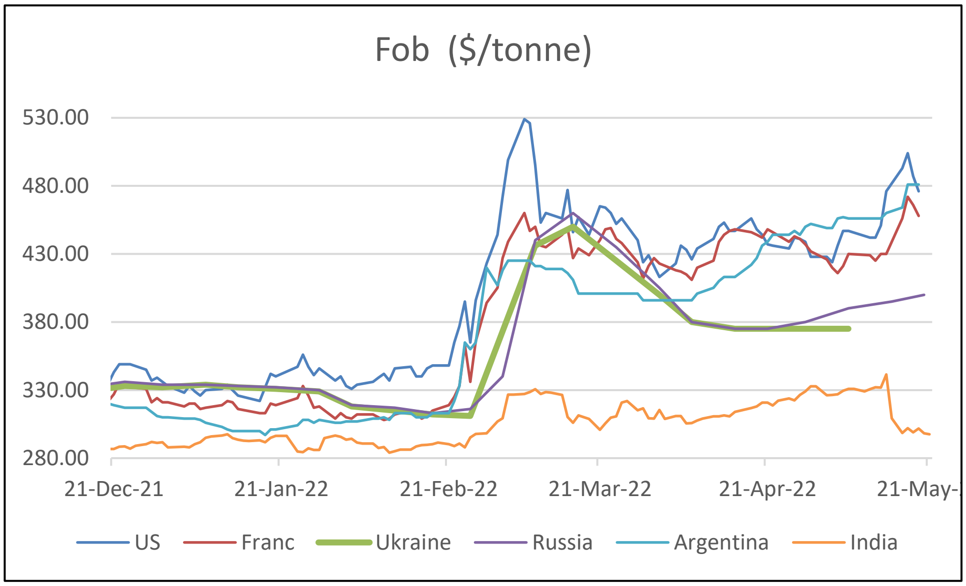
1st Support: 1137.72
2nd Support: 1043.57
1st Resistance: 1287.69
2nd Resistance: 1352.00
($ per tonne)

The CBOT wheat futures are moving in downward trend. The candles are above 18,50 and 100 DMA and 18 DMA can act as the near support for the candles. The MACD crossover is indicating steady momentum. The RSI oscillator value of 56.62 indicates average buying strength.

International FOB Weekly Price Movement

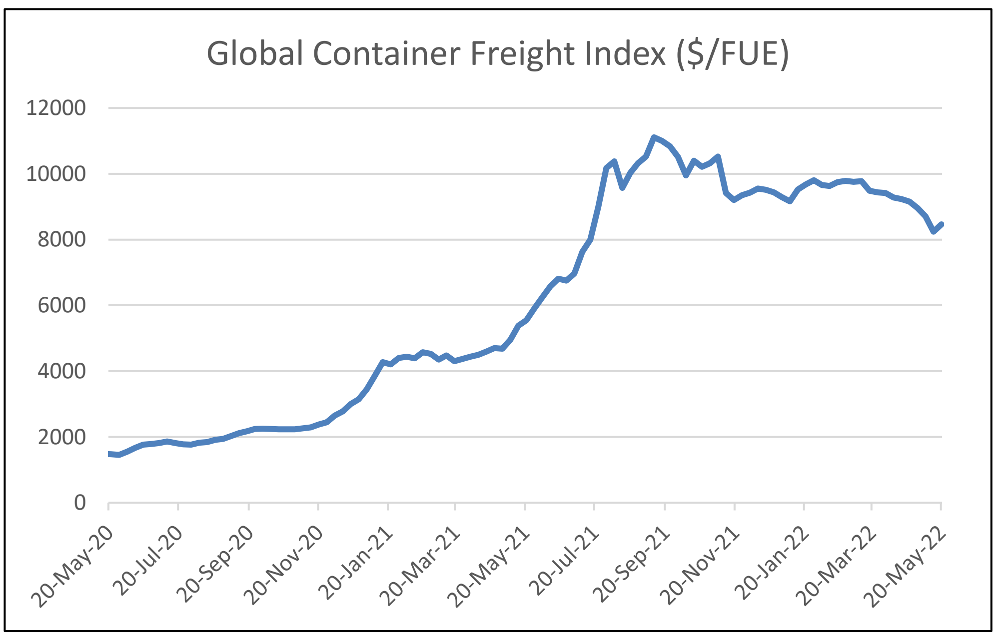
Indian FOB is being quoted at $297.61 per tones. The prices are about to stay stable from this point as further price fall is very unlikely.



Source: FCI

Container Freight Index

The global freight index rose by 2.79 percent compared to previous week to $8466 per Foot Unit Equivalent. Manufacturing has restarted in Shanghai after seven-week lockdown which has sent export volumes plummeting. Ocean carriers have continued to cancel a significant number of sailings out of Asia. This additional reduction in capacity may have contributed to Asia - US West Coast rates climbing this week, though prices remain 16% lower than before the lockdown in early March, and Asia - North Europe rates remain 21% lower, both at levels not seen since last summer. But authorities in Shanghai have just announced that the city will begin reopening in the coming days with aims for a gradual return to normal by late June. Scenarios for the reopening are likely to renew at least some upward pressure on rates and cause some increase in delays, but like so much else that has been unpredictable over the course of the pandemic, the degree of the impact will remain to be seen.



Source: FBX