

Wheat Weekly Research Report

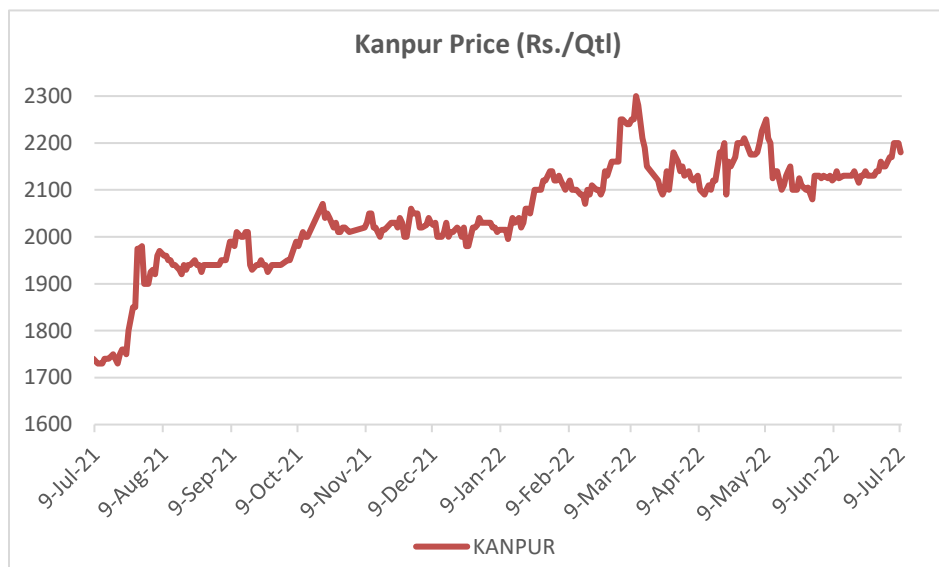
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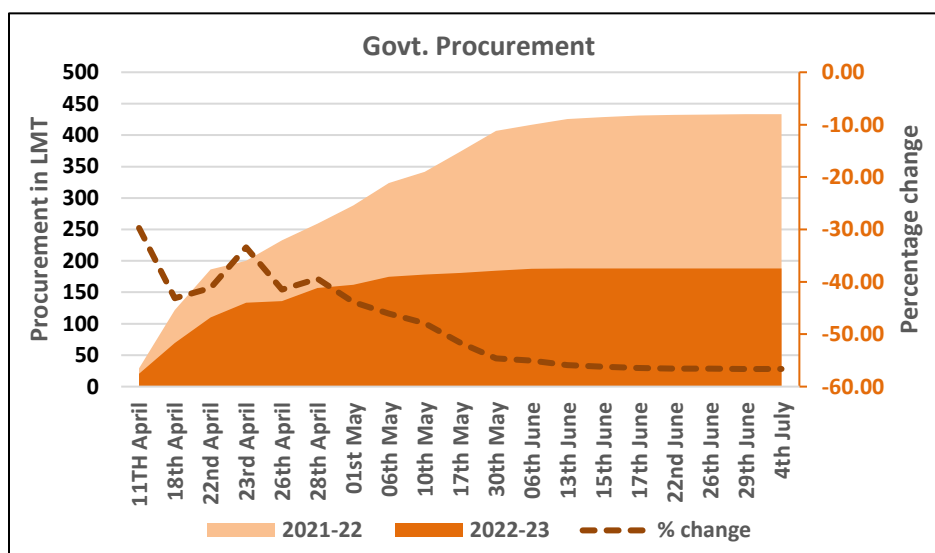
Wheat Domestic Market Fundamentals

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In comparison to the previous week, the Kanpur Wheat Mill delivery price increased by Rs 30/Qtl to Rs 2180 per quintal as of July 9th, 2022 on improved demand both domestic and export. Reportedly, DGFT has allowed to export of 15-20 Lakh MT (LMT) of wheat for which the ICLC or LC are opened on or before the export ban date. Given improving export demand and domestic demand ahead of start of festivities would keep the wheat prices on stronger note moving ahead.



Wheat procurement nearing its completion and there have been no changes in the Wheat procurement number. As of July 4th, the procurement of Wheat stood at 187.89 LMT which is down by 56.6% from last year. Despite of ban on export of wheat, farmers are not supplying wheat to Govt. as they are expecting higher prices in local markets/mandis.

