



# **Wheat Weekly Research Report**

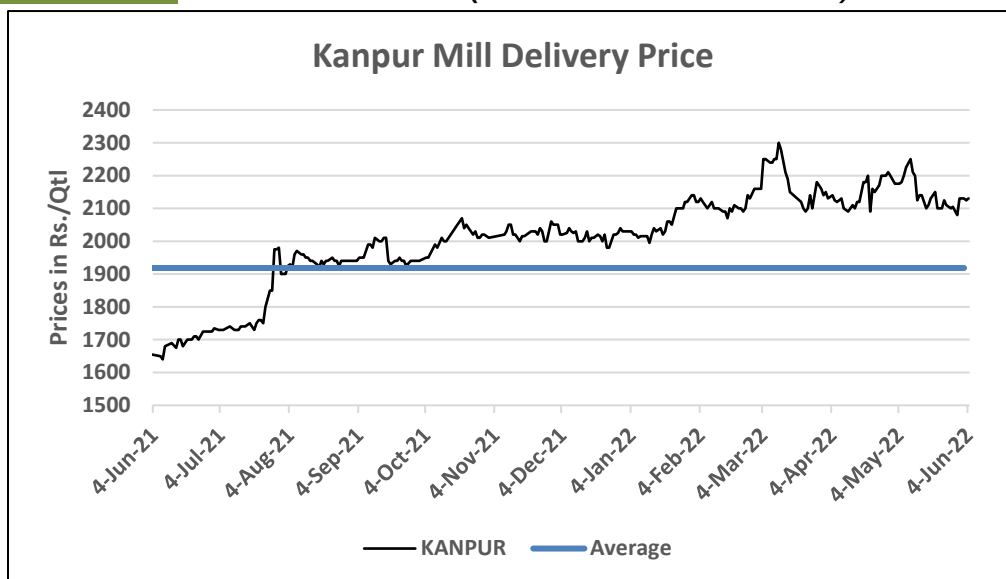
## **Table of Contents**

- ❖ **Review and Outlook**
- ❖ **Export/Import**
- ❖ **Weather**
- ❖ **Weekly Price Change**
- ❖ **Stocking Norms**
- ❖ **FOB Quotes**
- ❖ **Spot Price at NCDEX Delivery Centers**
- ❖ **Domestic Outlook and Spot Prices**
- ❖ **Progressive Sowing**
- ❖ **International Wheat Market**
- ❖ **IGC**
- ❖ **CBOT Future Contract**
- ❖ **CBOT Trend**
- ❖ **International FOB Trend**

## Wheat Domestic Market Fundamentals

On 04<sup>th</sup> June 2022, Kanpur Wheat Mill delivery was traded at Rs. 2130 per quintal compared to Rs. 2105 per quintal last week. The prices rose by 1.19%. The prices are trading steady to slightly firm with government allowing some exports. The domestic demand is on higher side due to lower allocation of wheat in PDS system.

