

Wheat Weekly Research Report

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Wheat Domestic Market Fundamentals

On 18th June 2022, Kanpur Wheat Mill delivery was traded at Rs. 2140 per quintal which is similar to last week. The demand within the domestic and international market is low as well as the arrivals are impacted by the ongoing rainfall activity in various regions.

As per sources, India's Wheat might be exported to Indonesia in exchange of palm oil. This may benefit

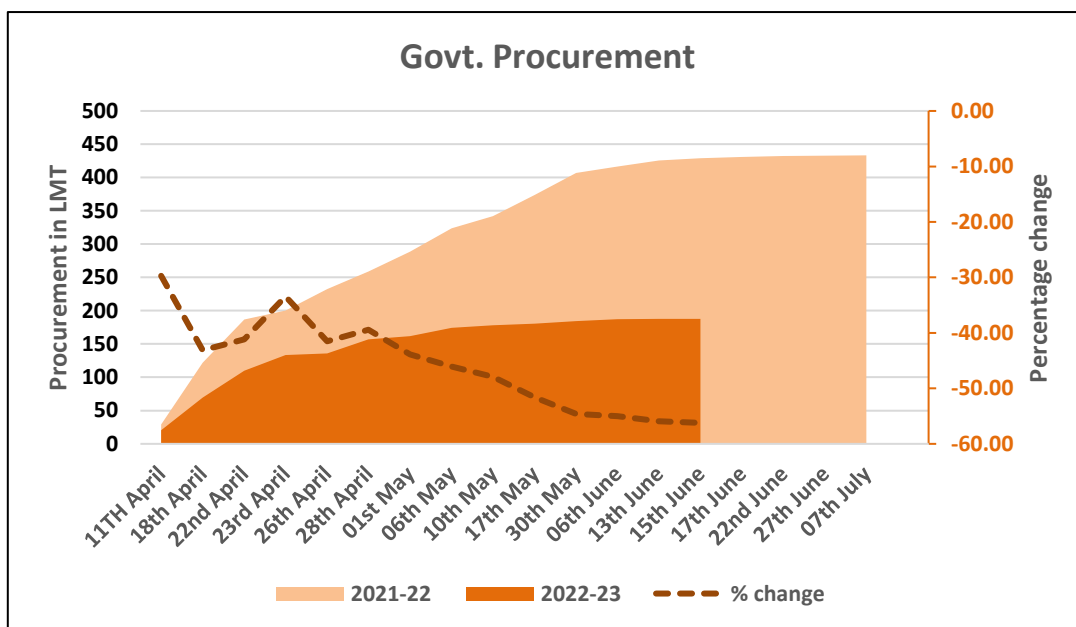
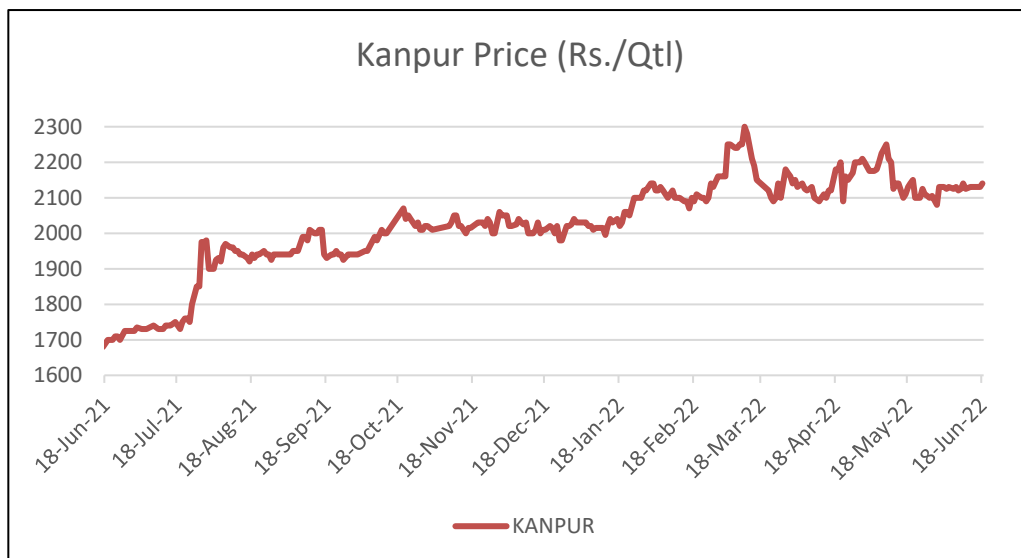
both countries as inflation rates will cool down in India and on the other hand Indonesia's food grain demand accomplished.

