



# Wheat Weekly Research Report

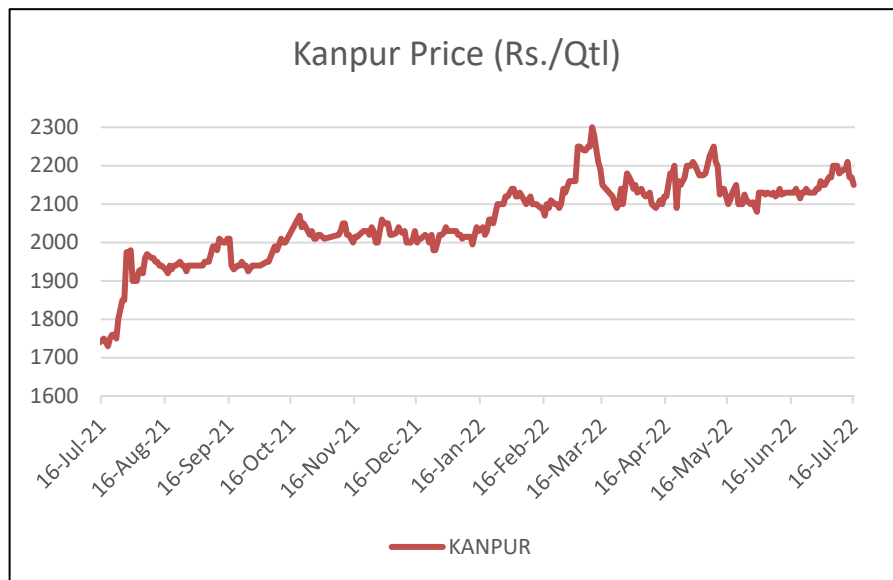
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### Wheat Domestic Market Fundamentals

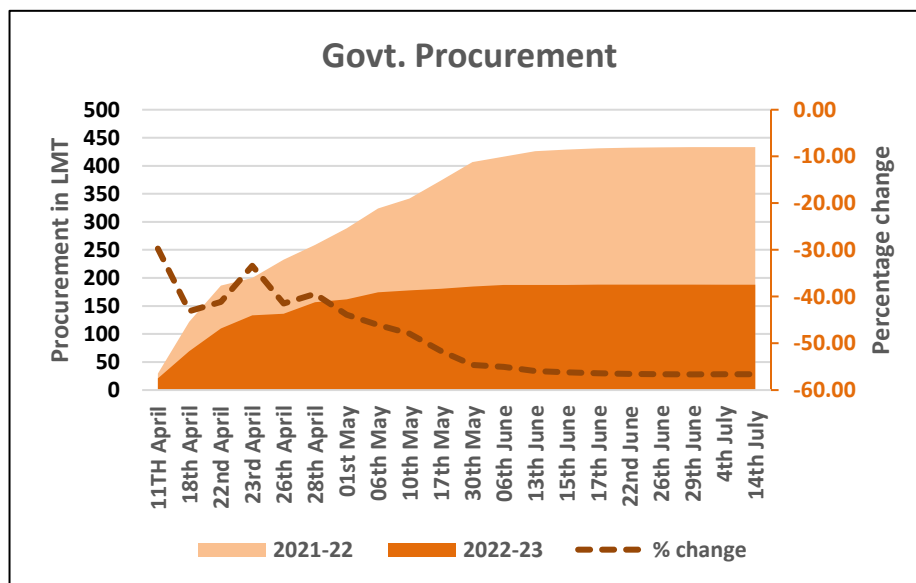
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As compared to previous week, Wheat Mill delivery prices in Kanpur market decline by Rs. 30/Qtl to Rs.2150 per quintals on arrival of low demand due to rainfall activity. Reportedly, DGFT has allowed to export of 15-20 Lakh MT (LMT) of wheat for which the ICLC or LC are opened on or before the export ban date. Meanwhile, prices remain firm in coming days on commencement of festive demand and on the other hand, as Government has suspend the OMSS may support the market prices in coming days.



Wheat procurement nearing its completion and there have been no changes in the Wheat procurement number. As of July 14<sup>th</sup>, the procurement of Wheat still 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.

