

Wheat Weekly Research Report

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Wheat Domestic Market Fundamentals

As of 25th June 2022, Kanpur Wheat Mill delivery was traded at Rs. 2130 per quintal down by Rs. 10 as compared to the past week. The demand within the domestic and international market is low as well as the arrivals are impacted by the rains in some area besides the holding back of stocks by farmers.

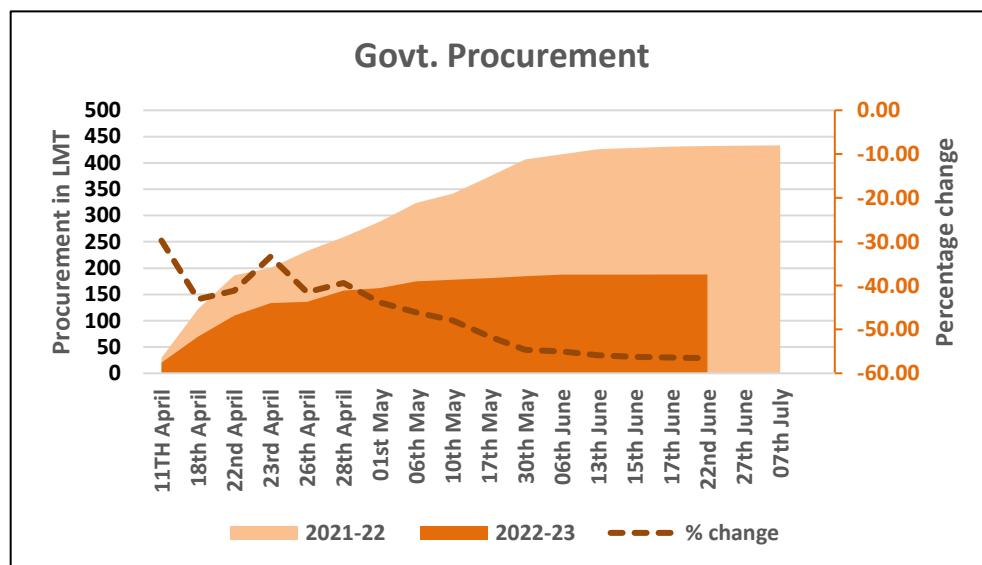
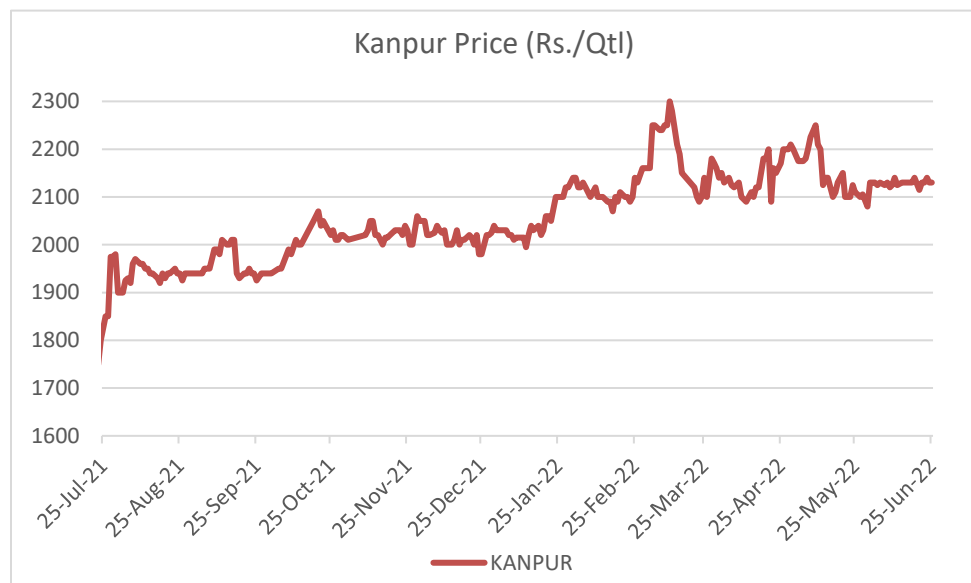
As on June 19th, wheat procurement stood at 187.83

Lakh MT (LMT) which is down by 58% from initial target of 444 LMT and it is estimated that about 190 LMT of wheat would be procured by end of this season. Farmers are waiting for the prices to go up in the coming weeks and as a result most of them are still not releasing the stocks to government.