As on June 13th, wheat procurement stood at 187.72 Lakh MT (LMT) which is down by 58% from initial estimate which was 444 LMT and it is estimated that only 190 LMT of wheat would be procured by end of this season. Farmers are 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.

Government decided to put restriction on wheat flour export as irrational spike in outbound

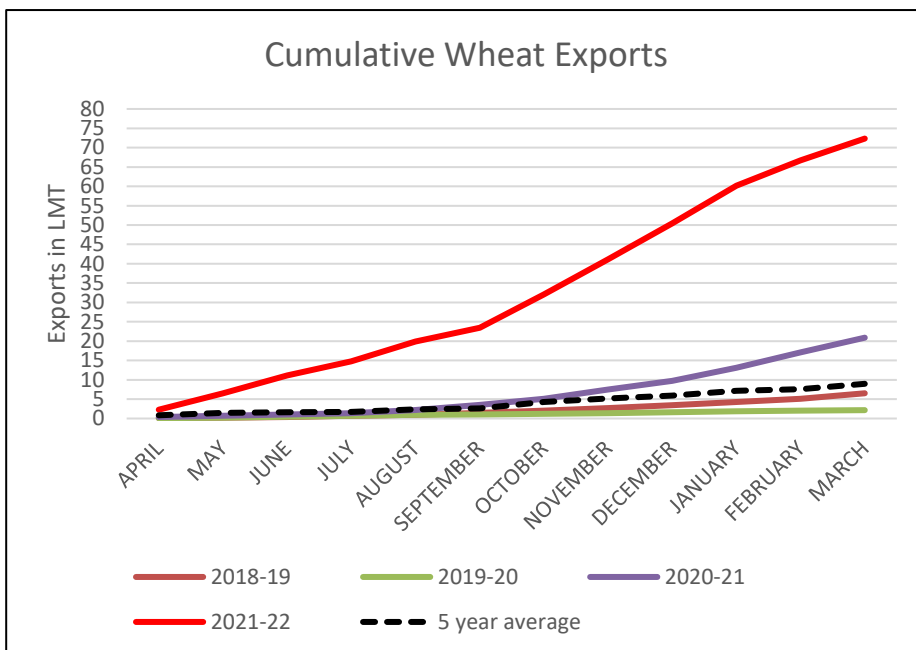
shipments of wheat by-product over past few days has threatened to undermine its ban on wheat dispatches. Also indicating that many traders may be using route to beat the prohibition on the grain's export.

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In previous month, Indian wheat export was at 1.52 MMT with an average FOB of \$334.46 per ton. The top 3 importing countries were Indonesia with 0.43 MMT at average FOB of \$294.42 per tons, Bangladesh with 0.31 MMT at average FOB of \$326.19 per tons and UAE with 0.14 MMT at average FOB of \$546.30 per tons.

UAE economy ministry has ordered suspension of export and re-exports of India's Wheat and its flour for a period of 4 months. The Gulf Nations economy ministry cited interruptions to global trade flow could be the main reason for this move.



Outlook & Recommendation: The wheat prices are expected to stay steady in coming week as the demand is expected to be dull in coming week as well. The demand from international market is also on lower side pressurizing the prices.

Trade Call: There is no NCDEX trading currently.

