

# Wheat Weekly Research Report

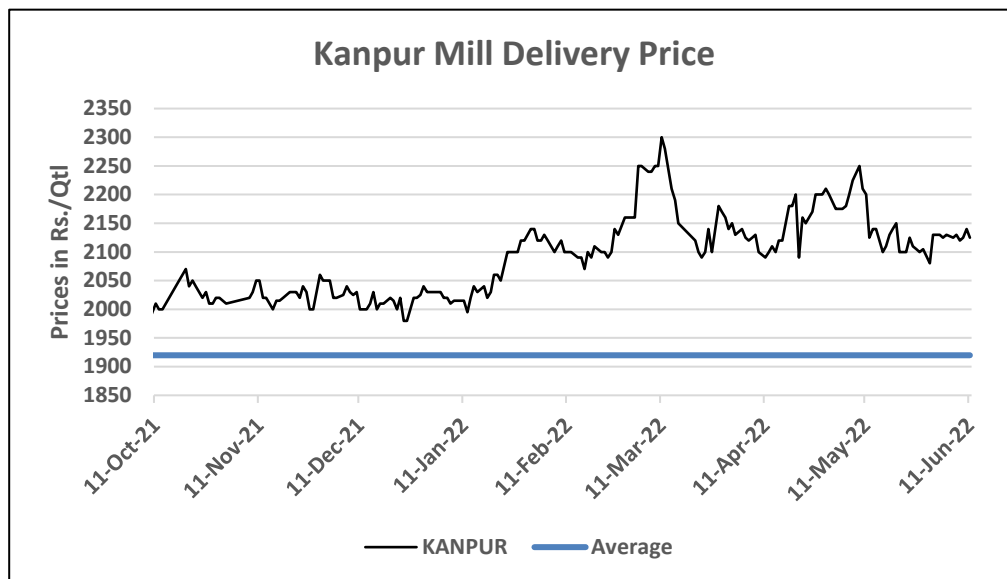
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## Wheat Domestic Market Fundamentals

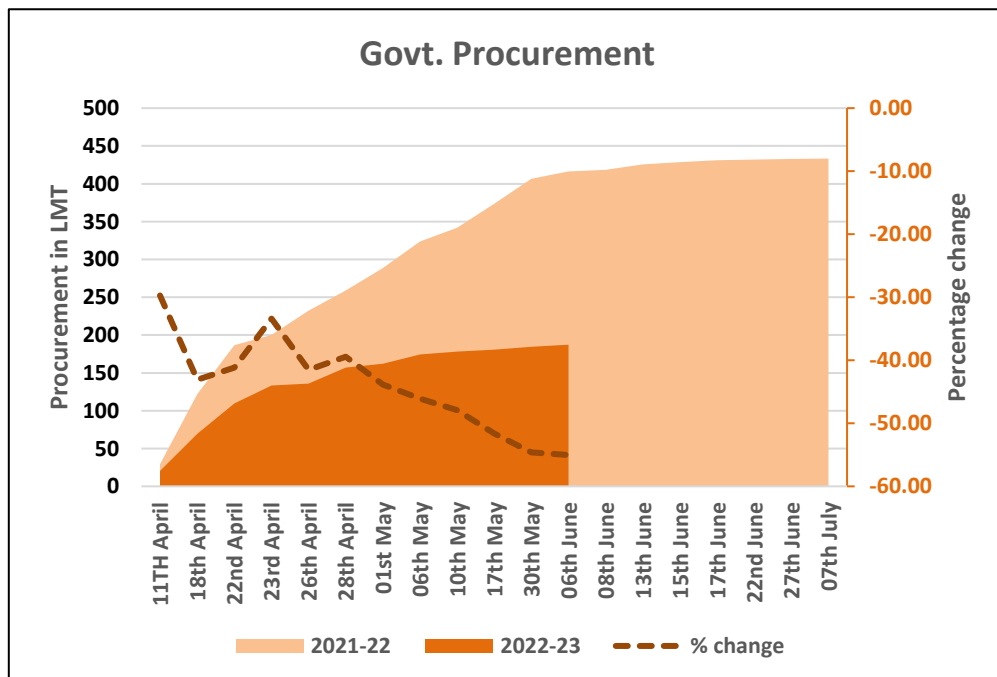
On 11<sup>th</sup> June 2022, Kanpur Wheat Mill delivery was traded at Rs. 2125 per quintal compared to Rs. 2130 per quintal last week. The prices were almost steady compared to previous week. The domestic demand is on higher side due to lower allocation of wheat in PDS system.

