Wheat Weekly Research Report
30th May-2022

Wheat Weekly Research Report

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Wheat Domestic Market Fundamentals

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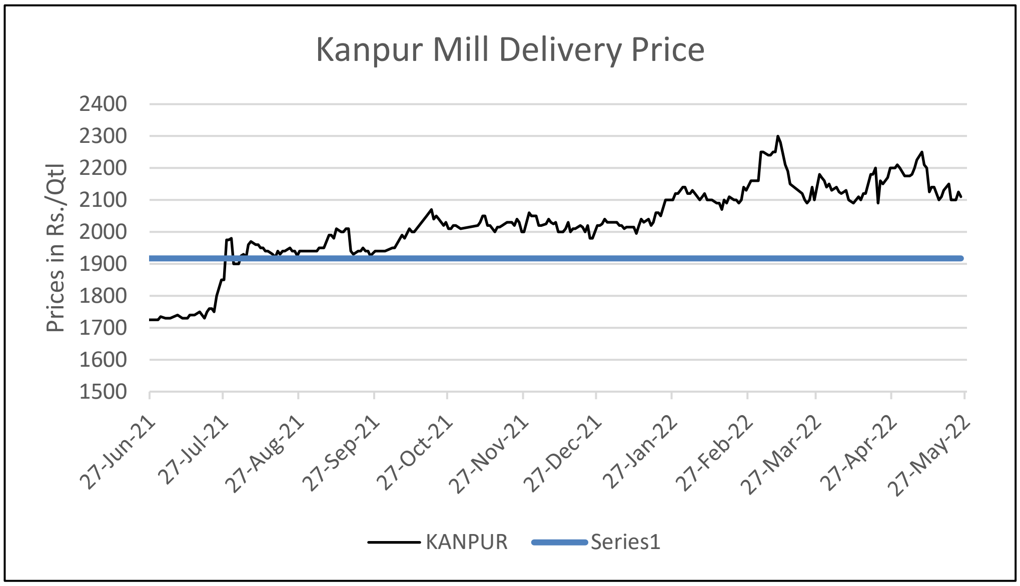
On 28th May 2022, Kanpur Wheat Mill delivery was traded at Rs. 2105 per quintal compared to Rs. 2100 per quintal last week. The prices rose by 0.24%. The prices are trading steady due to low export pace owing to export ban and good demand from domestic market.



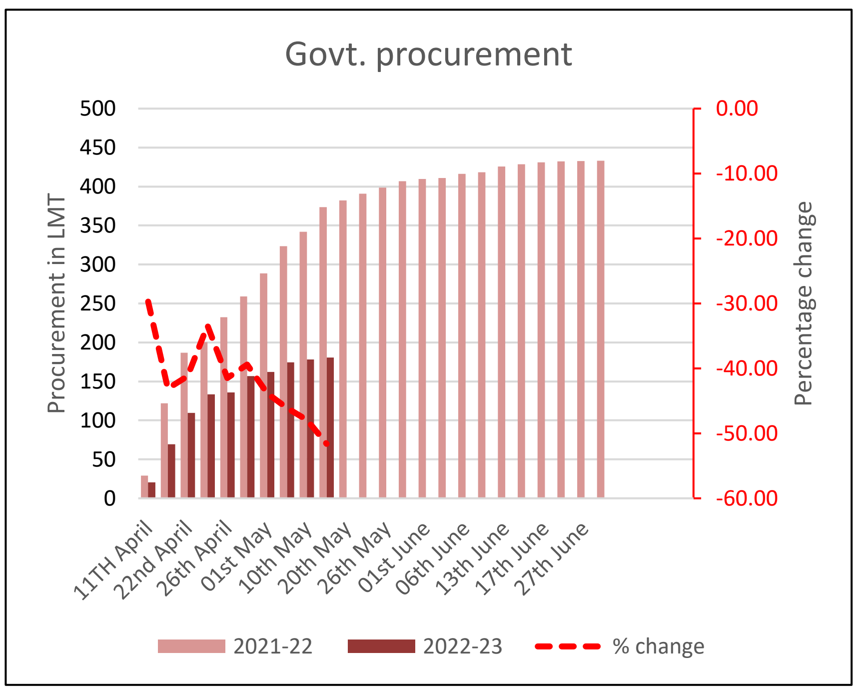
Currently around 4 ships are waiting at berths for loading of wheat. In Kandla Port, around 190,000 tonnes of wheat are struck for want of fresh approvals and around 1.5-1.6 MMT of wheat is already at the port.

