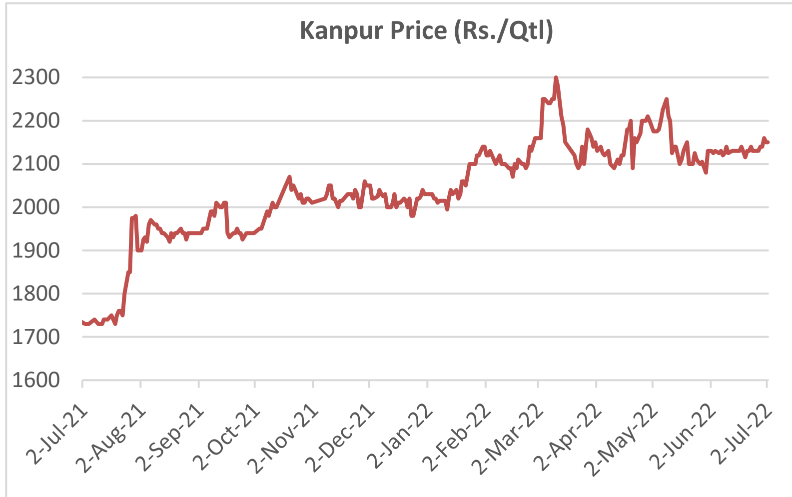
Wheat Weekly Research Report

Table of Contents

Wheat Domestic Market Fundamentals

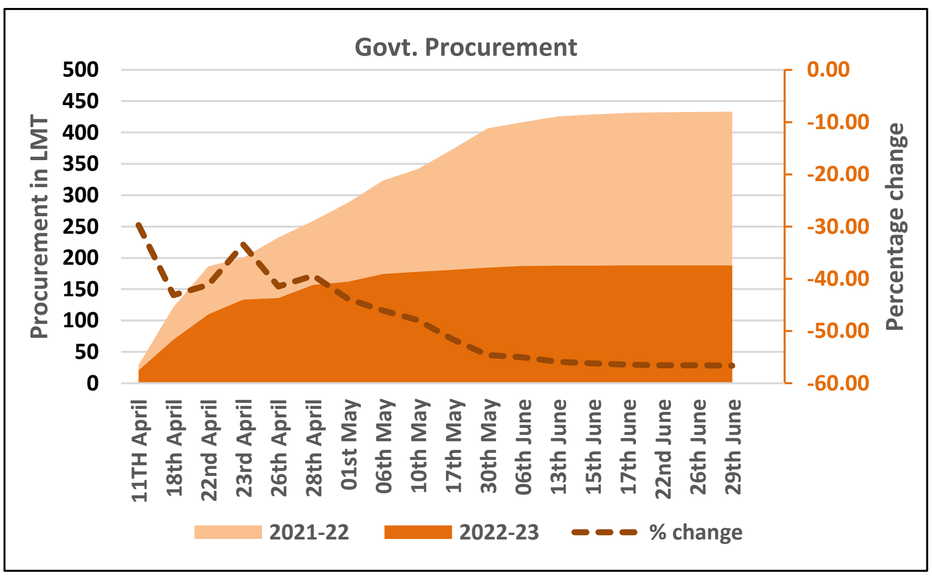
(Back to Table of Contents)

As of 2nd July 2022, Kanpur Wheat Mill delivery rose by Rs 20/Qtl to Rs Rs. 2150 per quintal as compared to last week. The demand in domestic market was improved as compared to last week and sluggish arrivals also pushing the prices on upper side.