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The As on June 05<sup>th</sup>, wheat procurement stood at 187.28 Lakh MT (LMT) which is down by 55.03% from 416.44 LMT procured during previous 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.

Wheat stock in the Central pool stood at 311.42 LMT on June 1<sup>st</sup>, which is the lowest since 2008 when the figure was 241.23 LMT. Wheat stock was at 602.91 LMT on June 1<sup>st</sup> last year. There is a sharp dip in the wheat stock this year but it is still higher than the government's buffer stock norms. As per these norms, the operational stock of wheat should be 44.60 LMT as on April 1; 245.80 LMT as on July 1; 175.20 LMT as on October 1; and 108 LMT as on January 1.

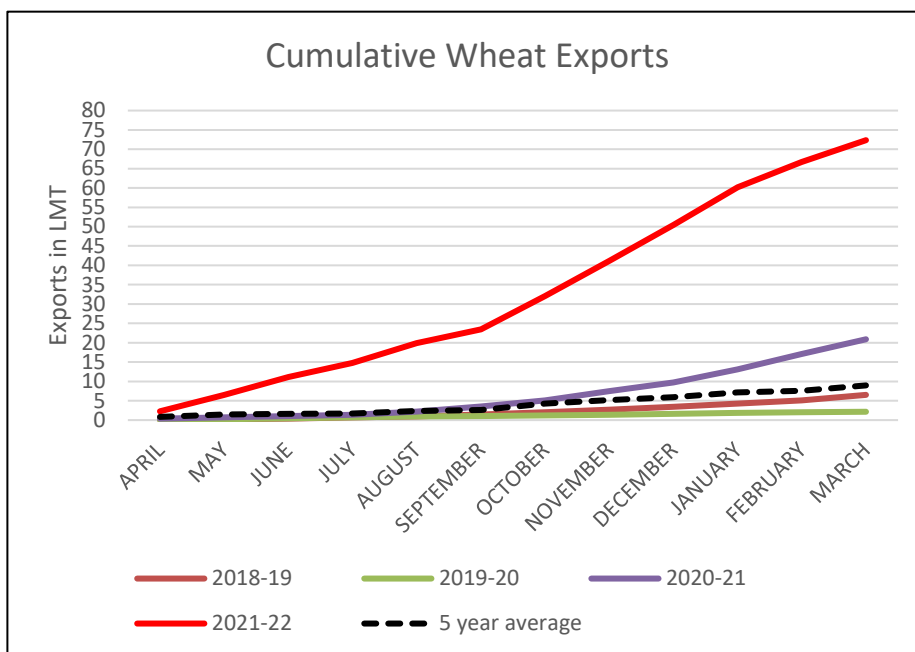


In addition to this, a strategic reserve of 30 LMT is required to be maintained on all these four dates.

As many as nine countries which includes Ethiopia, Indonesia, Bangladesh, Qatar, Oman, Yemen and Jordan have requested India to supply about 1 MMT of wheat in the wake of a ban on the wheat exports from May 13 but the entire demand is unlikely to be fulfilled. Ethiopia alone wants about 0.2 MT of wheat.

As per sources, Bangladesh dependence on Indian wheat has increased and it is likely that it will need to import at least 6.2 MMT of wheat from India.

India is likely to ship out around 1.2 MMT of wheat as it seeks to clear cargoes which is stuck at ports since last month's sudden ban of exports of the grain. Following the export ban, India has allowed wheat shipments of 469,202 MT, but at least 1.7 MMT are still lying at ports, raising quality concerns due to looming monsoon rains.



Around 56,000 MT of Indian durum wheat consignment which was turned down by Egypt and Turkey, is currently berthed at an Israeli port as it awaits news of a final destination. As per sources, the wheat shipment was turned down by Turkey because the wheat's protein content was below 13-14%.

**Outlook & Recommendation:** The wheat prices are expected to stay 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. Also, as the central pool stocks also remains low, we can expect the prices to remain firm for long term.