As per NITI Aayog, the price rise in domestic market is inevitable as the international prices are already on higher side. The international wheat prices rose by almost 30-40 % and in case of India the rise is only about 6-7%.

As per sources, India has no immediate plans to lift a ban on wheat exports, but will continue to deal which are done directly with other governments.

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.

Punjab has contributed around 53% of the total wheat procured for the central pool as over 102 LMT crop had arrived in Punjab mandi's of which 96 LMT was purchased by the government agencies and the remaining over 6 LMT was purchased by private players.



Source: FCI

In Haryana, only 40.72 LMT was procured by government compared to 84.93 LMT last year. In UP, the government procurement is just 2.46 LMT against 56.41 LMT last year. In MP, the government procurement is just 42.09 LMT this year against 128.16 LMT last year and in Rajasthan, the government procurement is just 1000 MT against 23.4 LMT last year.

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 see steady to weak tone in coming days as the export pace is going to reduce further after the new US crop arrives. Though good domestic demand prevents from any major correction in prices.

Trade Call: There is no NCDEX trading currently.

Weather Outlook: Rainfall has started in various parts of Southern India which can help farmers to grow Kharif crop on time.

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 & June 2022

Source: IMD

Wheat Weekly Average Price Chart

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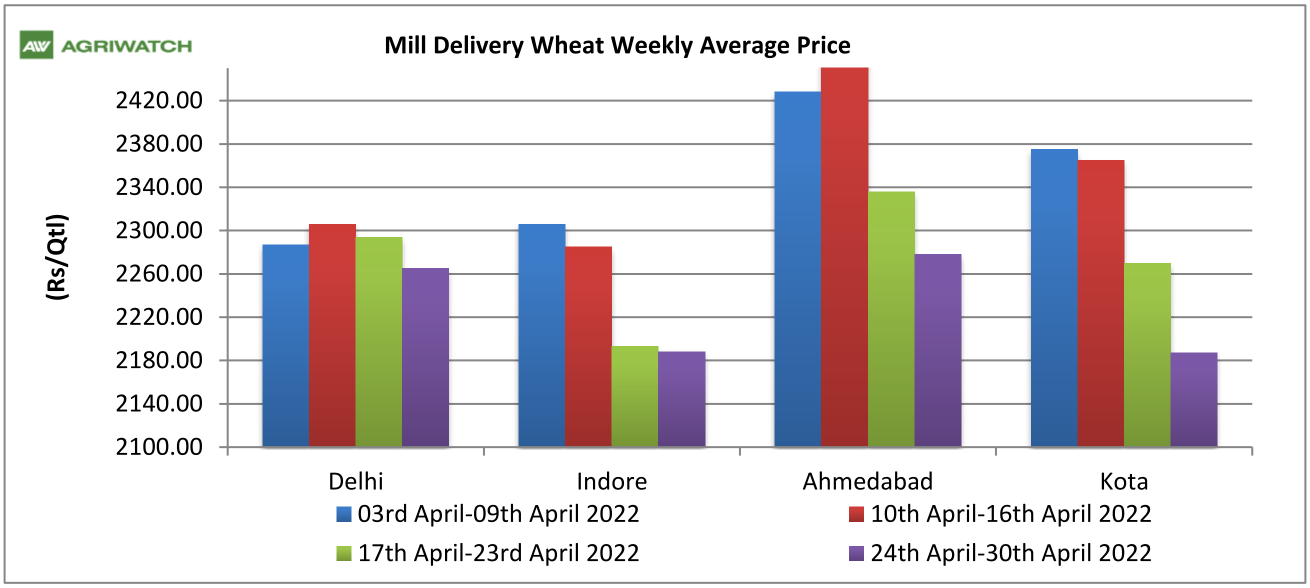

In all the mandis, the prices continue to show weak tone. The private traders are not actively buying the stock due to fear of any future stock limit implementation and low export demand. In Indore, the prices are expected to stay in the range of Rs. 2150-2250 per quintal in coming days.