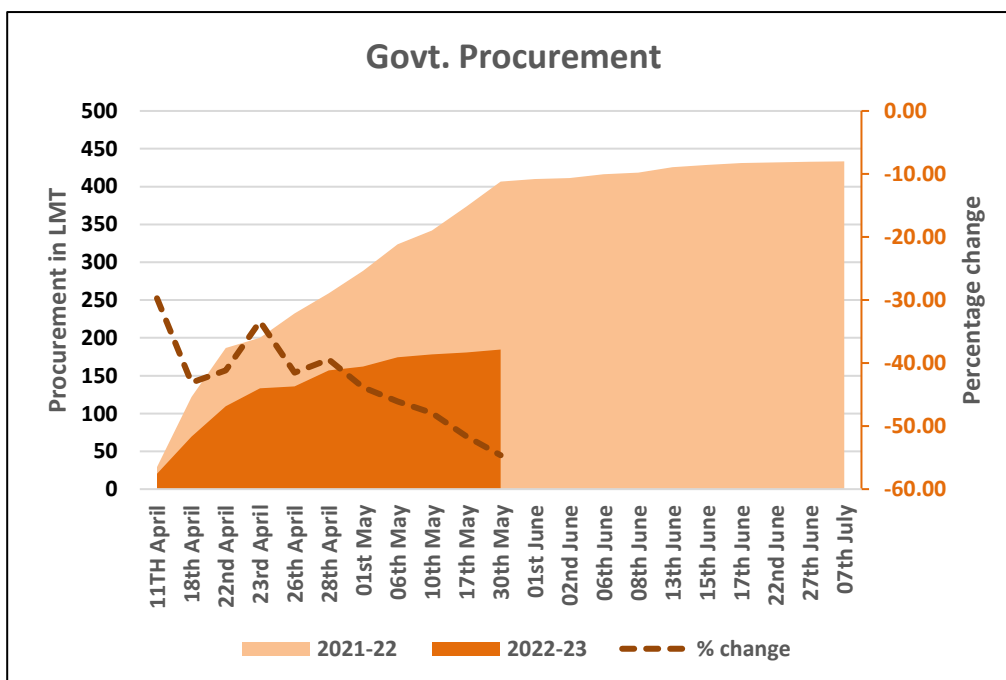
[\(Back to Table of Contents\)](#)



Fodder prices have increased drastically in Rajasthan which was earlier prices at INR 200 per quintal which went as high as INR 1000 per quintal. The increase in fodder prices is due to lower acreage of wheat majority of which has been shifted to mustard.

Currently, hundreds of trucks were laid with around 4 LMT of wheat which is meant for export to Bangladesh have been stuck at land ports in Bengal for at least three weeks as customs authorities are allegedly refusing their onward journey. The exporters are worried further delay in the transportation of the wheat will cause them losses of crores of rupees as the grain will start rotting because of rains.

The As on May 29<sup>th</sup>, wheat procurement stood at 184.58 Lakh MT (LMT) which is down by 54.62% from 406.76 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.

In Haryana, only 40.97 LMT was procured by government compared to 84.93 LMT last year. In UP, the government procurement is just 2.84 LMT against 56.41 LMT last year. In MP, the government procurement is just 44.46 LMT this year against 128.16 LMT last year and in Rajasthan, the government procurement is just 1685 MT against 23.4 LMT last year.

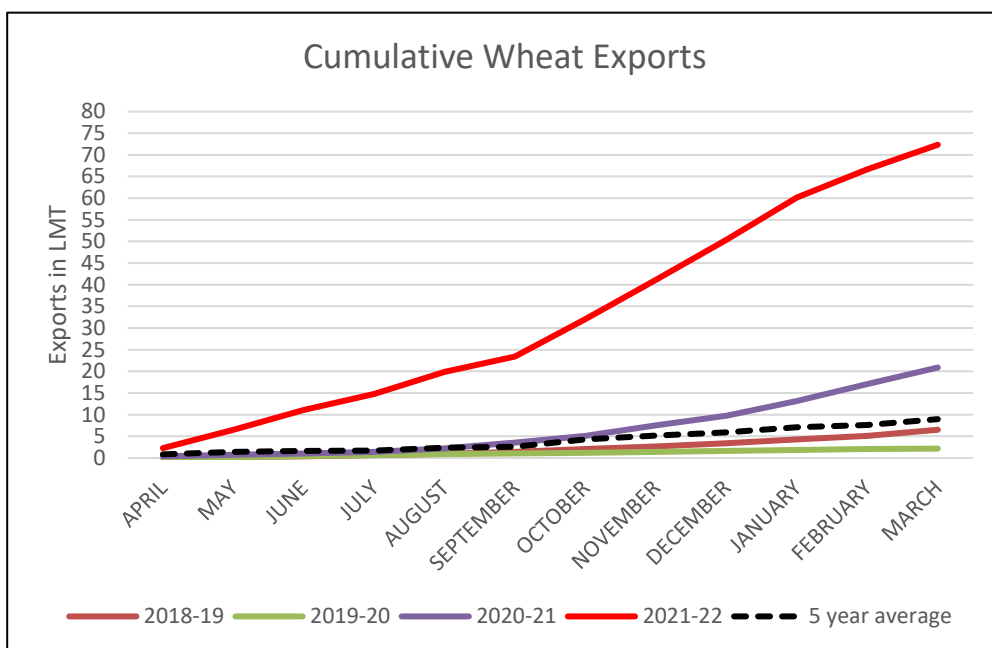
Farmers are still waiting for the prices to go up in the coming days and as a result most of them are still not giving the stocks to government.