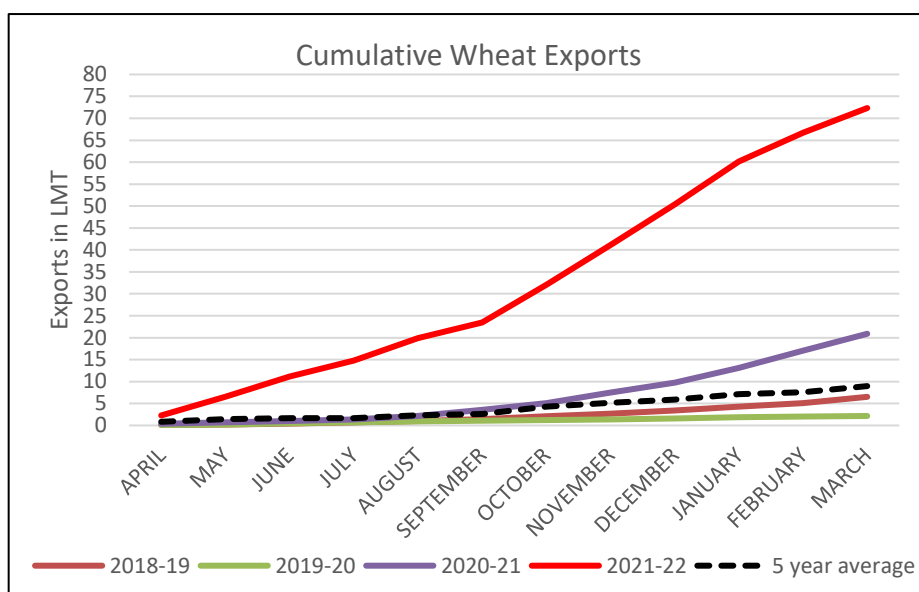
India had exported around 3 MMT of wheat till June 14 while on the other hand wheat flour exports were recorded at 0.3 MMT. Now Government is considering requests for wheat export from different nations. Out of total 1.5 MMT has been exported to Bangladesh only. Now Government has a close eye on, which volume is continuously increasing. As per confirmed market sources,

wheat exporters have resorted to increase export volume of flour after restriction imposed on wheat export. They are trying to compensate the loss incurred after the announcement of conditional/restricted wheat export.

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India's wheat and rice could barely upto the buffer norm on October 1. For the primary time since 2015 India's nourishment stocks for both wheat and rice could be scarcely over the buffer standards of October 1st. If there is any open market sale happens between now and September which is typically done to stabilize prices during festive season, may bring the stocks below the buffer norms. After meeting all requirements of schemes Government left with 196.5 LMT wheat stock which is 4.23% below the set stocking norm for October 1.



As per official data from crop cutting experiment wheat yield declined this year, in Punjab by 20%, in UP and Haryana by 19%. Overall, 5% fall in output from the third estimate by government. This huge fall occurred due to extreme heat wave during milking to maturity stage of crop.

Outlook & Recommendation: Wheat prices are likely stay steady in the coming weeks as the demand remains unsupportive to the market fundamentals so far. Demand from the International market is also expected to be weak, mainly because of bulk harvesting, which may continue to cap uptrend to some extent.

Trade Call: There is no NCDEX trading currently.

Weather Outlook: Rainfall has started in various parts India which can help farmers to grow Kharif crops on time. However, may also affect the wheat supplies in mandis/markets.

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
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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