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)	**21250**
Freight charge	310
Misc. Charges (port handling)	650
FOB (at Kandla Rs/T)	22210
FOB value in $ for FAQ	285.88
Freight Charges (US $/ton) to Dubai	44
Insurance @ 0.1% ($/MT)	28.59
CIF to Dubai (value in $ for SRW)	**358.47**

(INR value: 77.69 as on 27.05.2022)

The Indian wheat FOB prices quoted at 285.88 per tonne which is down from 297.61 per tonne last week. The prices in domestic remains steady to weak while there is depreciation of rupee which has reached all-time low.

Indicative FOB Quotes:

Wheat FOB	Variety	Current Week	Week Ago	Month Ago	Year Ago	% Change over Prev. Week
		26-May-22	19-May-22	26-Apr-22	26-May-21	
USA (Chicago)	2srw	455	476	442	-	**-4.41**
France	FCW3	449	458	443	-	**-1.97**
Argentina	ASW	475	481	447	-	**-1.25**
Russia	SRW	410	400	380	-	**2.50**
India	FAQ	291.8974623	301.769797	322.43782	-	**-3.27**

International Weekly Outlook:

The US FOB fell by 4.41 percent compared to previous week. This is largely due to proposal of food corridor for shipment of wheat by Russia. The same has also led to fall in the prices in France also. decreased stock level due to the drought condition persisting in the country. Russian wheat exports likely to increase with the new proposal of corridor which has increased the wheat prices.

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
	28-May-22	21-May-22	28-Apr-22	28-May-21	
Indore	2100	2175	2252	-	-
Delhi	2258	2295	2330	1890	**19.4709**
Kanpur	2125	2150	2210	-	-
Rajkot	2184	2650	2442	1750	**24.8**
Kota	2200	2237	2387	1881	**16.95906**

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
			27-May-22	26-May-22	20-May-22	26-Apr-22	27-May-21
Delhi	Lawrence Road	Mill Delivery	2250	2265	2300	2310	1885
	Narella	Mill Quality Loose	2200	2150	2150	2165	Closed
	Nazafgarh	Mill Quality Loose	2060	2150	2150	2200	Closed
Gujarat	Rajkot	Mill Delivery	2125	2170	2225	2380	-
	Ahmedabad	Mill Delivery	2280	2270	2350	2450	-
	Surat	Mill Delivery	2325	2320	2400	2500	-
	Dhrol	Mill Delivery	2360	2240	2210	2425	-
M.P.	Indore	Mill Delivery	2180	2180	2180	2340	-
	Bhopal	Mill Quality Loose	2050	2000	2050	2060	-
Rajasthan	Kota	Mill Quality Loose	2025	2050	2130	2225	1800
		Mill Delivery	2175	2200	2280	2375	1950
U.P.	Kanpur	Mill Delivery	2100	2105	2150	2200	-
	Mathura	Mill Quality Loose	2120	2140	2150	2185	-
	Kosi	Mill Quality Loose	2125	2200	2180	2185	-
	Hathras	Mill Quality Loose	2130	2130	2100	2200	-
	Aligarh	Mill Quality Loose	2100	2100	2140	2150	-
Punjab	Khanna	Mill Quality Loose	2105	2110	2080	2025	-
	Ludhiana (Jagraon)	Mill Delivery	2200	2200	2250	2150	-

Haryana	Sirsa	Mill Delivery loose	2015	2015	2070	2090	-
	Hodal	Mill Delivery	-	-	-	-	-
	Bhiwani	Mill Quality Loose	2100	2100	2100	2100	-
	Karnal	Mill Delivery	-	-	-	-	-
	Panipat	Mill Quality Loose	-	-	-	2040	-
Tamil Nadu	Chennai	Mill Quality	2500	2500	2450	2500	2050
	Madurai	Mill Quality	2557	2750	2600	2700	2200
	Coimbatore	Mill Quality	2557	2800	2650	2750	2250
Bihar	Khagariya	Mill Delivery	2250	2250	2250	2100	1725
	Muzaffarpur	Mill Delivery	2100	2100	2100	2050	1750

Ongoing Rabi sowing 2021-22 **(Back to Table of Contents)**

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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As per USDA FAS report, in wheat the yield has reduced by 10-15%, decreasing India's wheat crop for 2022-23 MY at 99 MMT. Under the current market supply situation, India's wheat exports in MY 2022-23 would barely touch upon 6 MMT, compared to MY 2021-22 export of 8.5 MMT and MY 2022-23's initial projection of 10 MMT.