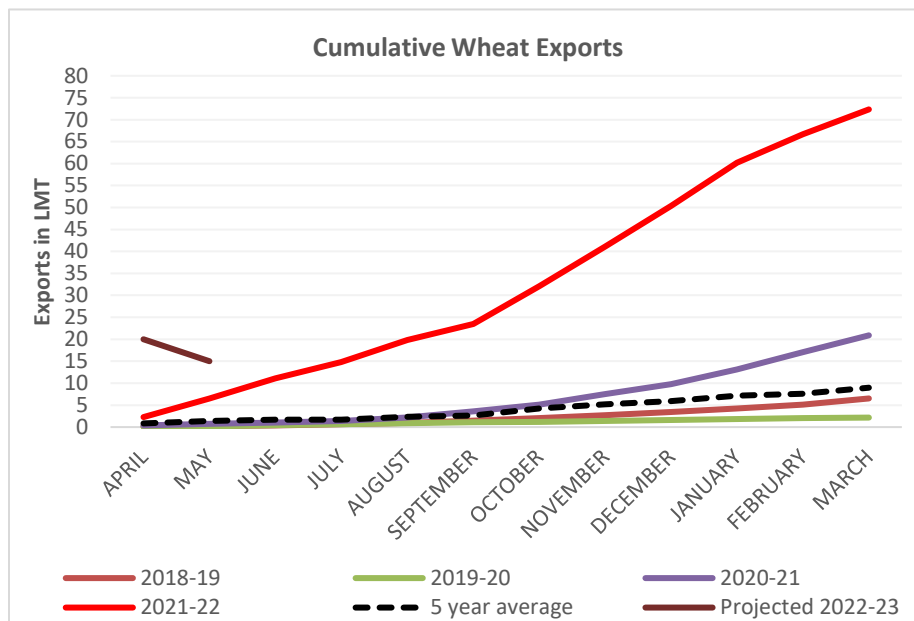


After Wheat, Government now putting curbs on export of Wheat

Flour. The Center has made it mandatory for exporters to seek prior permission from Inter- Ministerial Committee (IMC) on Wheat Flour export before any shipment. The arrangement will come into force from July 12th. Controlled alike Wheat TA exports can take place earliest by 12th of July and post then all will be routed through IMC approval alike against RCAC. As stated, the move is to check on the quality of Wheat Flour exports as after the ban on Wheat

exports there is sudden surge in flour prices & exports and many new players emerged. So, it become necessary to keep a check on quality of flour to be exported.

Meanwhile, according to sources, Directorate General of Trade (DGFT) is likely to allow exports of around 20 LMT of Wheat, based on LC's which were issued before the export ban. Amount is less than half the amount which export applications are being scrutinised.



Outlook & Recommendation: Wheat prices may move up in the coming weeks as the domestic demand expected to get improved by Mid of July besides improving export demand. If Egypt request for supply is expected, it may further boost the prices. Earlier The US wheat crop facing bulk of harvesting results in good supply of wheat in global markets but now drought conditions push FOB prices from July 7th onwards and remains firm in coming days due to weather conditions.

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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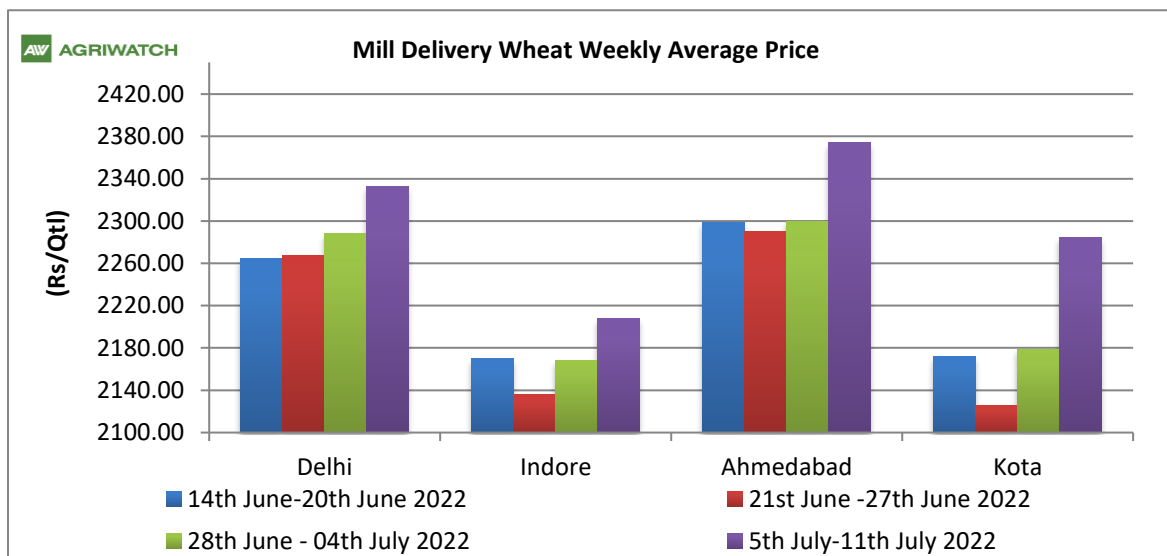
A week-on-week Exports	Quantity in MT	Average FOB (\$/TONNE)
01-08 May-2022	396584.98	343.65
9-15 May-2022	740890.53	331.64
16-23 May-2022	116058.81	314.76
24-31 May-2022	264972.68	325.94
Total	1518506.50	334.66