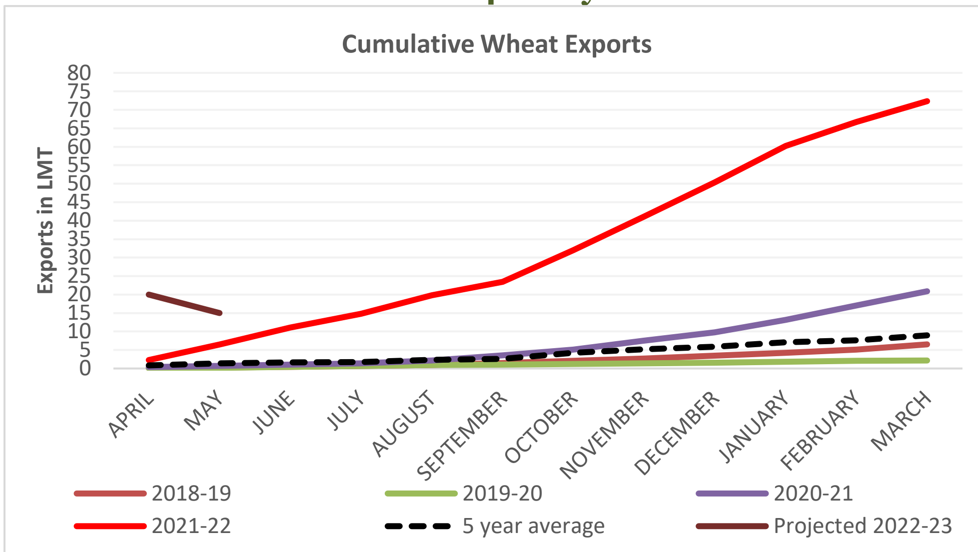
Wheat procurement nearing its completion and as of June 29th the procurement of Wheat stood at 187.87 Lakh Metric Tonnes (LMT) which is down by 56.6% from last year. This fiscal year, Uttar Pradesh procurement fall by 94% to 33 LMT as compared to 60 LMT target set by them earlier due to higher exports and sluggish arrivals in market. Officials claim that increasing private purchases for export were the primary cause of the sudden decline in government purchases of wheat.

India had exported around 18 LMT of wheat till June 22 while on the other hand wheat flour exports were recorded at 3 LMT till June 14. Around 0.3 LMT of wheat had already been supplied to Afghanistan as humanitarian assistance towards Afghan people. Out of total 15 LMT has been exported to Bangladesh only.



As on June 26th, India sends fresh shipment of 0.03 LMT to Afghanistan by Pakistani land route. With this new consignment, India has completed sending 0.33 LMT of wheat to Afghanistan as per deal with World Food Programme (WFP).

The Goods and Service Tax Council has decided to withdraw tax exemption for several unbranded and pre packed food items like dried leguminous vegetables, makhana, Wheat and its flour and now all the listed items would attract 5% GST rate. These changes will come to effect from July 18th. The Goods and Service Tax Council meeting was held recently in Chandigarh.



Outlook & Recommendation: Wheat prices may move up in the coming weeks as the domestic demand expected to get improved by Mid of July. If Egypt request for supply is expected, it may boost up prices further. Demand from the International market is 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

(Back to Table of Contents)

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

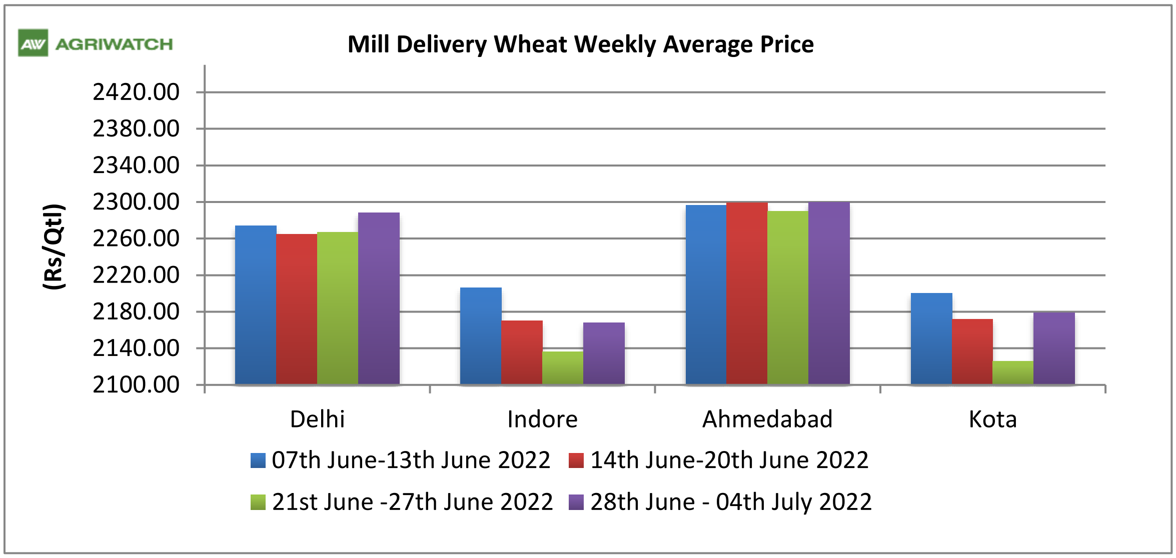
Wheat Import

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

Source: Apeda

Wheat Weekly Average Price Chart

(Back to Table of Contents)