**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
01-08 Apr-2022	442575.76
9-15 Apr-2022	292308.02
16-23 Apr-2022	530398.85
24-30 Apr-2022	800774.23
<b>Total</b>	<b>2066056.87</b>

Source: Trade

### Wheat Import

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

Source: Apeda

### Weather: -

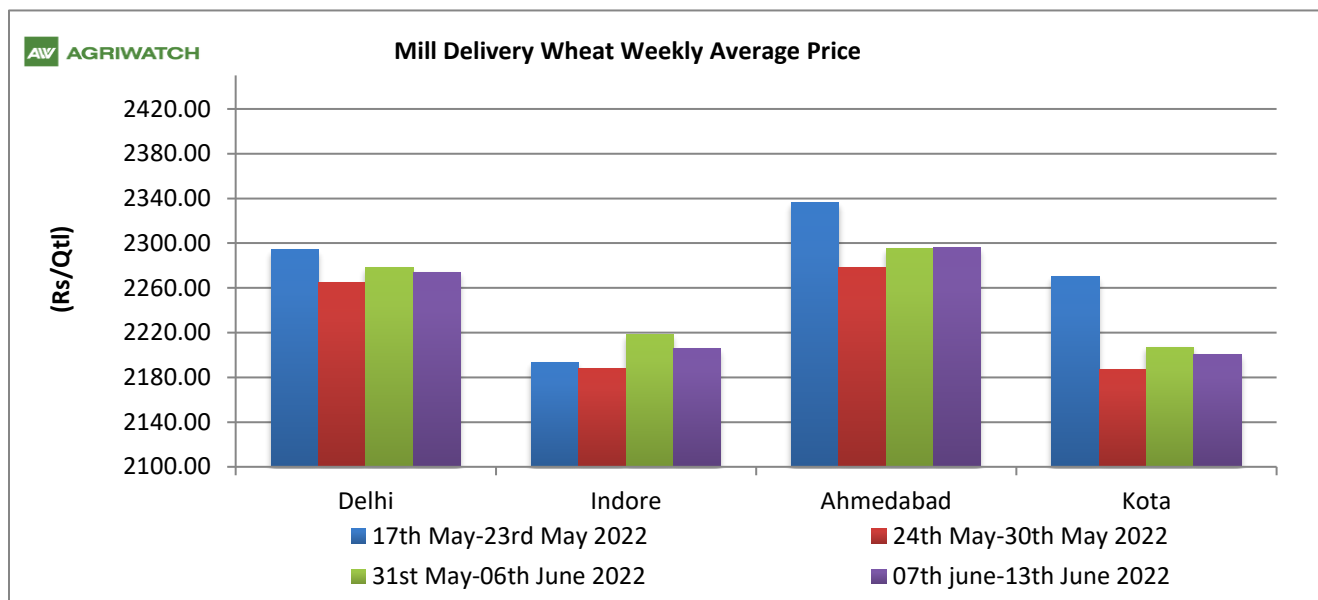
Weather forecast:

Forecast: - June 2022



### Wheat Weekly Average Price Chart

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In all the mandis, the prices continue to show steady 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. The prices are expected to trade firm in coming week.

### 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 05.06.2022)
Punjab	96.25
Haryana	41.81
Uttar Pradesh	3.04
Madhya Pradesh	46.03
Rajasthan	0.04
Others	0.11
<b>All-India</b>	<b>187.28</b>

FOB & CIF Quote for Wheat at Kandla
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	At Kandla
Mill delivery (Rajkot)	<b>21800</b>
Freight charge	310
Misc. Charges (port handling)	650
FOB (at Kandla Rs/T)	22760
FOB value in \$ for FAQ	291.12
Freight Charges (US \$/ton) to Dubai	44
Insurance @ 0.1% (\$/MT)	29.11
CIF to Dubai (value in \$ for SRW)	<b>357.02</b>

(INR value: 78.18 as on 10.06.2022)

The Indian wheat FOB prices quoted at 291.12 which is slightly higher than 284.56 per tonne last week. The domestic prices have started reviving, while 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
		9-Jun-22	2-Jun-22	10-May-22	9-Jun-21	
USA (Chicago)	2srw	416	415	442	-	0.24
France	FCW3	417	434	429	-	-3.92
Argentina	ASW	492	480	456	-	2.50
Russia	SRW	425	420	390	-	1.19
India	FAQ	291.79	288.93	330.75	-	0.99

#### International Weekly Outlook:

The US FOB were steady and rose by 0.24 percent compared to previous week. US wheat exports ended the 2021-22 MY at their lowest in 50 years, as the product remained uncompetitive with all key origins throughout the season. The French wheat FOB were weak and fell by 3.92 percent. French soft wheat exports to non-EU destinations in the 2021-22 season that ends on June 30 are now expected to be around 9.1 MMT, down from 9.25 MMT which was projected in May. Argentina FOB was trading firm and rose by 2.50 percent compared to last week.