Due to low procurement and a decline in output in the 2021-22 crop marketing year, the Central Pool's wheat inventories as of July 1 were perilously close to the minimum needed to maintain a strong operational buffer stock and strategic reserves.

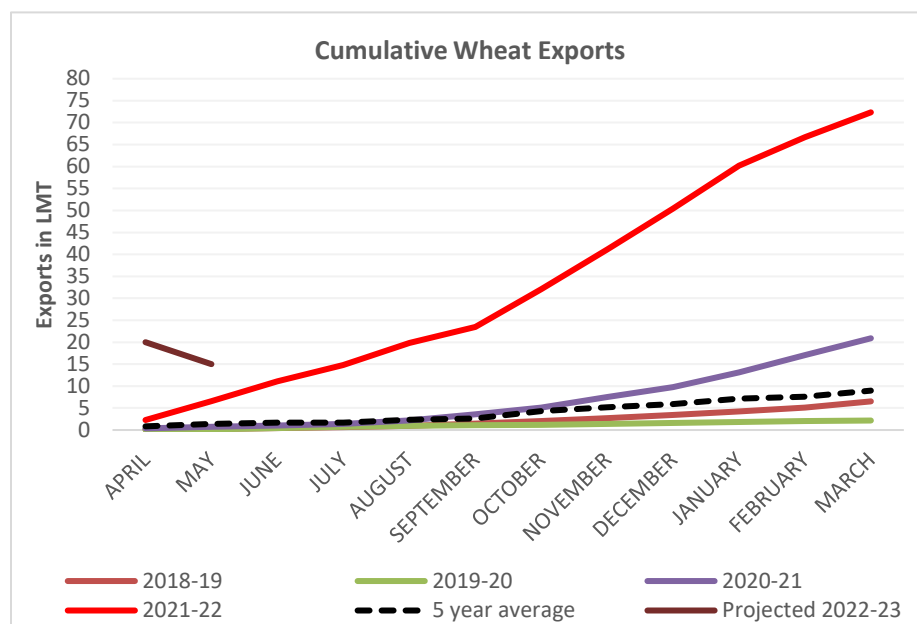


Rains delay export of Wheat from Kandla port. Wheat, rice, and flour export shipments from the Kandla port have been delayed as a result of the recent severe rains in Gujrat, which have hampered cargo handling of these goods in the Kandla region. Since the final week of May, quality of Wheat has been deteriorating in and around Kandla port following the ban on exports. Fortunately, since the Government decided to permit Wheat exports on, these

stocks have either been moved to warehouses or exported. Meanwhile, in Mundra port operations remained normal despite of heavy rain.

### Outlook & Recommendation:

Wheat prices may remain firm in coming weeks on good export and domestic demand. If export requests from Nigeria accepted by Government, then it may push the prices further. Drought conditions in US and Argentina affecting the Wheat crop results in decline of their export prices. While on the other hand, good export demand may push the prices in coming days.