Weather Outlook: Rainfall has started in various parts 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 (\$/TONNE)
01-08 May-2022	396584.98	343.65
9-15 May-2022	740890.53	331.64
16-23 May-2022	116058.81	314.76
24-31 May-2022	264972.68	325.94
Total	1518506.50	334.66

Source: Trade

Wheat Import

Date	Origin	Port	Quantity in MT
April to Feb. 22	Australia, UK	Tuticorin	51.06
	Mexico, USA		3.00
	Total		54.06

Source: Apeda

Weather: -

Weather forecast:

Forecast: - June 2022

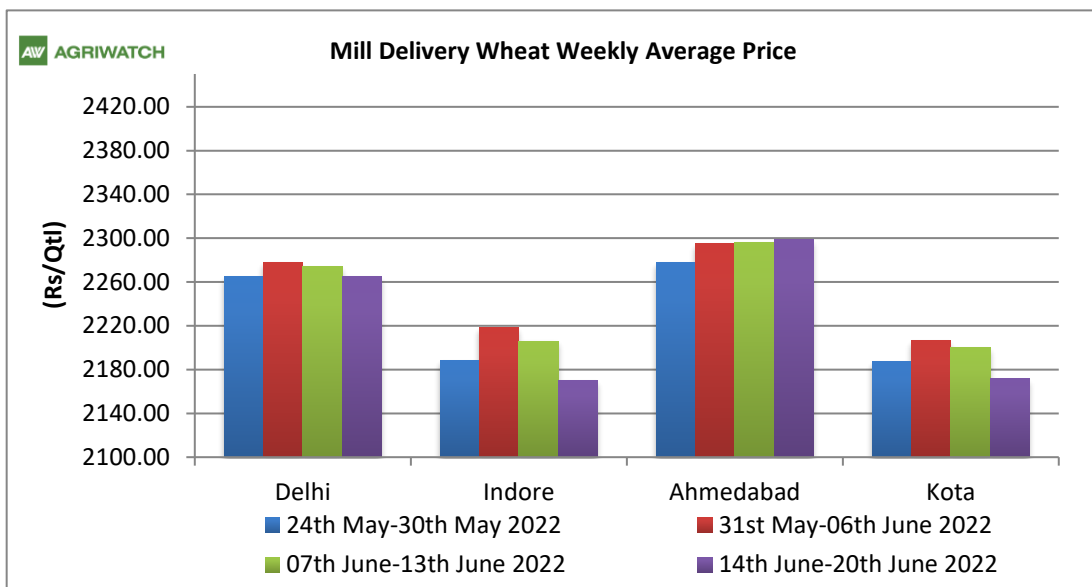


Source: IMD

Wheat Weekly Average Price Chart

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There were steady sentiments observed in major mandis. There is low demand in the domestic as well as international market as a result the prices are moving steady. The rainfall activity is also hampering the arrivals and buying strength. We expect the prices to remain steady 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 13.06.2022)
Punjab	96.47
Haryana	41.81
Uttar Pradesh	3.21
Madhya Pradesh	46.03
Rajasthan	0.08
Others	0.12
All-India	187.72

FOB & CIF Quote for Wheat at Kandla

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	At Kandla
Mill delivery (Rajkot)	21810
Freight charge	310
Misc. Charges (port handling)	650
FOB (at Kandla Rs/T)	22460
FOB value in \$ for FAQ	288.10
Freight Charges (US \$/ton) to Dubai	44
Insurance @ 0.1% (\$/MT)	28.81
CIF to Dubai (value in \$ for SRW)	357.02

(INR value: 77.96 as on 18.06.2022)

The Indian wheat FOB prices quoted at 288.10. The domestic prices are still moving steady while depreciation of rupee is pressurizing the prices.

Indicative FOB Quotes:

Wheat FOB	Variety	Current Week	Week Ago	Month Ago	Year Ago	% Change over Prev. Week
		16-Jun-22	9-Jun-22	17-May-22	16-Jun-21	
USA (Chicago)	2srw	418	416	504	-	0.48
France	FCW3	429	417	472	-	2.88
Argentina	ASW	482	492	481	-	-2.03
Russia	SRW	425	425	395	-	Unch
India	FAQ	290.55	291.79	301.93	-	-0.42

International Weekly Outlook:

The US FOB were steady and rose by 0.48 percent compared to previous week. The US wheat crop is suffering from hot and drought condition with the wheat production expected at 1.18 billion bushels (1 bushel = 27.22 kg) which is down by 7 percent compared to previous year. The French wheat FOB rose by 2.88 percent as the heatwave is expected to cause large losses in wheat crop. In Argentina, the sowing is down from last year supporting the prices. The current estimate is 6.4 mha which is down from 6.6 mha sown previous year.