As per trade sources, the wheat exports in the month of April are estimated to be around 20.66 LMT which is almost 4 times higher compared to approx. 5.5 LMT exported in the month of March 2022. The largest importer of Indian wheat was Bangladesh with 4.97 LMT followed by Yemen with 2.38 LMT and South Korea with 2.26 LMT.

**Outlook & Recommendation:** The wheat prices are expected to see steady to firm tone in coming days as the demand from domestic front remains on higher side as well as high usage of wheat in feed would support the market despite the export ban.

**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

[\(Back to Table of Contents\)](#)

A week-on-week Exports	Quantity in MT
01-08 Apr-2022	442575.76
9-15 Apr-2022	292308.02
16-23 Apr-2022	530398.85
24-30 Apr-2022	800774.23
Total	2066056.87

Source: Trade

### Wheat Import

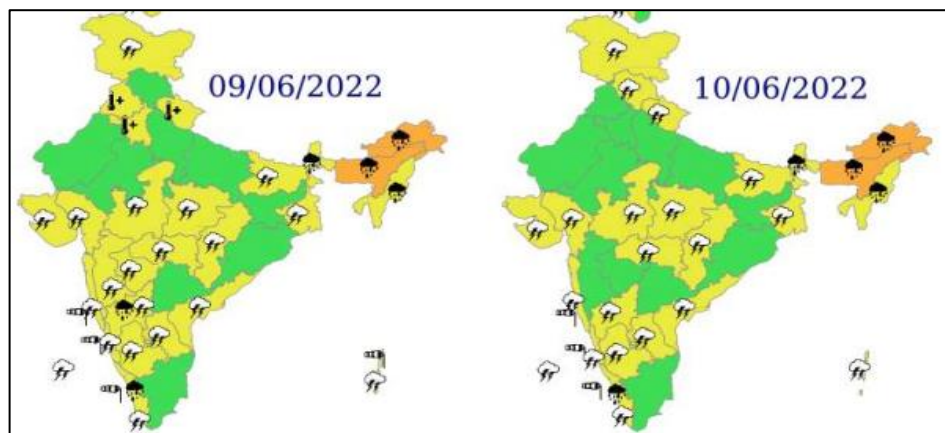
Date	Origin	Port	Quantity in MT
April to Dec-2021	Australia, UK	Tuticorin	51.06
	Mexico, USA		3.00
	Total		54.06