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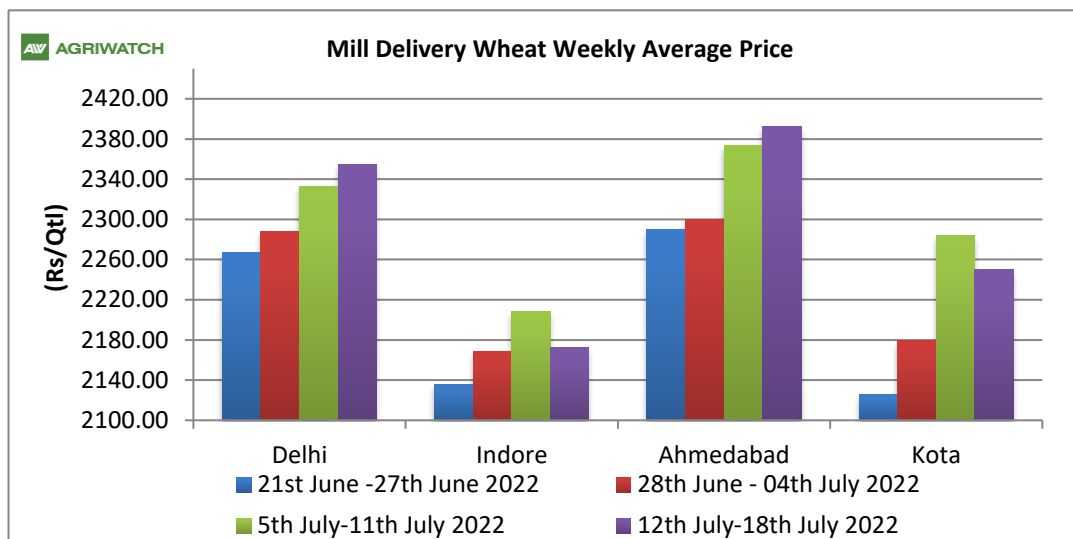
A week-on-week Exports	Quantity in MT	Average FOB (\$/TONNE)
01-08 May-2022	396584.98	343.65
9-15 May-2022	740890.53	331.64
16-23 May-2022	116058.81	314.76
24-31 May-2022	264972.68	325.94
<b>Total</b>	<b>1518506.50</b>	<b>334.66</b>

Source: Trade

### Wheat Import

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

Source: Apeda

Wheat Weekly Average Price Chart
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There were mixed sentiments observed in major mandis as compared to previous week. In some markets week sentiments were observed because of low demand. While, in some market's prices were firm because of good quality arrivals. 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 14.07.2022)
Punjab	96.47
Haryana	41.81
Uttar Pradesh	3.36
Madhya Pradesh	46.03
Rajasthan	0.10
Others	0.12
<b>All-India</b>	<b>187.89</b>

FOB & CIF Quote for Wheat at Kandla
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	At Kandla
Mill delivery (Rajkot)	22600
Freight charge	310
Misc. Charges (port handling)	650
FOB (at Kandla Rs/T)	22910
FOB value in \$ for FAQ	295.609
Freight Charges (US \$/ton) to Dubai	44
Insurance @ 0.1% (\$/MT)	29.56
CIF to Dubai (value in \$ for SRW)	357.02

(INR value: 79.71 as on 17.07.2022)

The Indian wheat FOB prices quoted at 295.60. 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
		14-Jul-22	7-Jul-22	14-Jun-22	14-Jul-21	
USA (Chicago)	2srw	325	327	408	-	-0.61
France	FCW3	353	357	414	-	-1.12
Argentina	ASW	428	433	485	-	-1.15
Russia	SRW	360	380	-	-	-5.26
India	FAQ	294.91	293.98	296.96	-	0.31

International Weekly Outlook:

The US FOB decline by 0.61 percent as compared to previous week as drought conditions pressurizing the prices. France FOB decline by 1.12 percent compared to previous week as they harvested only 3% of the soft Wheat crop by the same time in 2021. In Argentina, as drought persist till now affects sowing area again. The current estimate sowing area is currently down by 4.3% compared to previous estimate due to drought conditions.

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
	16-Jul-22	9-Jul-22	16-Jun-22	16-Jul-21	
Indore	2352	2173	2118	-	-
Delhi	2352	2309	2270	1815	29.59
Kanpur	2300	2180	2127	1677	37.15
Rajkot	2300	2225	2200	1793	28.28
Kota	2250	2250	2150	1877	19.87