#### 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
	10-Jun-22	3-Jun-22	11-May-22	10-Jun-21	
Indore	2125	2118	2200	-	-
Delhi	2260	2257	2290	1862	21.37
Kanpur	2130	2137	2160	1670	27.54
Rajkot	2185	2137	2450	1750	24.86
Kota	2200	2257	2400	1876	17.27

#### 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
			10-Jun-22	9-Jun-22	3-Jun-22	10-May-22	10-Jun-21
Delhi	Lawrence Road	Mill Delivery	2280	2270	2275	2300	1830
	Narella	Mill Quality Loose	2125	2125	2100	2200	-
	Nazafgarh	Mill Quality Loose	2100	2100	2100	2200	-
Gujarat	Rajkot	Mill Delivery	2180	2175	2130	2460	1725
	Ahmedabad	Mill Delivery	2310	2315	2315	2500	1830
	Surat	Mill Delivery	2360	2360	2360	2530	1925
	Dhrol	Mill Delivery	2305	2315	2280	2340	1610
M.P.	Indore	Mill Delivery	2200	2200	2250	2300	Closed
	Bhopal	Mill Quality Loose	2030	2025	2000	2100	Closed
Rajasthan	Kota	Mill Quality Loose	2040	2050	2050	2275	1775
		Mill Delivery	2200	2200	2200	2425	1900
U.P.	Kanpur	Mill Delivery	2140	2125	2125	2210	1725
	Mathura	Mill Quality Loose	2100	2080	2070	2210	1720
	Kosi	Mill Quality Loose	2080	2060	2070	2290	1700
	Hathras	Mill Quality Loose	2100	2100	2080	2170	1670
	Aligarh	Mill Quality Loose	2070	2080	2100	2150	1640
Punjab	Khanna	Mill Quality Loose	2030	2035	2055	2200	1810



	Ludhiana (Jagraon)	Mill Delivery	2200	2200	2200	2150	-
Haryana	Sirsa	Mill Delivery loose	2020	2020	2000	2125	1800
	Hodal	Mill Delivery	-	-	-	-	-
	Bhiwani	Mill Quality Loose	1950	1950	1950	2200	-
	Karnal	Mill Delivery	-	-	-	-	-
	Panipat	Mill Quality Loose	2150	2150	-	2050	-
Tamil Nadu	Chennai	Mill Quality	2450	2450	2450	2500	2100
	Madurai	Mill Quality	2507	2650	2650	2700	2300
	Coimbatore	Mill Quality	2507	2700	2700	2750	2350
Bihar	Khagariya	Mill Delivery	2050	2150	2100	2150	1800
	Muzaffarpur	Mill Delivery	2000	2100	2100	2125	1800

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

**Canada's common wheat exports fell by 45.3% week on week basis to 168,900 MT in the week to May 29,** compared to 308,500 MT in the previous week. Canada's durum wheat exports in the week ended May 29 stood at 30,800 MT, which is down by 74.1% from 118,700 MT in the previous week. Durum wheat exports over August 1<sup>st</sup> 2021 to May 29<sup>th</sup> 2022 totaled at 2.1 MMT, down 60% on the year. In MY 2020-21, Canada exported a total 26.4 million mt of wheat, however, exports have remained weak to date in MY 2021-22 due to poor output and a lack of exportable surplus.

**As per Sovecon agency, Russia's wheat exports forecast for MY 2022-23 has been raised by 1.3 MMT to a** record high of 42.3 MMT. Exports of all grains from Russia in the 2022-23 MY is currently estimated at 54.5 MMT which would match the record exports in 2017-18 when Russia exported 54.6 MMT of grain.