Source: Apeda

### Weather: -

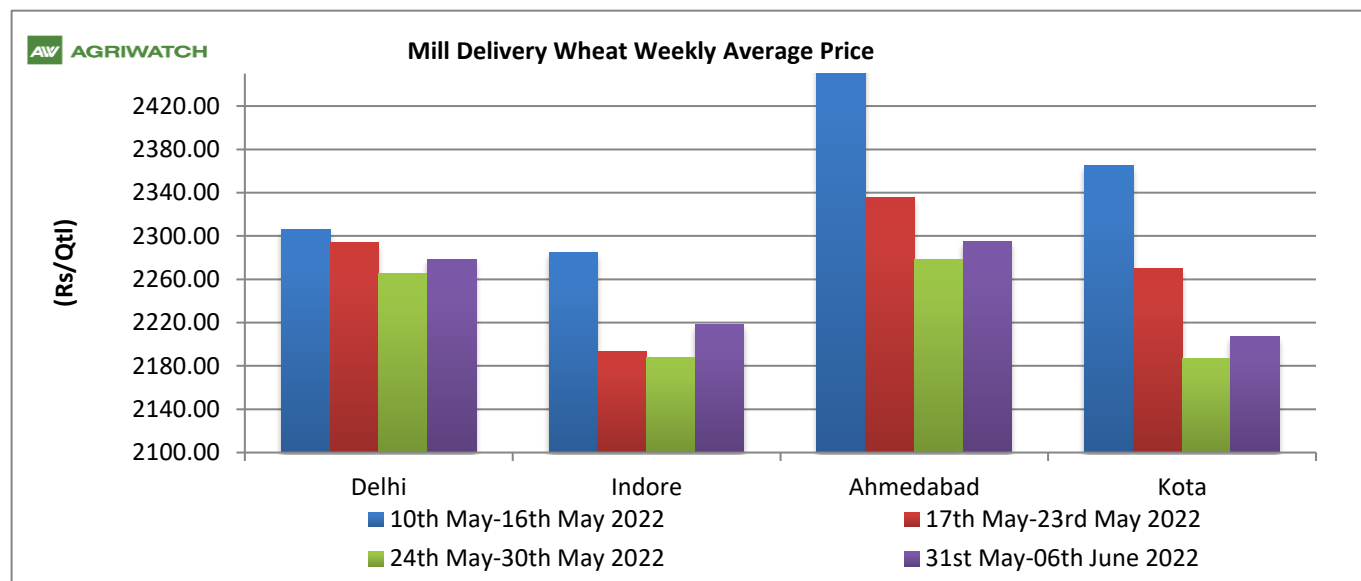
Weather forecast:

Forecast: - June 2022



Source: IMD





### Wheat Weekly Average Price Chart

[\(Back to Table of Contents\)](#)

In all the mandis, the prices continue to show steady to slightly firm tone. The domestic demand continues to rise as there is very less allocation of wheat through distribution schemes. Also, the consumption through feed continues to rise which is supporting the prices.

### Wheat and Rice Stocking Norms

<u>Wheat Stock Norms</u>						
Fig. In Lakh Tonne	Operational Stock			Strategic Reserve		
	Rice	Wheat	Total	Rice	Wheat	Grand Total
As on						
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 in LMT (as on 29.05.2022)
Punjab	96.16
Haryana	40.97
Uttar Pradesh	2.84
Madhya Pradesh	44.46
Rajasthan	0.02
Others	0.13
<b>All-India</b>	<b>184.58</b>

## FOB & CIF Quote for Wheat at Kandla

[\(Back to Table of Contents\)](#)

	At Kandla
Mill delivery (Rajkot)	<b>21150</b>
Freight charge	310
Misc. Charges (port handling)	650
FOB (at Kandla Rs/T)	22110
FOB value in \$ for FAQ	284.56
Freight Charges (US \$/ton) to Dubai	44
Insurance @ 0.1% (\$/MT)	28.46
CIF to Dubai (value in \$ for SRW)	<b>357.02</b>

(INR value: 77.70 as on 04.06.2022)

The Indian wheat FOB prices quoted at 284.56 per tonne which is down from 285.88 per tonne last week. Though the domestic prices have started reviving, the depreciation of rupee continue to pressurize the prices.

## Indicative FOB Quotes:

Wheat FOB	Variety	Current Week	Week Ago	Month Ago	Year Ago	% Change over Prev. Week
		2-Jun-22	26-May-22	3-May-22	2-Jun-21	
USA (Chicago)	2srw	415	455	424	-	<b>-8.79</b>
France	FCW3	434	449	420	-	<b>-3.34</b>
Argentina	ASW	480	475	449	-	<b>1.05</b>
Russia	SRW	-	410	390	-	-
India	FAQ	288.9262179	291.897462	326.4879	-	<b>-1.02</b>

### International Weekly Outlook:

The US FOB fell by 8.79 percent compared to previous week while the price of French wheat fell by 3.34 percent. The fall in prices is mainly due to development of corridor for supply of wheat. Russia has also allowed export of Ukrainian wheat from Belarus reducing the ongoing global supply concern. The acreage for Argentinian wheat is likely to be reduced which has increased the 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
	4-Jun-22	28-May-22	5-May-22	4-Jun-21	
Indore	2112	2100	2216	-	-
Delhi	2257	2258	2281	1871	20.63068
Kanpur	2140	2125	2160	1710	25.1462
Rajkot	2190	2184	2437	1750	25.14286
Kota	2200	2200	2365	1897	15.97259