[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
			16-Jul-22	15-Jul-22	9-Jul-22	15-Jun-22	16-Jul-21
Delhi	Lawrence Road	Mill Delivery	2390	2360	2315	2260	1825
	Narella	Mill Quality Loose	2250	2200	2125	Closed	1760
	Nazafgarh	Mill Quality Loose	2170	2140	2115	Closed	1725
Gujarat	Rajkot	Mill Delivery	Closed	2260	2235	2200	1820
	Ahmedabad	Mill Delivery	Closed	2400	2380	2305	1900
	Surat	Mill Delivery	Closed	2460	2440	2360	-
	Dhrol	Mill Delivery	Closed	2280	2130	2160	-
M.P.	Indore	Mill Delivery	Closed	2150	2200	2200	1850
	Bhopal	Mill Quality Loose	Closed	2000	1940	2000	1700
Rajasthan	Kota	Mill Quality Loose	Closed	2100	2150	2000	Closed
		Mill Delivery	Closed	2250	2300	2150	Closed
U.P.	Kanpur	Mill Delivery	2150	2170	2180	2130	1680
	Mathura	Mill Quality Loose	2170	2170	2150	2070	1630
	Kosi	Mill Quality Loose	2100	2110	2130	2050	1625
	Hathras	Mill Quality Loose	2120	2100	2150	2050	1600
	Aligarh	Mill Quality Loose	2120	2100	2150	2060	1630
Punjab	Khanna	Mill Quality Loose	2075	2070	2050	2020	1750
	Ludhiana (Jagraon)	Mill Delivery	2150	2150	2140	2150	-
Haryana	Sirsa	Mill Delivery loose	2040	2040	2020	2040	1725
	Hodal	Mill Delivery	-	-	-	-	-
	Bhiwani	Mill Quality Loose	2100	2100	2100	2000	1730
	Karnal	Mill Delivery	-	-	-	-	-
	Panipat	Mill Quality Loose	2100	2100	2150	2200	-
Tamil Nadu	Chennai	Mill Quality	Closed	2500	2500	2450	Closed
	Madurai	Mill Quality	Closed	2700	2700	2650	Closed
	Coimbatore	Mill Quality	Closed	2750	2750	2700	Closed
Bihar	Khagariya	Mill Delivery	2250	2250	2200	2100	1700
	Muzaffarpur	Mill Delivery	2200	2200	2130	2000	1725

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

**Russian Wheat export prices keep declining. As on 14th July, FOB of Russian Wheat declined by \$20 to \$360 per tonnes**, pressurized by new crop, low export taxes and weak rubles. Sovecon currently estimates Russia's July Wheat exports at 23 LMT as compared to 11 LMT in June which is still very low as compared to previous year data.

**As per USDA report, Global Wheat production for 2022-23 is seen at 771.6 MMT, down by 1.8 MMT from June forecast**, with EU and Ukraine both down by 2 MMT to 131.41 MMT and 19.5 MMT respectively, and Argentina down by 0.5 MMT to 19.5 MMT. While for Russian Wheat it increases by 5 LMT to 81.5 MMT and for US Wheat there is lift of 1.2 MMT to 48.5 MMT.

**Lebanon to import 0.3 LMT of Wheat from Ukraine and Russia. In order meet their demand of staple pita bread** they had to import 0.3 LMT of Wheat. They had imported some 7 LMT of wheat in 2021 as per their custom statistics.

**Argentina's Wheat harvest for 2022-23 season is expected at 17.7 MMT, down from previous estimate of 18.5 MMT.** Drought conditions in Argentina is responsible for this decline. Also, its sowing area cuts further to 5.9 mha, down from previous estimate of 6.2 mha.

**Nigeria's Crown Flour Mills has been granted permission by their ministry of Trade, Industry and Investment for the import 5 LMT of Indian Wheat** in order to meet their local supply shortage. Ministry involved Indian Commissioner of Abuja so that they officially communicate with DGFT (Directorate General of foreign Trade) of India for request approval.

**According to the most recent harvest forecast released, Germany's 2022 wheat crop rose by 5.3 percent** as compared to previous year to 22.51 million tonnes. In previous estimate in June, it was 22.65 MMT but dry weather conditions in summer caused stress to German grains.

**Philippines to import around 1.1 LMT of Wheat in a tender. In Philippines an importer group is likely to buy around 1.1 LMT of animal Wheat feed in a tender.** As per sources, two consignments were purchased, first at \$378 per tonnes and second at \$376 per tonnes.

**U.S Weekly Wheat sales hit two-year high as good export demand. As per the data showed by U.S Government**, the export sales of U.S Wheat till July 7 amounts more than 1 MMT which represents the biggest weekly tally since March 2020. This surge occurred because of good export demand. As of now, Brazil is likely to purchase around 0.3LMT of U.S Wheat.