**Russian wheat export prices rose last week due to active supplies from the country's Black Sea ports. Prices** for wheat with 12.5% protein content and for supply from Black Sea ports in June rose by \$15 to \$425 free on board (FOB) at the end of last week. Russia has exported 620,000 MT of grains last week compared with 360,000 MT a week earlier.

**China has gathered 55% of its winter wheat crop as of June 6, passing the 50% mark two days earlier than last** year. While the major uncertainty in global wheat supply is how much grain will eventually be shipped from Ukraine, a decent harvest in China will at least alleviate another risk.

**Kazakhstan is planning to extend the quota for the export of wheat and flour until September 1, 2022.** Currently set quota of 1 MMT for the export of wheat and 300,000 MT of flour expires on June 15, 2022.

**As per Strategie Grains, EU wheat production likely to be less by almost 5% this year compared with last year.** It is forecast to produce 278.8 MMT of all grains in the 2022-2023 growing season which is down by more than 4% from last year, because of the dry weather.

**As per ABARES, wheat production is forecast to increase 22% above 10-year averages to reach 30.3 MMT and** production is forecast to reach 10.9 MMT, both the fourth largest on record.

**As per Rosaria Grain exchange, planting area for the 2022-2023 wheat crop is lower than expected 6.2 mha** due to drought, which reduced sowing of the crop by farmers. It is 700,000 ha smaller than the preceding season, which yielded a record harvest of 23 MMT of wheat. It is believed that this year's harvest will be closer to 18 MMT.

**As per FranceAgriMer, french soft wheat exports to non-EU destinations in the 2021-22 season that ends on** June 30 are now expected to be around 9.1 MMT, down from 9.25 MMT which was projected in May.

**US wheat exports ended the 2021-22 MY at their lowest in 50 years, as the product remained uncompetitive** with all key origins throughout the season. Wheat shipments from the US totalled at 18.67 MMT on 1st June

2021 to 31<sup>st</sup> May 2022 which is down from 26.99 MMT a year earlier and at their lowest since 1971-72, when they reached 16.31 MMT.

**Morocco has turned to Brazil to maintain its stocks are well supplied due to wheat supply concern looming over Ukraine and Russia.** Morocco's wheat imports from Brazil have reached 360,000 MT during the first four months of 2022, a 632% year-on-year increase. During the same period, almost half of Brazil's wheat exports went to Saudi Arabia, Morocco, Sudan, and Egypt, which grew fourfold. At the end of April, Brazil exported 2.3 MMT of wheat, up from 568,000 MT in the same period last year, up by 313% year-to-year.

**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
<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
	9-Jun-22	2-Jun-22	9-May-22	9-Mar-22	9-Dec-21	9-Jun-21	
Jul-22	393.58	388.80	401.48	407.91	284.64	257.27	52.98
Sep-22	398.54	393.03	402.49	377.32	285.56	257.55	54.74
Dec-22	403.13	397.16	404.32	356.29	287.21	259.48	55.36
Mar-23	406.62	400.01	405.15	335.99	287.77	-	-
May-23	408.27	400.01	400.74	317.25	284.00	-	-
Jul-23	401.66	390.18	379.43	317.25	212.45	-	-
Dec-23	397.25	381.54	374.66				-



### US Wheat Futures Jun -22

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**1<sup>st</sup> Support: 1043.57**