### Domestic Market Weekly Outlook:

[\(Back to Table of Contents\)](#)

Spot Market Price:							
Centre	Market	Variety	Prices (Rs/Qtl)				
			Today	Yesterday	Week Ago	Month Ago	Year Ago
			4-Jun-22	3-Jun-22	28-May-22	4-May-22	4-Jun-21
Delhi	Lawrence Road	Mill Delivery	2280	2275	2245	2260	1850
	Narella	Mill Quality Loose	2100	2100	2180	Closed	-
	Nazafgarh	Mill Quality Loose	2100	2100	2060	Closed	-
Gujarat	Rajkot	Mill Delivery	2115	2130	2135	2420	1750
	Ahmedabad	Mill Delivery	2280	2315	2275	2420	1835
	Surat	Mill Delivery	2325	2360	2330	2460	1915
	Dhrol	Mill Delivery	2355	2280	2395	2465	-
M.P.	Indore	Mill Delivery	2200	2250	2180	2300	1850
	Bhopal	Mill Quality Loose	2050	2000	2000	2020	1750
Rajasthan	Kota	Mill Quality Loose	2050	2050	2000	2250	-
		Mill Delivery	2200	2200	2150	2400	-
U.P.	Kanpur	Mill Delivery	2130	2125	2105	2175	1750
	Mathura	Mill Quality Loose	2105	2070	2100	2180	1700
	Kosi	Mill Quality Loose	2100	2070	2100	2210	1690
	Hathras	Mill Quality Loose	2050	2080	2120	2180	1680
	Aligarh	Mill Quality Loose	2070	2100	2100	2100	1670
Punjab	Khanna	Mill Quality Loose	2040	2055	2070	2040	Closed
	Ludhiana (Jagraon)	Mill Delivery	2200	2200	2200	2150	-
Haryana	Sirsa	Mill Delivery loose	2015	2000	2015	2100	1790



	Hodal	Mill Delivery	-	-	-	-	-
	Bhiwani	Mill Quality Loose	1960	1950	2100	2200	Closed
	Karnal	Mill Delivery	-	-	-	-	-
	Panipat	Mill Quality Loose	-	-	-	2030	-
Tamil Nadu	Chennai	Mill Quality	2450	2450	2500	2500	-
	Madurai	Mill Quality	2507	2650	2700	2700	-
	Coimbatore	Mill Quality	2507	2700	2750	2750	-
Bihar	Khagariya	Mill Delivery	2100	2100	2250	2200	1850
	Muzaffarpur	Mill Delivery	2100	2100	2100	2125	1800

[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



***(Back to Table of Contents)***

**In case of French wheat, around 67% of the soft wheat crop was in good or excellent condition in the week ending May 30, down from 69% the previous week. The rating fell by more than 20 percentage points in May as a hot spell exacerbated drought after low rainfall since the start of the year.**

**As per Buenos Grain Exchange, Argentina's wheat planting area for the 2022-23 season is expected to be around 6.5 mha, down from 6.6 mha previously forecast. The exchange said the 100,000-hectare reduction on dry conditions in northern Argentina, with no rains seen in short term forecasts.**

**As per ABARES, Australia's wheat output averaged at 24.8 MMT annually. Currently, Australian farmers have enjoyed all-time high wheat prices this year with record output giving huge advantage. Australian Premium White (APW) was quoted at USD\$440 per tonne FOB, slightly below a record price of USD\$460 per tonne FOB a few weeks ago.**

**Russian wheat export prices were trading steady last week due to weak demand from importers, as many exporters had already depleted their share of Russia's state grain exports which lasts until June 30th. Prices were stable at \$410 FOB last week. Russia has exported 360,000 MT of grains last week compared with 300,000 MT a week earlier.**