As per sources, Bangladesh has planned to import 10 LMT of wheat from India under the Government-to-Government contract. Earlier, Bangladesh has completed a tender for the import of around 3 LMT of wheat from India out of which 1.5 LMT is being unloaded at the Chattogram port. Annually, Bangladesh has wheat demand for 75 LMT out of which 11 LMT are produced locally and the rest of it is imported.

Canada's wheat exports fell by 44% week on week to 186,600 MT against 334,600 MT. The exports remain lower on year on year. Canada has shipped 9 MMT of common wheat, which is nearly 44% lower from a year earlier. Canada's durum wheat exports in the week ended May 1 rose to 10% to 47,300 MT from 43,200 MT the previous week. Durum wheat exports over August 1, 2021-May 15, 2022, totaled 2 MMT, falling nearly 61% on the year.

As of last week, with the winter crop being harvested, the yield reduction is expected to be around 50% on the western part of the country. In Oklahoma, despite recent rains, around 65% of the state remains in the moderate drought to exceptional drought category, and heat conditions have also been rated poor to very poor for 47% of the state. The weather predictions also show no end in sight for the extreme drought conditions with one-week to three-month outlooks showing little hope for above average amounts of rainfall. High temperatures are also anticipated over the next two months.

As per sources, UK grain production for 2022-23 MY is expected to reach 22.85 MMT, an increase of 450,000 MT from last year and more than 3.8 MMT higher than 2020-21. Wheat production has improved in 2021-22 to 14 MMT from the previous 40-year low wheat crop, but it is still below expectations.

Pakistan is expected to reap around 26.9 MMT of wheat this season against a target of 28.9 MMT. There is an unexpected and early heatwave in mid-March which has shrivelled the wheat grains, also there is poor application of fertilizer (both DAP and urea), either due to unavailability or higher costs, as well as a severe shortage of water also depleted crops.

As per sources, Turkey's wheat production is expected to increase by 17.6 percent this year from 2021 to 20 MMT. During the March month, the production forecast was 20.5 MMT which was reduced to 20 MMT in the latest estimate. Turkey's wheat production was 17 million tons in 2021

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.

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
	27-May-22	20-May-22	26-Apr-22	24-Feb-22	26-Nov-21	27-May-21	
Jul-22	425.27	431.51	402.30	343.43	311.00	254.42	67.15
Sep-22	428.48	433.26	401.38	339.85	306.41	246.62	73.74
Dec-22	431.14	433.53	399.36	335.80	304.94	246.89	74.63
Mar-23	432.34	428.39	398.54	333.42	305.86	248.73	73.82
May-23	428.39	405.98	395.32	330.20	306.32	-	-
Jul-23	412.22	395.32	378.05	330.20	212.45	-	-
Dec-23	402.03	392.84	375.21	-	-	-	-

US Wheat Futures May -22

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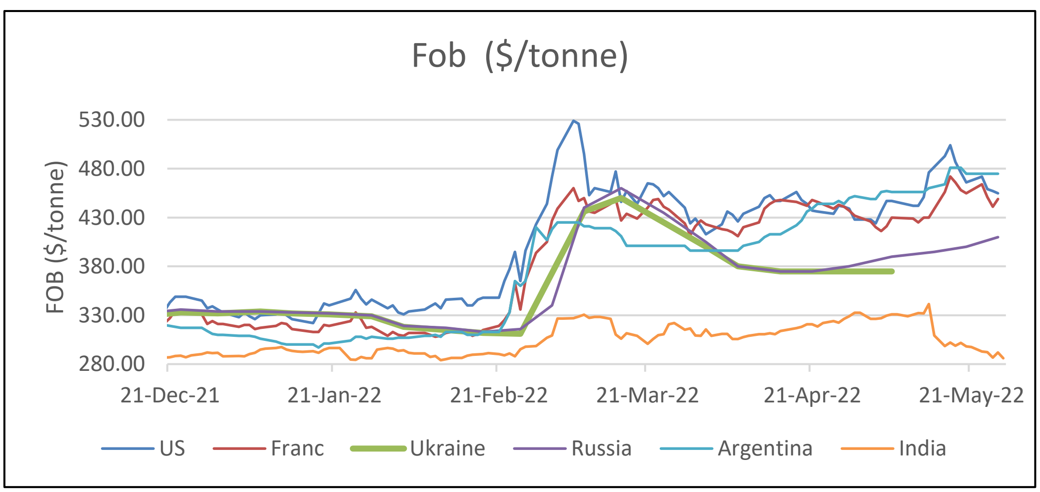
1st Support: 1115.62
2nd Support: 1043.57
1st Resistance: 1287.69
2nd Resistance: 1352.00
($ per tonne)