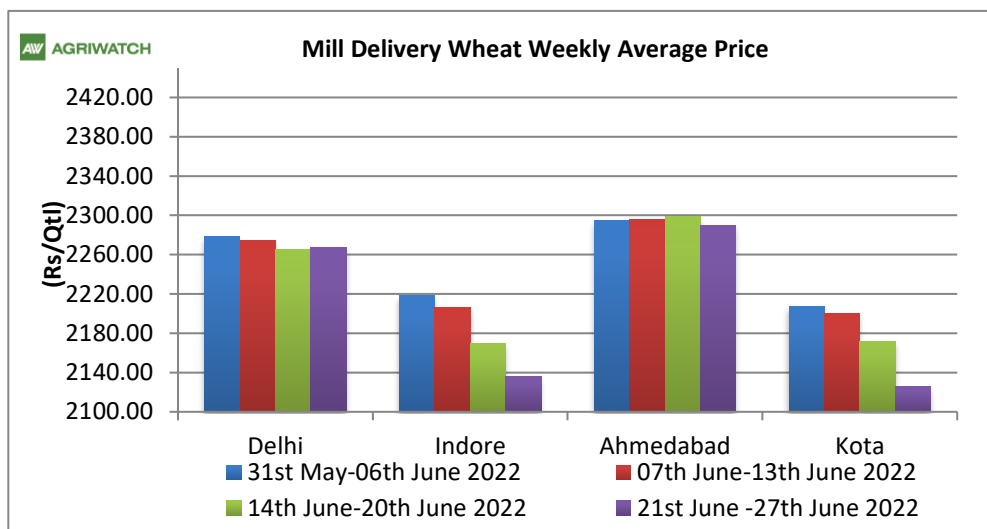


Source: IMD

Wheat Weekly Average Price Chart

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There were steady to weak sentiments observed in major mandis. Prices were stable to slightly down mainly because of low demand in both domestic and international markets. Rainfall activity is hampering arrivals and buying power. We anticipate prices to remain stable in the coming days.



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 19.06.2022)
Punjab	96.47
Haryana	41.81
Uttar Pradesh	3.31
Madhya Pradesh	46.03
Rajasthan	0.09
Others	0.12
All-India	187.83

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	287.02
Freight Charges (US \$/ton) to Dubai	44
Insurance @ 0.1% (\$/MT)	28.70
CIF to Dubai (value in \$ for SRW)	357.02

(INR value: 78.25 as on 24.06.2022)

The Indian wheat FOB prices quoted at 287.02. 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
		23-Jun-22	17-Jun-22	24-May-22	23-Jun-21	
USA (Chicago)	2srw	365	400	459	-	-8.75
France	FCW3	389	424	451	-	-8.25
Argentina	ASW	470	482	475	-	-2.49
Russia	SRW	420	425	-	-	-1.18
India	FAQ	288.31	277.07	292.35	-	4.06

International Weekly Outlook:

The US FOB fell by 8.75 percent compared to previous week. The US wheat crop had bulk of harvesting results in good surplus of wheat stock in global markets. Its impact is already visible on wheat price. Same situation happened in EU's French wheat where FOB declines by 8.25 % as compared to previous week. In Argentina, the sowing area is cut down for third time from last year. The current estimate is 6.3 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
	24-Jun-22	17-Jun-22	25-May-22	24-Jun-21	
Indore	2104	2124	2121	-	-
Delhi	2258	2263	2267	1782	26.71
Kanpur	2130	2120	2125	1655	28.70
Rajkot	2183	2150	2200	1738	25.60
Kota	2150	2149	2200	1871	14.91

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
			25-Jun-22	24-Jun-22	18-Jun-22	25-May-22	25-Jun-21
Delhi	Lawrence Road	Mill Delivery	2275	2270	2270	2280	1795
	Narella	Mill Quality Loose	2115	2115	2100	Closed	-
	Nazafgarh	Mill Quality Loose	2100	2100	2100	Closed	-
Gujarat	Rajkot	Mill Delivery	2135	2150	2150	2125	1760
	Ahmedabad	Mill Delivery	2280	2280	2260	2270	1850
	Surat	Mill Delivery	2330	2335	2310	2300	1950
	Dhrol	Mill Delivery	2410	2110	2310	2180	-
M.P.	Indore	Mill Delivery	2140	2150	2150	2200	1825
	Bhopal	Mill Quality Loose	1940	1930	2000	2000	1700
Rajasthan	Kota	Mill Quality Loose	1970	1980	2010	2050	1800
		Mill Delivery	2120	2130	2160	2200	1950
U.P.	Kanpur	Mill Delivery	2130	2130	2140	2110	1680
	Mathura	Mill Quality Loose	2085	2090	2100	2150	1660
	Kosi	Mill Quality Loose	2080	2080	2070	2130	1680
	Hathras	Mill Quality Loose	2070	2075	2040	2100	1630
	Aligarh	Mill Quality Loose	2020	2020	2090	2100	1600
Punjab	Khanna	Mill Quality Loose	2025	2035	2020	2105	1800



	Ludhiana (Jagraon)	Mill Delivery	2150	2150	2150	2200	-
Haryana	Sirsa	Mill Delivery loose	2040	2040	2020	2015	1735
	Hodal	Mill Delivery	-	-	-	-	-
	Bhiwani	Mill Quality Loose	2070	2070	2000	2100	1750
	Karnal	Mill Delivery	-	-	-	-	-
	Panipat	Mill Quality Loose	2150	2150	2150	-	-
Tamil Nadu	Chennai	Mill Quality	2450	2450	2450	2500	2100
	Madurai	Mill Quality	2507	2650	2650	2750	2300
	Coimbatore	Mill Quality	2507	2700	2700	2800	2350
Bihar	Khagariya	Mill Delivery	2100	2100	2150	2250	1700
	Muzaffarpur	Mill Delivery	2000	2000	1980	2100	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:
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Argentina wheat planted area is currently seen at 6.3 million hectares cut from its initial forecast of 6.4 million hectares about a week ago, if drought persists it could be cut further by Buenos Aires Grains Exchange. They added that absence of rains from few days over the center-north of the agricultural area again showed its negative impact on sowing forecast.