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
<b>Production</b>	761	774	781	769	769
<b>Trade</b>	185	190	194	194	194
<b>Consumptions</b>	745	771	778	780	779
<b>Carryover stocks</b>	275	279	282	271	273
<b>Y-O-Y change</b>	15	3	4	-	-9
<b>Major Export</b>	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.

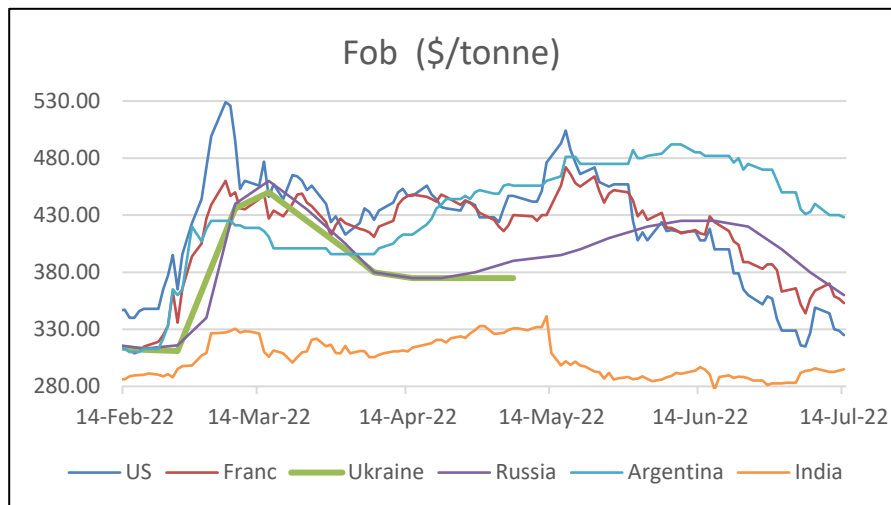
CBOT FUTURES CONTRACT:

CBOT Futures Prices:(USD/T)							
CONTRACT MONTH	Today	Week Ago	Month Ago	3 Month Ago	6 Month Ago	Year Ago	% Change over prev. year
	15-Jul-22	8-Jul-22	15-Jun-22	14-Apr-22	14-Jan-22	15-Jul-21	
<b>Jul-22</b>	285.38	323.04	385.77	405.79	270.87	252.04	13.23
<b>Sep-22</b>	291.72	327.54	390.73	404.51	271.78	254.15	14.78
<b>Dec-22</b>	297.69	333.05	396.24	401.84	273.80	255.07	16.71
<b>Mar-23</b>	300.72	337.73	399.82	398.90	275.55	-	-
<b>May-23</b>	297.59	339.29	400.93	393.67	274.08	-	-
<b>Jul-23</b>	296.22	332.96	393.67	393.67	212.45	-	-
<b>Dec-23</b>	295.76	329.56	388.89	-	-	-	-



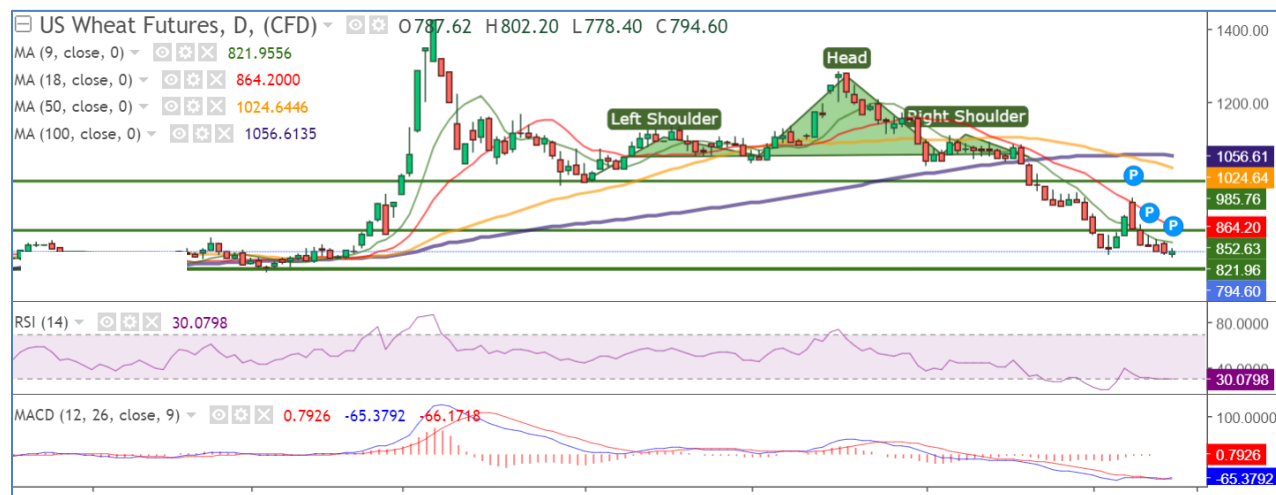
### International FOB Weekly Price Movement