**Due to global supply concerns, Egypt will allow wheat shipments with a moisture level of up to 14% for a year, up from 13.5%. Egypt usually sources most of its wheat from Russia and Ukraine, where conflict has disrupted its purchases of relatively cheaper Black Sea wheat and inflated global prices. Egypt has received 82% of its wheat from Ukraine and Russia in 2020, and USDA estimated Egypt would import a total of 12 million tonnes during 2021-22**

**IGC Wheat Balance Sheet:**

***(Back to Table of Contents)***

IGC Forecast (Fig-In MMT)	2019-20	2020-21 est.	2021-22 F'cast	2022-23 Proj	
				21.04.2022	19.05.2022
<b>Production</b>	761	774	781	780	769
<b>Trade</b>	185	190	194	193	194
<b>Consumptions</b>	745	771	778	785	780
<b>Carryover stocks</b>	275	279	282	277	271
<b>Y-O-Y change</b>	15	3	4		-11
<b>Major Export</b>	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
	2-Jun-22	26-May-22	2-May-22	2-Mar-22	2-Dec-21	2-Jun-21	
Jul-22	388.80	420.03	387.79	382.56	294.84	255.99	51.88
Sep-22	393.03	423.24	388.80	351.14	294.65	256.17	53.42
Dec-22	397.16	425.72	389.44	327.72	295.76	258.37	53.71
Mar-23	400.01	426.83	389.72	316.61	296.12	-	-
May-23	400.01	422.33	387.15	304.67	291.35	-	-
Jul-23	390.18	405.79	372.45	304.67	212.45	-	-
Dec-23	381.54	396.06	368.78	-	-	-	-



### US Wheat Futures Jun -22

[\(Back to Table of Contents\)](#)



**1<sup>st</sup> Support: 1029.75**

**2<sup>nd</sup> Support: 984.19**

**1<sup>st</sup> Resistance: 1287.69**

**2<sup>nd</sup> Resistance: 1352.00**

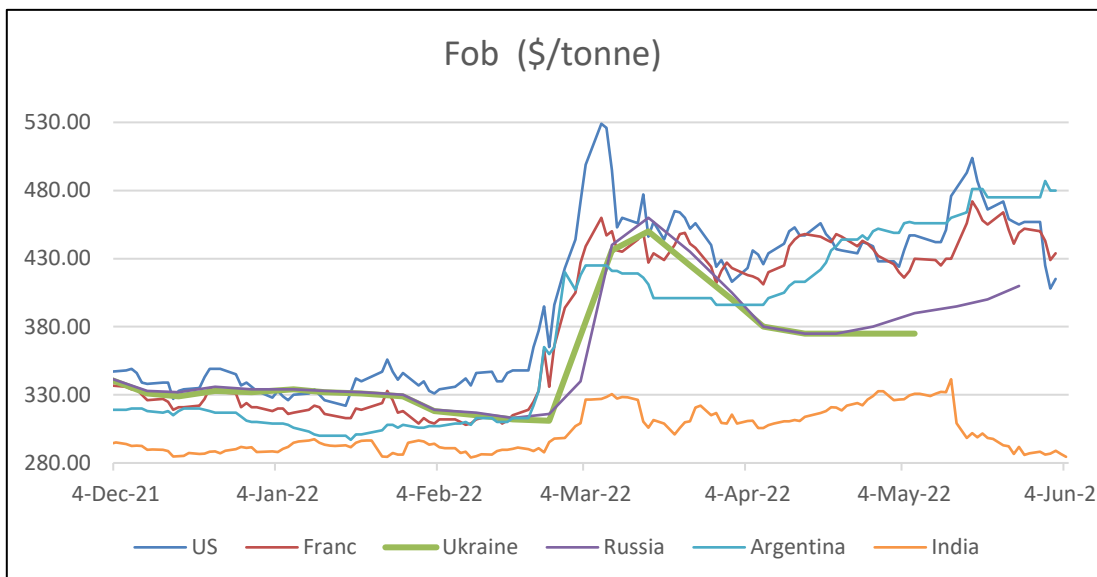
**(\$ per tonne)**

As depicted from the above chart, the CBOT rough rice futures are moving in range bound. The candlesticks are below 9,18 and 50 DMA while above 100 DMA indicating steady sentiments. The 100 DMA can be the next support for the candles. The MACD crossover indicates weak tone. The RSI oscillator value of 45.18 indicates weak buying strength.