**2<sup>nd</sup> Support: 981.59**

**1<sup>st</sup> Resistance: 1161.02**

**2<sup>nd</sup> Resistance: 1287.19**

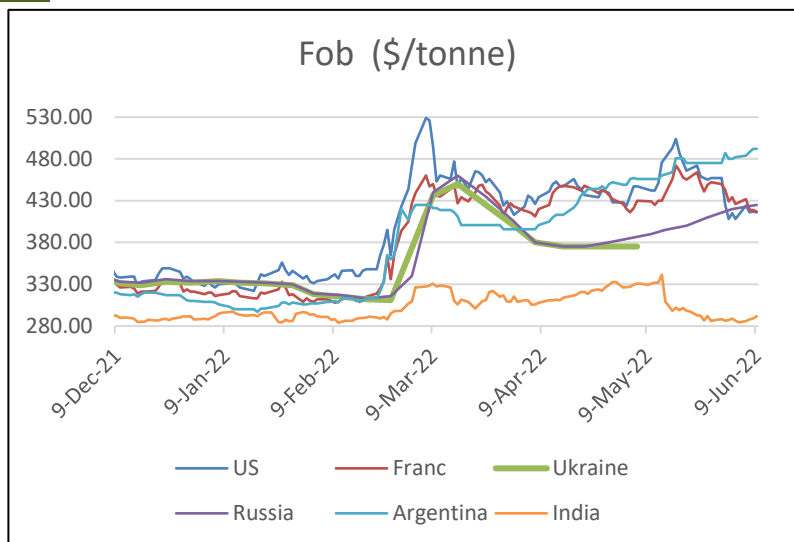
**(\$ per tonne)**

As depicted from the above chart, the CBOT wheat futures are moving in range bound. The candlesticks are below 9 and 18 DMA while above 50 and 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 45.19 indicates weak buying strength.

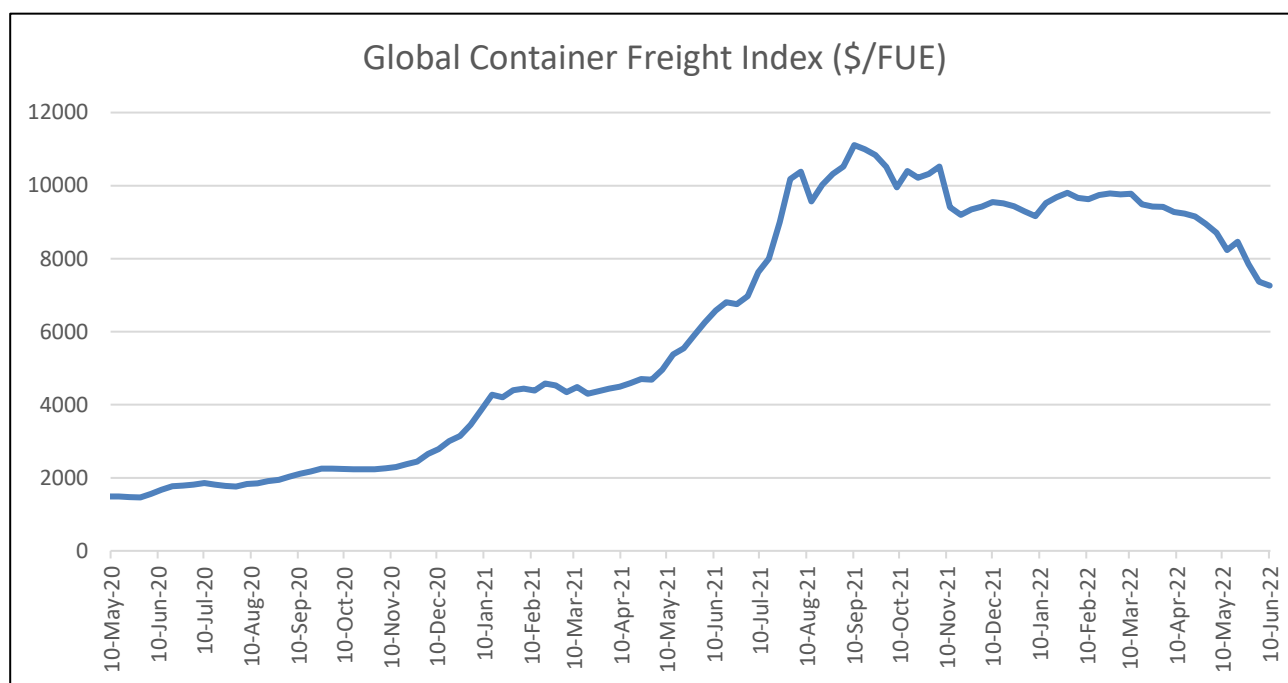


### International FOB Weekly Price Movement

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



There has been a drop in orders for US-bound imports in April and May, enough arriving and backlogged containers were still processed in April to put volumes 5% higher than last year. May and June volumes are projected to be even higher than April, 7.5% greater than in 2021 and tied for the third highest monthly volumes on record, with July and August not far behind. The recent dip in orders reflects the fall in manufacturing while Shanghai was shut down. But the long-anticipated shift in consumer spending from goods to services as the pandemic fades seems to have surfaced in the last couple months as well, and could also mean that part of the dip was due to a decrease in underlying demand.



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