There were firm sentiments observed in major mandis as compared to previous week. Prices were firm mainly because of slight increase in demand in domestic markets. Rainfall activity is hampering arrivals also a reason for firm prices. We anticipate prices to go up in the 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 in LMT (as on 29.06.2022)
Punjab	96.47
Haryana	41.81
Uttar Pradesh	3.35
Madhya Pradesh	46.03
Rajasthan	0.09
Others	0.12
All-India	**187.87**

FOB & CIF Quote for Wheat at Kandla

(Back to Table of Contents)

	At Kandla
Mill delivery (Rajkot)	**21400**
Freight charge	310
Misc. Charges (port handling)	650
FOB (at Kandla Rs/T)	22360
FOB value in $ for FAQ	283.22
Freight Charges (US $/ton) to Dubai	44
Insurance @ 0.1% ($/MT)	28.23
CIF to Dubai (value in $ for SRW)	**357.02**

(INR value: 78.93 as on 02.07.2022)

The Indian wheat FOB prices quoted at 283.22. The domestic prices are moving slightly firm 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
		30-Jun-22	24-Jun-22	31-May-22	30-Jun-21	
USA (Chicago)	2srw	339	360	425	-	-5.83
France	FCW3	382	389	443	-	-1.80
Argentina	ASW	460	475	487	-	-3.16
Russia	SRW	400	420	-	-	-4.76
India	FAQ	282.51	287.03	286.25	-	-1.57

International Weekly Outlook:

The US FOB down by 5.83 percent as compared to previous week. The US wheat crop still facing bulk of harvesting results in good supply of wheat in global markets. Same situation happened in EU's French wheat where FOB declines by 1.80 percent as compared to previous week till now. In Argentina, as drought persist till now might cut down sowing area again. 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
	1-Jul-22	24-Jun-22	1-Jun-22	1-Jul-21	
Indore	2137	2124	2120	-	-
Delhi	2287	2259	2277	1800	27.06
Kanpur	2150	2122	2130	1640	31.10
Rajkot	2175	2183	2175	1757	23.79
Kota	2180	2145	2200	1862	17.08

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**

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**	
				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.

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
			2-Jul-22	1-Jul-22	25-Jun-22	1-Jun-22	2-Jul-21
Delhi	Lawrence Road	Mill Delivery	2300	2300	2275	2275	1800
	Narella	Mill Quality Loose	2190	2190	2115	Closed	1680
	Nazafgarh	Mill Quality Loose	2150	2150	2100	Closed	1700
Gujarat	Rajkot	Mill Delivery	2140	2135	2135	2130	1775
	Ahmedabad	Mill Delivery	2300	2300	2280	2290	1875
	Surat	Mill Delivery	2350	2350	2330	2350	1960
	Dhrol	Mill Delivery	2130	-	2115	2235	1650
M.P.	Indore	Mill Delivery	2170	2190	2140	2220	1850
	Bhopal	Mill Quality Loose	1950	1955	1940	2000	1750
Rajasthan	Kota	Mill Quality Loose	2025	2025	1970	2060	1750
		Mill Delivery	2175	2175	2120	2210	1900
U.P.	Kanpur	Mill Delivery	2150	2150	2130	2130	1670
	Mathura	Mill Quality Loose	2070	2060	2085	2075	1650
	Kosi	Mill Quality Loose	2070	2085	2080	2060	1650
	Hathras	Mill Quality Loose	2070	2070	2070	2140	1600
	Aligarh	Mill Quality Loose	2050	2050	2020	2080	1600
Punjab	Khanna	Mill Quality Loose	2060	2060	2025	2050	1800
	Ludhiana (Jagraon)	Mill Delivery	2160	2160	2150	2200	-
Haryana	Sirsa	Mill Delivery loose	2020	2020	2040	2015	1730
	Hodal	Mill Delivery	-	-	-	-	-
	Bhiwani	Mill Quality Loose	2050	2050	2070	1950	1750
	Karnal	Mill Delivery	-	-	-	-	-
	Panipat	Mill Quality Loose	2150	2150	2150	-	-
Tamil Nadu	Chennai	Mill Quality	2500	2500	2450	2450	2100
	Madurai	Mill Quality	2557	2700	2650	2650	2300
	Coimbatore	Mill Quality	2557	2750	2700	2700	2350
Bihar	Khagariya	Mill Delivery	2200	2200	2100	2100	1600
	Muzaffarpur	Mill Delivery	2050	2050	2000	2050	1650