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
	18-Jun-22	11-Jun-22	19-May-22	18-Jun-21	
Indore	2124	2125	2087	-	-
Delhi	2263	2261	2301	1813	24.82
Kanpur	2120	2130	2125	1650	28.48
Rajkot	2150	2187	2280	1750	22.86
Kota	2149	2200	2250	1875	14.61

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
			18-Jun-22	17-Jun-22	11-Jun-22	18-May-22	18-Jun-21
Delhi	Lawrence Road	Mill Delivery	2270	2270	2280	2280	1795
	Narella	Mill Quality Loose	2100	2100	2125	Closed	-
	Nazafgarh	Mill Quality Loose	2100	2100	2100	Closed	-
Gujarat	Rajkot	Mill Delivery	2150	2160	Closed	2230	1725
	Ahmedabad	Mill Delivery	2260	2290	Closed	2340	1850
	Surat	Mill Delivery	2310	2340	Closed	2400	1950
	Dhrol	Mill Delivery	2310	2315	Closed	2340	-
M.P.	Indore	Mill Delivery	2150	2150	2210	Closed	2000
	Bhopal	Mill Quality Loose	2000	1980	2025	Closed	1825
Rajasthan	Kota	Mill Quality Loose	2010	2050	2050	2150	1725
		Mill Delivery	2160	2200	2200	2300	1850
U.P.	Kanpur	Mill Delivery	2140	2130	2125	2130	1770
	Mathura	Mill Quality Loose	2100	2100	2085	2125	1730
	Kosi	Mill Quality Loose	2070	2050	2090	2150	1740
	Hathras	Mill Quality Loose	2040	2030	2100	2125	1650
	Aligarh	Mill Quality Loose	2090	2050	2080	2100	1680
Punjab	Khanna	Mill Quality Loose	2020	2030	2025	2080	1800
	Ludhiana (Jagraon)	Mill Delivery	2150	2150	2200	2250	-



Haryana	Sirsa	Mill Delivery loose	2020	2020	2020	2015	1750
	Hodal	Mill Delivery	-	-	-	-	-
	Bhiwani	Mill Quality Loose	2000	2000	1950	2100	1750
	Karnal	Mill Delivery	-	-	-	-	-
	Panipat	Mill Quality Loose	2150	2150	2150	-	-
Tamil Nadu	Chennai	Mill Quality	2450	2450	2450	2450	2100
	Madurai	Mill Quality	2507	2650	2650	2600	2300
	Coimbatore	Mill Quality	2507	2700	2700	2650	2350
Bihar	Khagariya	Mill Delivery	2150	2100	2050	2250	1600
	Muzaffarpur	Mill Delivery	1980	1950	2000	2200	1700

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

Argentina wheat planted area is currently seen at 6.4 million hectares cut from its initial forecast of 6.6 million hectares about a month ago, if drought persists it could be cut for third time by Buenos Aires Grains Exchange. They added that over next seven days most of agricultural area will register little or no rainfall which is less than 10 mm.

Due to drought conditions in USA, production forecast at 1.18 billion bushels (1 bushel= 0.0272metric tons) which is down by 7% from 2021 as a result of this FOB was increased by \$10 as compared to yesterday. Heatwave conditions in France and Spain may stress wheat crop eventually increase FOB by \$16 per tons. Currently, FOB stands at \$418 per tons for USA and at \$429 per tons for France.

Asian consumers will increase purchases of wheat from France and Romania mainly because of Russia-Ukraine war. France production projected at 33-34 MMT which is down from 35.5 MMT last year and in Romania it decreases by 14% from previous year to 4.56 tons per hectare though they had surplus of wheat that is enough for distribution in world.