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
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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

<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						

State-wise Procurement Progress 2022-23

State/UTs	Procurement in LMT (as on 04.07.2022)
Punjab	96.47
Haryana	41.81
Uttar Pradesh	3.36
Madhya Pradesh	46.03
Rajasthan	0.10
Others	0.12
All-India	187.89

FOB & CIF Quote for Wheat at Kandla
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	At Kandla
Mill delivery (Rajkot)	22500
Freight charge	310
Misc. Charges (port handling)	650
FOB (at Kandla Rs/T)	22810
FOB value in \$ for FAQ	295.69
Freight Charges (US \$/ton) to Dubai	44
Insurance @ 0.1% (\$/MT)	29.56
CIF to Dubai (value in \$ for SRW)	357.02

(INR value: 79.34 as on 08.07.2022)

The Indian wheat FOB prices quoted at 295.69. Although the rupee has declined, the FOB remains ambitious as domestic prices are growing somewhat firmer.

Indicative FOB Quotes:						
Wheat FOB	Variety	Current Week	Week Ago	Month Ago	Year Ago	% Change over Prev. Week
		8-Jul-22	1-Jul-22	8-Jun-22	8-Jul-21	
USA (Chicago)	2srw	349	329	417	-	6.08
France	FCW3	364	363	419	-	0.28
Argentina	ASW	440	450	492	-	-2.22
Russia	SRW	380	400	0	-	-5.00
India	FAQ	295.69	282.58	288.95	-	4.64

International Weekly Outlook:

The US FOB rose by 6.08 percent as compared to previous week. Earlier The US wheat crop facing bulk of harvesting results in good supply of wheat in global markets but now drought conditions push FOB prices from July 7th onwards. France FOB rose by 0.28 percent compared to previous week due to increase in export demand. In Argentina, as drought persist till now affects sowing area again. The current estimate is 6.2 mha which is down from 6.3 mha previous estimate.

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
	8-Jul-22	1-Jul-22	8-Jun-22	8-Jul-21	
Indore	2157	2137	2087	-	-
Delhi	2312	2287	2266	1800	28.44
Kanpur	2177	2150	2122	1640	32.74
Rajkot	2225	2175	2162	1777	25.21
Kota	2275	2180	2200	1850	22.97

[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
			8-Jul-22	7-Jul-22	1-Jul-22	7-Jun-22	8-Jul-21
Delhi	Lawrence Road	Mill Delivery	2325	2340	2300	2270	1800
	Narella	Mill Quality Loose	2125	2180	2190	2100	1680
	Nazafgarh	Mill Quality Loose	2110	2150	2150	2080	1690
Gujarat	Rajkot	Mill Delivery	2250	2235	2135	2140	1820
	Ahmedabad	Mill Delivery	2380	2390	2300	2285	1880
	Surat	Mill Delivery	2450	2450	2350	2340	1950
	Dhrol	Mill Delivery	2070	2335	-	2250	1685
M.P.	Indore	Mill Delivery	2220	2230	2190	2230	1850
	Bhopal	Mill Quality Loose	1950	1925	1955	2000	1750
Rajasthan	Kota	Mill Quality Loose	2150	2150	2025	2060	1750
		Mill Delivery	2300	2300	2175	2200	1900
U.P.	Kanpur	Mill Delivery	2200	2200	2150	2130	1680
	Mathura	Mill Quality Loose	2150	2150	2060	2090	1710
	Kosi	Mill Quality Loose	2115	2110	2085	2050	1610
	Hathras	Mill Quality Loose	2140	2150	2070	2150	1585
	Aligarh	Mill Quality Loose	2150	2140	2050	2050	1640
Punjab	Khanna	Mill Quality Loose	2050	2030	2060	2025	1800
	Ludhiana (Jagraon)	Mill Delivery	2140	2135	2160	2200	-
Haryana	Sirsa	Mill Delivery loose	2035	2050	2020	2020	1725
	Hodal	Mill Delivery	-	-	-	-	-
	Bhiwani	Mill Quality Loose	2100	2150	2050	1930	1725
	Karnal	Mill Delivery	-	-	-	-	-
	Panipat	Mill Quality Loose	2150	2200	2150	2150	-
Tamil Nadu	Chennai	Mill Quality	2500	2500	2500	2450	2100
	Madurai	Mill Quality	2557	2700	2700	2650	2300
	Coimbatore	Mill Quality	2557	2750	2750	2700	2350
Bihar	Khagariya	Mill Delivery	2200	2250	2200	2150	1600
	Muzaffarpur	Mill Delivery	2130	2150	2050	2100	1650