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
	30-Jun-22	23-Jun-22	31-May-22	30-Mar-22	30-Dec-21	30-Jun-21	
Jul-22	319.18	339.39	382.56	375.85	280.88	249.74	27.80
Sep-22	324.78	344.07	386.60	370.43	281.61	251.03	29.38
Dec-22	330.84	349.86	390.82	364.09	282.90	253.51	30.51
Mar-23	334.70	353.44	393.21	356.65	283.54	-	-
May-23	336.45	354.63	390.64	347.47	278.86	-	-
Jul-23	331.30	347.84	378.42	347.47	212.45	-	-
Dec-23	327.81	343.61	370.06	-	-	-	-

International Market Update: (*Back to Table of Contents*)

Egypt contract to buy 1.8 LMT of wheat from India. Generally, they import wheat from Black Sea but nowadays due to Russia-Ukraine war Egypt dependence on Indian wheat had increased. Import trimmed from 5 LMT because, as per their supply minister only 1.8 LMT of wheat is present at ports till now. Egypt is looking at ways to obtain more flour from grain, raising the extraction percentage for flour used for subsidized bread to 87.5% from 82%. That could save around 5 LMT of imported wheat during the fiscal year 2022-23 only if their supply request accepted by Russia also.

As per sources, the amount of wheat that the Algerian's state grain agency, OAIC purchased in an import tender of 7 LMT of wheat, more than had been anticipated. It had predicted earlier that OAIC could have purchased up to 6 LMT through the tender. The price paid by agency was still put at $445 a tonne including freight taxes also.

For Russian wheat, export prices fell last week because of good crop prospects. Due to good weather conditions FOB decline by $20 to $400 per tonnes at the end of last week. As per Sovecon, Russian wheat FOB in July-August was estimated at $390-$400 per tonnes as compared to $403-$410 per tonnes in previous week. Russia may bring huge wheat crop this year with increase of 14% to 869 LMT.

The largest single purchase made by Egypt's state grain buyer, the General Authority for Supply Commodities (GASC) was of 8 LMT of wheat. 3 LMT of French, 2 LMT of Romanian and 0.5 LMT of Bulgarian wheat were included in this tender. By August or September this amount will be delivered. Additionally, the buyer allowed 50,000 tonnes cargoes instead of the usual 55,000 and 60,000.

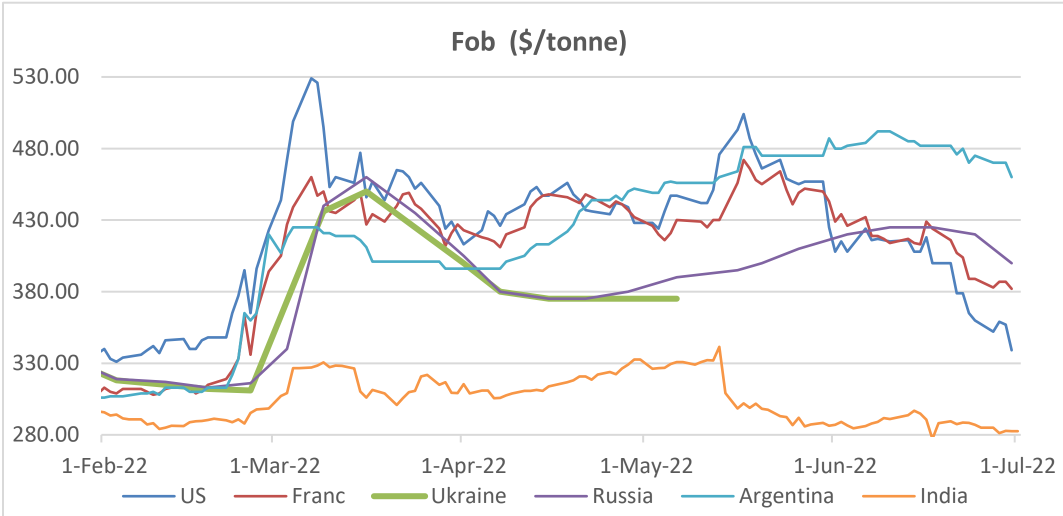
Georgia ban export of wheat and barley for one year. Due to low domestic stock, Georgia put ban on export of wheat and barley till July 1,2023. They generally import around 5 LMT of wheat while locally produced wheat and barley is exported to Iraq and Iran.

As per French consultancy Agritel, Romania wheat production is expected to fall by 19.04% to 93.1 lakh metric tonne (LMT) from 115 LMT because of dry weather conditions throughout the growth cycle. Romania is one of the largest wheat exporters which mainly exports to Egypt.