Bulgaria expecting good production of wheat in 2022 which will allow good exports. As per weather conditions, they are expecting that production might be around 6.5 or 6.4 MMT and further they added over 4 MMT could definitely be shipped around the world.

Serbia expects to have enough produce of wheat this year. Harvesting will begin in ten days and this time they expect around 3 MMT which is double than it needs. As per their minister this time their production will feed entire Balkan region. After restrictions on wheat export in major exporter countries lead to price spike. So, in short Serbia's production might be helpful in capping this hike. An Arab country requested to export around 2 LMT of wheat from Serbia in one delivery.

EU cuts down their estimate for wheat for the third time from 5.89 MT/ ha to 5.76 MT/ ha. The latest estimate is below five-year average of 5.84 MT/ ha. The main reasons behind this were increased heat waves and drought conditions. France is the largest exporter of wheat. This estimate is probably creating concern among its major importers.

Bangladesh is trying to secure wheat supplies from Russia in a Government-to-Government basis after its biggest supplier India put export ban on wheat. Bangladesh's wheat stock hit its lowest in 3 years at 0.16 MMT. They might import 0.2 MMT of wheat from Russia to fulfill domestic demand of Dhaka.

Indigenous crops were used in Africa to overcome food crisis. After Russia's invasion, Ukraine amplified import prices forcing Africa to use indigenous crops like cassava, fonio and teff in order to cover the gap, while African's farmers need more funding and more logistics support to fill this gap.

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	
				19.05.2022	23.06.2022
Production	761	774	781	769	769
Trade	185	190	194	194	194
Consumptions	745	771	778	780	779
Carryover stocks	275	279	282	271	273
Y-O-Y change	15	3	4	-	-9
Major Export	62	60	66	60	62

- 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 April month's estimate.
- The trade projection for 2022-23 is 194 MMT up from previous estimate of 193 MMT.

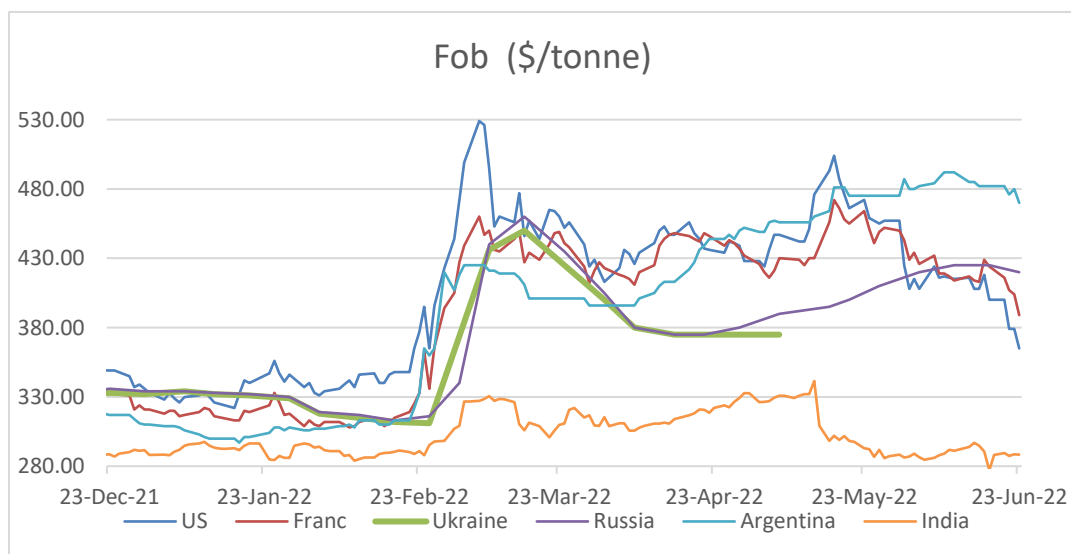
- Consumption has been decreased from previous estimate of 780 MMT to 779 MMT.
- Carryout for 2022-23 is projected at 62 MMT which is up from previous estimate of 60 MMT.