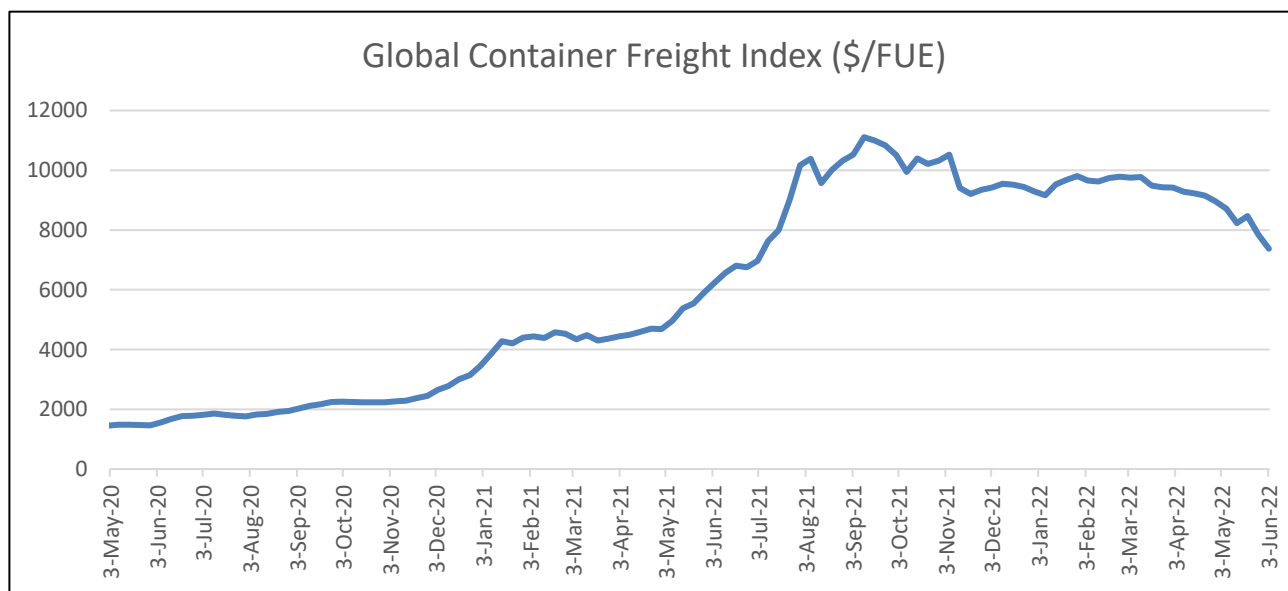


### International FOB Weekly Price Movement

Indian FOB is being quoted at \$284.56 per tones. The depreciation of rupee is leading to fall in prices though in coming days we can expect the FOB prices to rise.



### Container Freight Index



The global freight index fell by 6.13 percent compared to previous week to \$7370 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.



# AGRIWATCH

## Wheat Weekly Research Report 06<sup>th</sup> June-2022

**Disclaimer:** The information and opinions contained in the document have been compiled from sources believed to be reliable. The company does not warrant its accuracy, completeness and correctness. Use of data and information contained in this report is at your own risk. This document is not, and should not be construed as, an offer to sell or solicitation to buy any commodities. This document may not be reproduced, distributed or published, in whole or in part, by any recipient hereof for any purpose without prior permission from the Company. IASL and its affiliates and/or their officers, directors and employees may have positions in any commodities mentioned in this document (or in any related investment) and may from time to time add to or dispose of any such commodities (or investment). Please see the detailed disclaimer at <http://www.agriwatch.com/disclaimer.php> © 2022 Indian Agribusiness Systems Limited.