As per Buenos Aires Exchange, Wheat crop of Argentina for 2022-23 is its most delayed in a decade due to drought conditions and coming frost force farmers to put planting off for better conditions. As per French consultancy Agritel, Romania wheat production is expected

International FOB Weekly Price Movement

Indian FOB is being quoted at $282.58 per tones. The domestic prices are moving slightly firm while depreciation of rupee keeps the FOB highly ambitious.

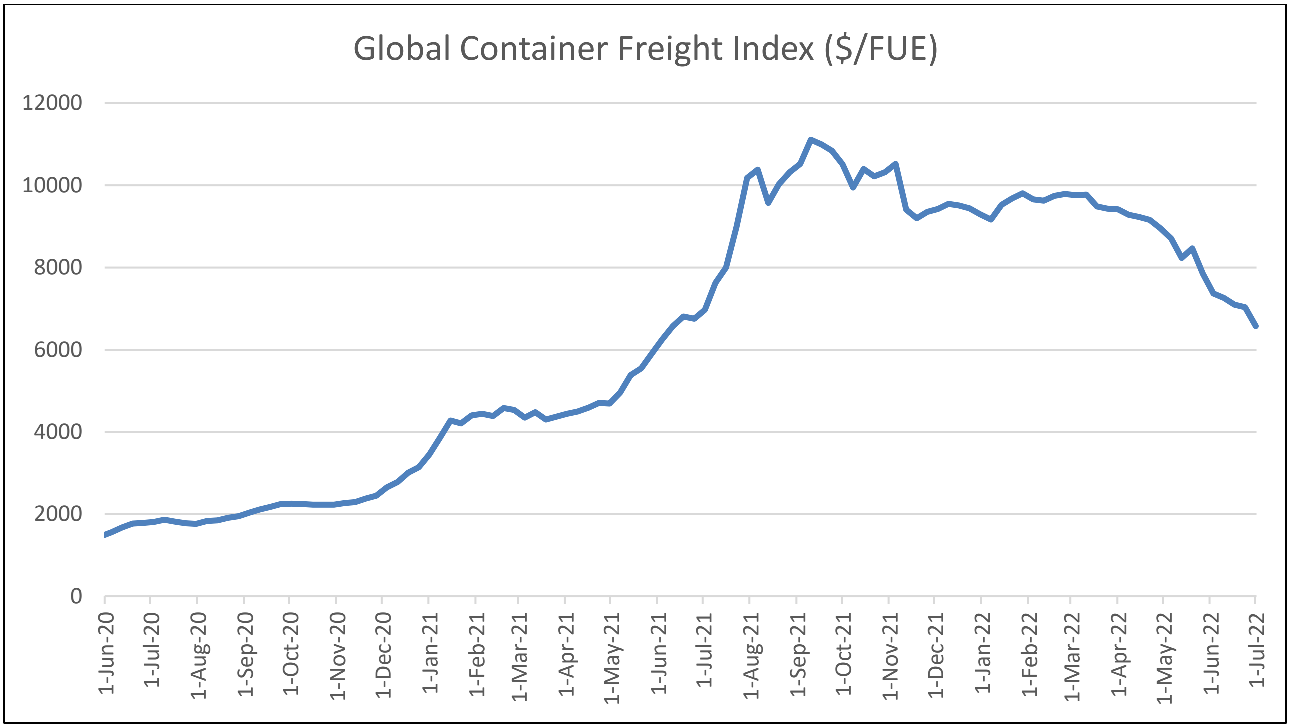


US Wheat Futures July -22

(Back to Table of Contents)

1st Support: 820
2nd Support: 800
1st Resistance: 926
2nd Resistance: 970 ($ per tonne)

As depicted in the above chart, the market is making lower lows and lower highs, and there is breakdown of head and shoulder pattern. Market is currently trading below 9, 18, 50 and 100 DMA, indicating weak sentiments. As of now the overall trend remains bearish and immediate support is seen at the trend line support of around 820 level. MACD is indicating weak momentum and RSI is in the oversold zone and there is weak buying strength. Both the MACD and RSI are also pointing for some further correction in prices.



Container Freight Index

The global container freight index fell by 6.47 percent compared to previous week to $7032 per foot unit equivalent. As per recent analysis done by Sea-Intelligence lockdown in Shanghai adversely affected the exports but this drop in exports was compensated by shifting to other ports. Also, the transpacific ocean rates show that demand is decreasing. Asia-US prices to both coasts have fallen by more than 13% since last week. If this decline in transpacific demand has eroded further then it is expected that fall in prices will be continued. On the other hand, if carriers find that they have bulk capacity with them then it is expected that they may start cancelling sailings which might slow the price decline.