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
	24-Jun-22	17-Jun-22	25-May-22	24-Mar-22	24-Dec-21	24-Jun-21	
Jul-22	339.39	396.15	427.38	404.51	296.03	246.71	37.57
Sep-22	344.07	400.65	429.86	392.57	295.57	247.26	39.15
Dec-22	349.86	405.24	431.05	381.18	296.40	249.74	40.09
Mar-23	353.44	408.46	427.29	371.26	296.49	-	-
May-23	354.63	409.28	409.38	356.93	290.98	-	-
Jul-23	347.84	401.38	398.63	356.93	212.45	-	-
Dec-23	343.61	396.24	395.41	-	-	-	-

International FOB Weekly Price Movement

Indian FOB is being quoted at \$288.31 per tones. The domestic prices are still moving with steady tone and depreciation of rupee keeps the FOB highly ambitious.





US Wheat Futures Jun -22

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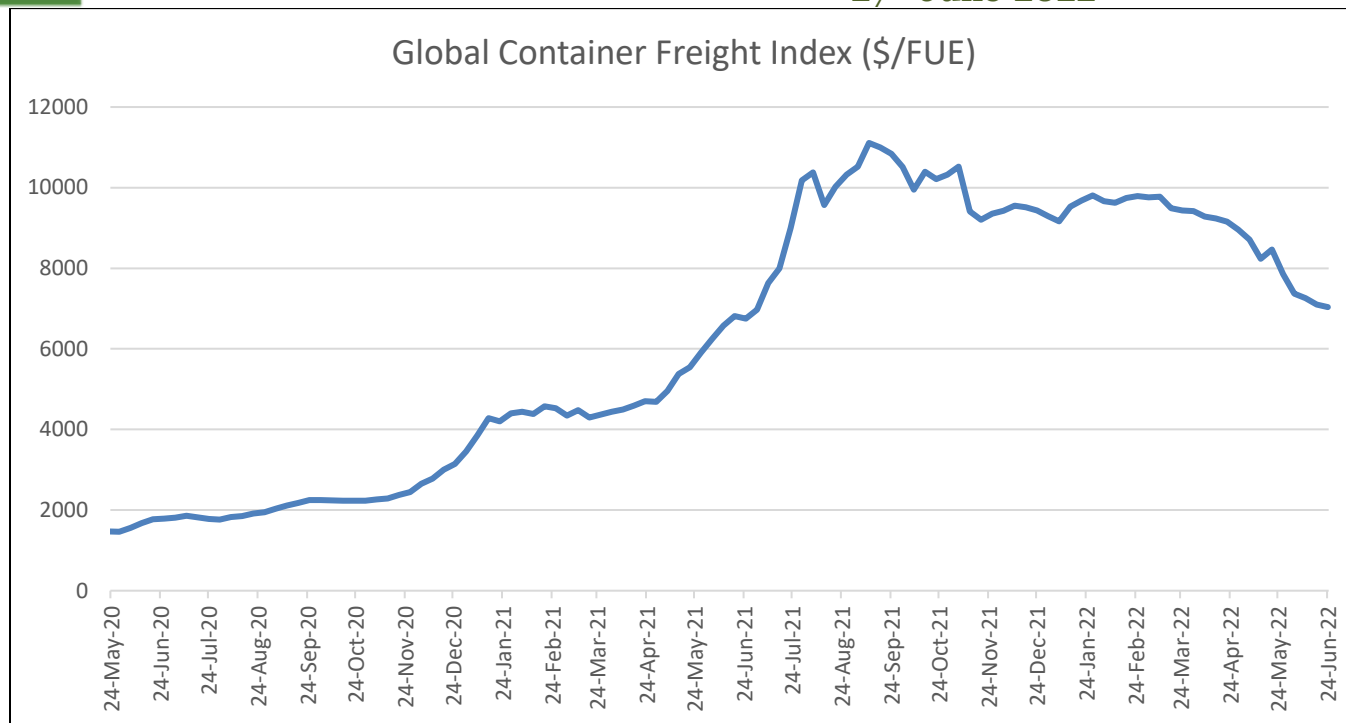
1st Support: 860

2nd Support: 813

1st Resistance: 971

2nd Resistance: 1,024 (\$ per tonne)

As evident from the above chart, the CBOT wheat futures breached the key support level of 971 and moving down. As of now the overall trend remains up and intact and the immediate good support is seen at the trend line support of around 860 level. Since, the prices have breached the key support so, it is likely that prices may once move up to test the breakout zone. Closing below the breakout level would drag down the prices towards the key trend line support. Both the MACD and RSI are also pointing for some further correction in prices.



Container Freight Index

The global container freight index fell by 0.93 percent compared to previous week to \$7032 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 at same 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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