International Market Update:
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As per Sources, Russia reduces grain export taxes sharply in order to support exports. Russian farmers are expected to harvest a massive wheat crop this summer which bring large export surplus in 2022-23. But on the other hand, shipments are affected by high export tax, sanctions due to Ukraine invasion. Now they reduced their taxes sharply by changing formula. The new base price for calculating the wheat export tax is set at 15,000 roubles per tonnes (\$283 at the current rate). It was previously in U.S. dollars at \$200 a tonne.

The crop in Ukraine fell by 32% to 21.8 MMT from 32.2 MMT the year before, according to the French consultant Agritel. The expected harvest area stood at 5.8 million hectares, down from the initial 6.7 million hectares that farmers sowed in previous year. Estimates put the national average production at 3.8 tonnes per acre. A total of about 18.1 MMT predicted to come from Ukraine-controlled territory, with the remaining 3.7 MMT possibly being harvested in some of Ukraine's southern and eastern territories that are under Russian control.

As per Sources, Russia agriculture ministry will buy 1 MMT of Wheat from their domestic market in 2022 and uses this stockpile in order to support its domestic supply in poor crop years.

Pakistan state agency likely to buy 3 LMT of Wheat. A government agency in Pakistan has issued a new tender to import 3 LMT of Wheat. The deadline for submission of price offers in the tender from trading Corporation of Pakistan (TCP) is July 18. Shipment in new tender is sought between August 1-25.

Drought conditions in US push its FOB by \$12 to \$327 per tonnes and in Argentina fourth cut in estimate push the prices by \$2 to \$433 per tonnes. France FOB rise by \$13 to \$357 per tonnes as some fresh export demand supporting the prices.

Ukraine cancels licensing of wheat and meslin exports. In March, Ukraine imposed a ban on exports and added Wheat to the list of goods requiring export licenses but in April Ukraine's union of producers and exporters of grain "Ukraine Grain Association" asked Government to cancel licensing on Wheat exports in order to simplify the sales and free shortage capacity for the new crop.

As per statistical agency Conab, Brazil expects good production of wheat by this marketing year. Brazil is forecast to produce a record Wheat crop of 9 MMT in 2022-23, reason behind this is large planted area (2.9 million hectares) in 32 years. They also projecting yields to increase by 10.3% from 2021-22 to 3 tonnes per hectare.

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

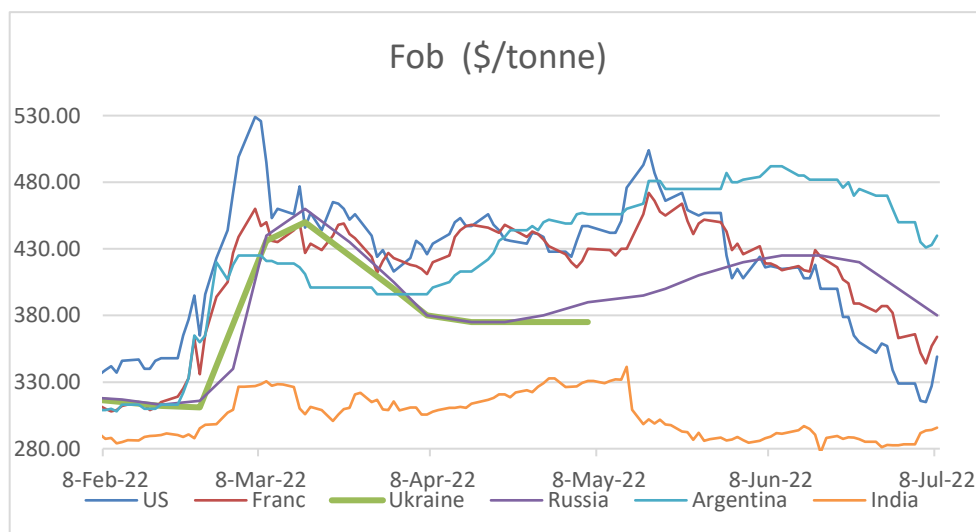
- IGC has projected 2022-23 global wheat production at 769 MMT down from previous estimate of 780 MMT in April. IGC has estimated global wheat production at 781 MMT for 2021-22, similar to April month's estimate.
- The trade projection for 2022-23 is 194 MMT up from previous estimate of 193 MMT.
- Consumption 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
	30-Jun-22	23-Jun-22	31-May-22	30-Mar-22	30-Dec-21	30-Jun-21	
Jul-22	302.92	319.18	393.76	382.37	275.09	234.40	29.23
Sep-22	307.33	324.78	398.45	380.90	276.38	236.24	30.09
Dec-22	312.93	330.84	402.95	379.16	278.40	238.99	30.94
Mar-23	317.89	334.70	406.71	374.75	279.59	-	-
May-23	320.01	336.45	408.55	367.95	276.19	-	-
Jul-23	314.86	331.30	402.30	367.95	212.45	-	-
Dec-23	311.83	327.81	398.08	-	-	-	-