Internationally USA would help Ukraine in export of wheat by making silos on borders of Ukraine. Biden says that by making these temporary silos, in the borders of Ukraine, including in Poland, so that transfer of stock from cars to silos and then distributed towards whole world.

UAE economy ministry has ordered suspension of export and re-exports of India' Wheat and its flour for a period of 4 months. The gulf Nations economy ministry cited interruptions to global trade flow could be the main reason for this move. Since the wheat ban by India, 0.46 MMT of wheat had shipped to UAE. India doesn't want its wheat exported to Dubai to go out to other countries, UAE did this suspension under the trade agreement signed on May 1.

As per USDA report, Russia's export tends to increase by 1 MMT to 40 MMT. Due to corridor opening through black sea which helps in better transportation. As Egypt being largest importer of Russian wheat, this export increase might help Egypt in meeting its domestic demands.

Iraq intends to import 1.5 MMT of wheat from Australia and USA in order to face water shortages arising from high temperatures, drought and ongoing water extraction by neighboring countries from Tigris and Euphrates rivers. Iraqi farmers said that they are paying price for government decision to cut irrigation for agricultural areas by 50 percent.

During this season, wheat prices were on good side as a result of which farmers grow their land acreage from 6 million hectares to 6.2 million hectares tends to rise in production by 44% to 13 MMT in 2022 from 9 MMT estimated in 2021. As Iran being one of largest importer, this forecasted production increase results in decline of imports by 7.9 MMT to 3.4 MMT. Also, domestic consumption forecast to slightly increase by 16.4 MMT from 16.2 MMT in 2021-2022.

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
	17-Jun-22	10-Jun-22	18-May-22	17-Mar-22	17-Dec-21	17-Jun-21	
Jul-22	385.77	393.39	453.00	395.32	283.36	240.19	60.61
Sep-22	390.73	398.54	453.46	378.70	284.55	240.74	62.30
Dec-22	396.24	403.41	452.45	362.81	284.74	242.67	63.29
Mar-23	399.82	407.08	444.09	349.31	280.60	-	-
May-23	400.93	408.55	418.65	333.05	266.73	-	-
Jul-23	393.67	400.93	407.17	333.05	212.45	-	-
Dec-23	388.89	395.97	403.22	-	-	-	-

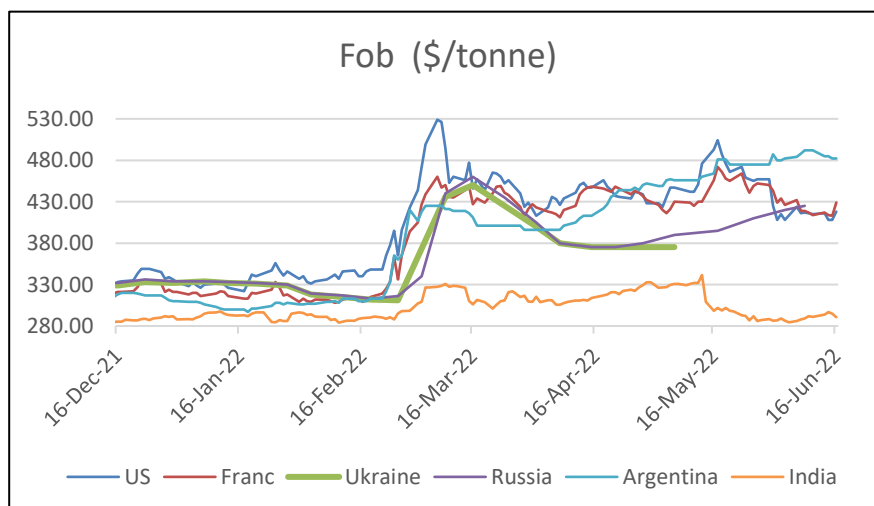
US Wheat Futures Jun -22
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1st Support: 1030.95
2nd Support: 981.59
1st Resistance: 1161.02
2nd Resistance: 1287.19
(\$ per tonne)