The CBOT wheat futures are moving in range bound. The candles are above 18,50 and 100 DMA. The MACD crossover is indicating weak momentum. The RSI oscillator value of 52.89 indicates average to poor buying strength.

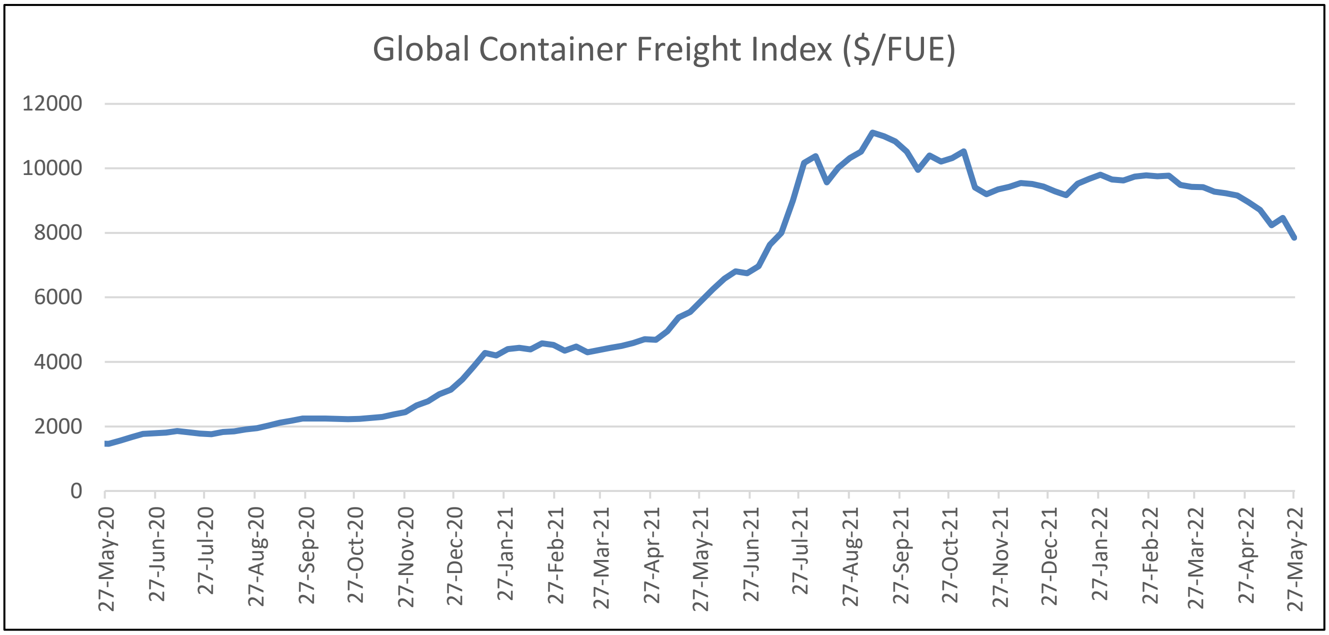
International FOB Weekly Price Movement

Indian FOB is being quoted at $285.88 per tones. The prices have reached a low after February 11th. The prices are expected to stay steady to firm in coming days.



Source: AgriWatch/IGC

Container Freight Index



Source: FBX

The global freight index fell by 7.26 percent compared to previous week to $7851 per Foot Unit Equivalent. Shanghai is set to begin the reopening process from June 1st. Currently, manufacturing is still restricted and transpacific ocean rates continued to fall. While, Asia - US West Coast rates fell 18% this week to $11,455 per Foot Unit Equivalent and are 28% lower than at the start of the lockdown in late March. Currently, about 30 ships are waiting for a berth with high congestion levels at LA Port, though it is still below those seen at the start of the year.