International FOB Weekly Price Movement

Indian FOB is being quoted at \$295.69 per tones. Although the rupee has declined, the FOB remains ambitious as domestic prices are growing somewhat firmer.



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1st Support: 863

2nd Support: 820

1st Resistance: 972

2nd Resistance: 1031 (\$ per tonne)

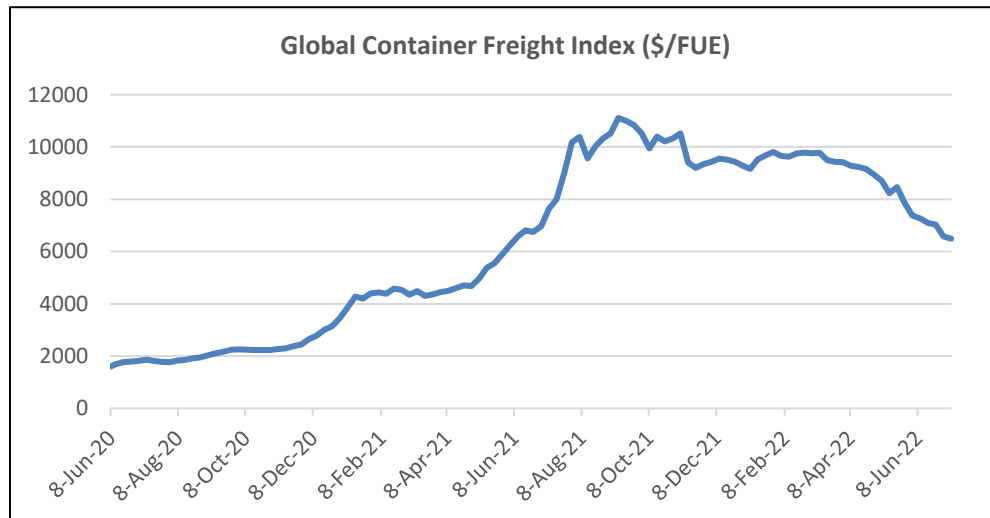
As evident from the above chart, after the breakout of H&S pattern, prices reached to its objective which is near the key support of 776 level. The key support and testing the pattern objective led to renewed buying interest. Also, formation of reversal pattern near the key support also led to improved buying activity due to which prices bottomed out and surged to 940 level. The momentum indicator MACD has given a bullish crossover and Oscillator RSI is also rising in the neutral territory and both pointing towards a firm market. So, as per the chart, it is advisable that one can accumulate near the immediate key support of 863 level or one can go long if prices sustain above the immediate resistance near 951-52 level.

Container Freight Index

The global container freight index fell by 1.25 percent compared to previous week to \$6495 per foot unit equivalent.

Sluggish consumer demand surfaced this week with reports of manufacturing and new orders slowing and of US retail spending unexpectedly dipping slightly in May. Prices have fallen as carriers have increased the number of

blank sailings in May and June in order to match the capacity to falling demand. Volumes from Asia to Europe have already fallen due to inflation-driven decrease in demand. And though the prices have dropped more than 25% since the start of the year, port congestion is the only reason keeping the rates well above the norm. An increase in traffic to the US could also be challenging as East Coast ports struggle with worsening congestion. Any peak season increase in volumes would only make things worse.



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