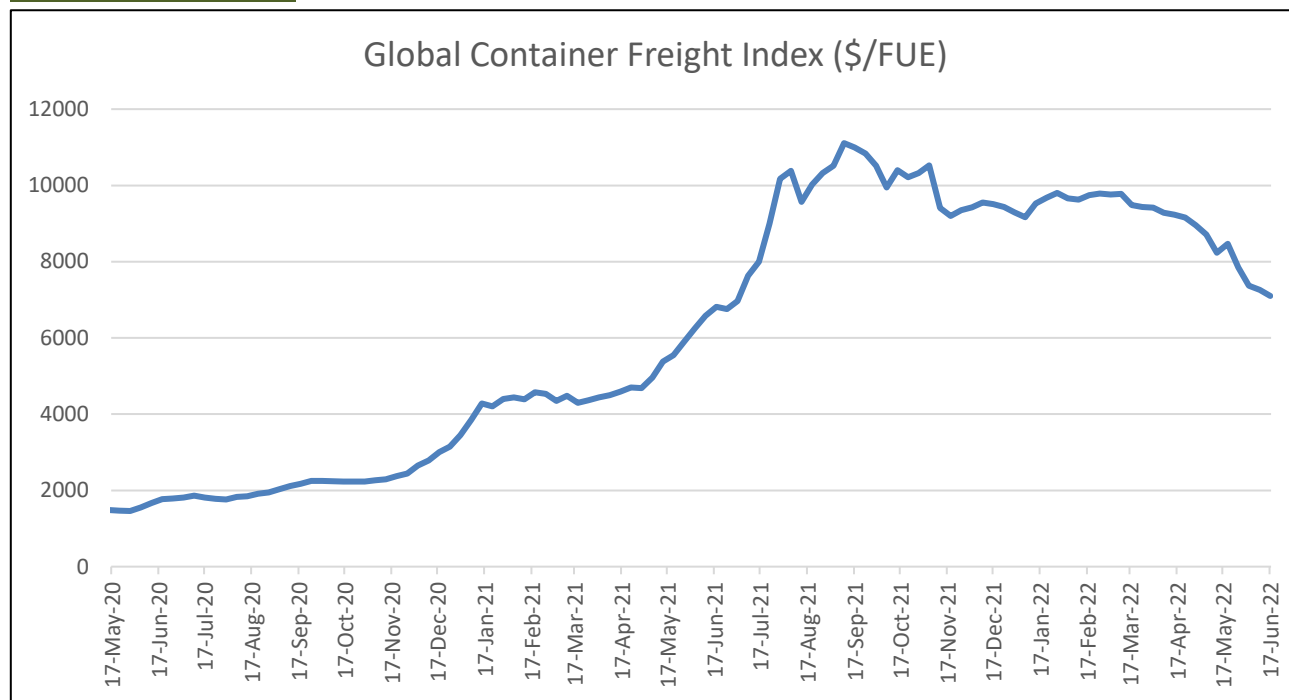
As depicted from the above chart, the CBOT wheat futures are moving in range bound. The candlesticks are below 9, 18, 50 and 100 DMA indicating weak momentum. The MACD crossover indicates weak tone. The RSI oscillator value of 40.05 indicates weak buying strength. The candles are near the support and is likely to take support in coming week.

International FOB Weekly Price Movement

Indian FOB is being quoted at \$288.10 per tones. The domestic prices are still moving with steady tone and depreciation of rupee keeps the FOB highly competitive.



Container Freight Index



The global container freight index fell by 2.24 percent compared to previous week to \$7098 per foot unit equivalent. The detection of new COVID cases in Beijing and Shanghai last week had authorities implementing targeted restrictions in some areas and renewed the threat of another lockdown. Also, ocean rates out of China, which have fallen significantly since March, remained level this week suggesting the potential surge of compiled volumes which haven't materialized yet. Any significant increase in container traffic out of Asia either from Shanghai reopening or from the expected increase during peak season would likely increase the existing congestion and delays at destination ports, which in turn will put more pressure on rates.

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