Indian FOB is being quoted at \$295.60 per tones. Although the rupee has declined, the FOB remains ambitious as domestic prices are growing somewhat firmer.



### US Wheat Futures Sept -22

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**1<sup>st</sup> Support: 785**

**2<sup>nd</sup> Support: 750**

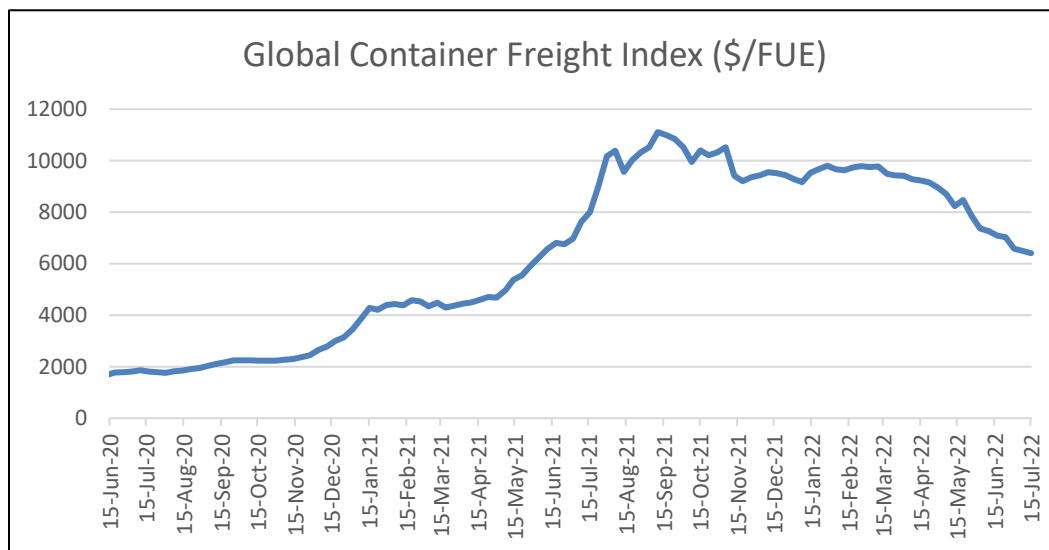
**1<sup>st</sup> Resistance: 860**

**2<sup>nd</sup> Resistance: 915 (\$ per tonne)**

As evident from the above chart, market is trading below 9,18,50 and 100 DMA indicating weak sentiments. RSI is near 30 which is in oversold zone, indicating weak buying strength. MACD is also indicating weak momentum in the market. Overall market is expected to take support from 740-750.

### Container Freight Index

The global container freight index fell by 1.24 percent compared to previous week to \$6414 per foot unit equivalent. Recent reports show 3% reduction in global ocean volumes in May compared to last year. Though the rates were stable but the extra available space especially from China to US had pushed down the



prices significantly since May. Falling consumer demand is somehow meant to kick-off the process of unwinding the congestion that has caused delays and contributed to elevated freight rates. But this decrease in demand meant unexpected increase in inventories. For now, with shelves and warehouses full, the drop in demand may make the congestion worst as imports don't get place on port container yards or at rail hubs.

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