



Wheat Weekly Research Report

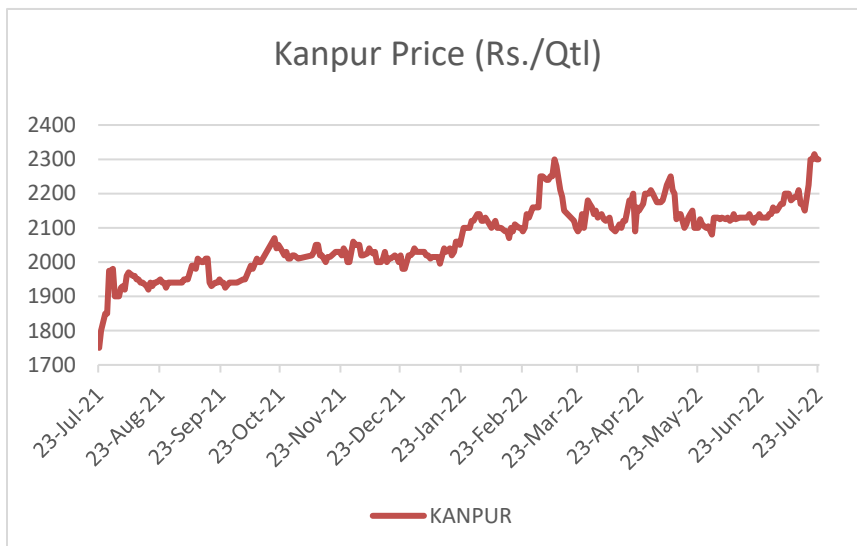
Table of Contents

- ❖ **Review and Outlook**
- ❖ **Export/Import**
- ❖ **Weather**
- ❖ **Weekly Price Change**
- ❖ **Stocking Norms**
- ❖ **FOB Quotes**
- ❖ **Spot Price at NCDEX Delivery Centers**
- ❖ **Domestic Outlook and Spot Prices**
- ❖ **Progressive Sowing**
- ❖ **International Wheat Market**
- ❖ **IGC**
- ❖ **CBOT Future Contract**
- ❖ **CBOT Trend**
- ❖ **International FOB Trend**

Wheat Domestic Market Fundamentals

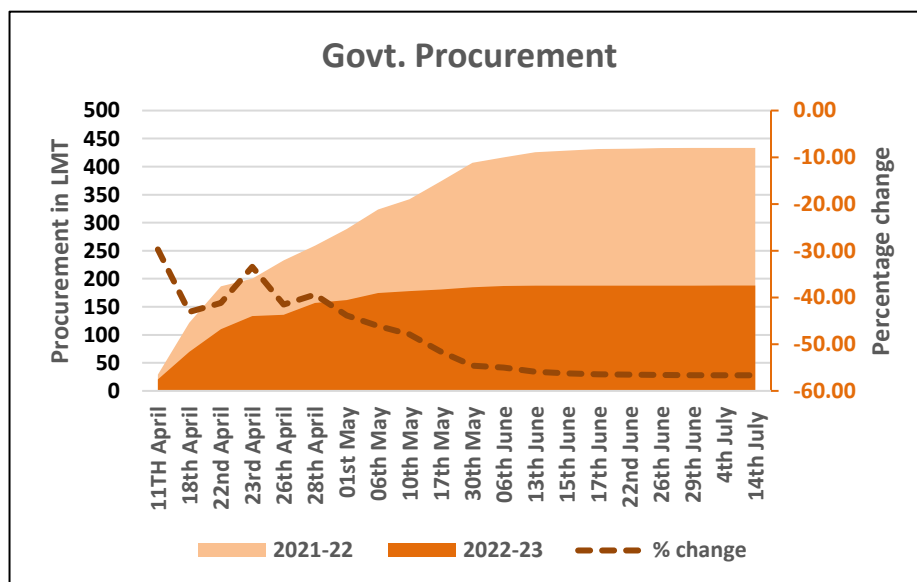
[\(Back to Table of Contents\)](#)

On arrival of good domestic as well as export demand Wheat Mill delivery prices in benchmark market Kanpur rose by Rs.150 per quintals to Rs.2300 per quintals as compared to previous week. Sluggish supplies keep pushing the prices. In mean time the DGFT had allowed export of 15-20 LMT of Wheat for which the LC or ICLC are opened on or before the export ban date. In coming days, due to commencement of festival season the prices remain firm and supported by sluggish supplies.



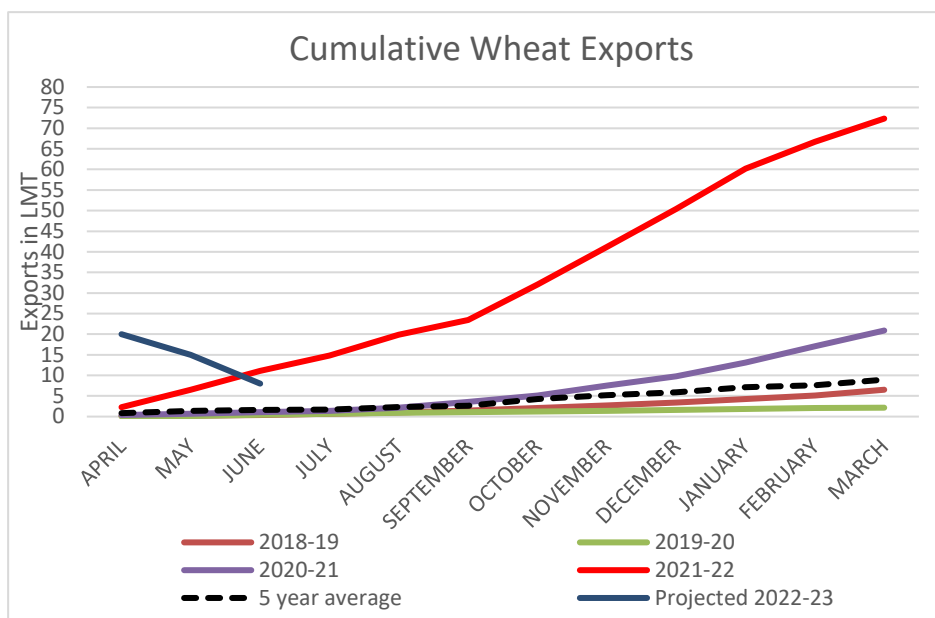
Procurement of Wheat is about to get completed and there has been no replacement of figures in procurement number. As of July 14th, the procurement of Wheat still stood at 187.89 LMT which is decline by 56.6% from last year. Despite of ban on export of wheat, farmers are not supplying wheat to Govt. as they are expecting higher prices in local markets/mandis. As per sources, at present they are holding around 25-30% of Wheat produce.

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



After Wheat, Government has put 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 after 12th July 2022. As on July 19, Directorate General of Trade (DGFT) released a new notification which mentions that this ban will not apply to Maida and Semolina.



Outlook & Recommendation:

Wheat prices may remain firm in coming weeks on good export and domestic demand. Commencement of festival season along with negligible supply for various welfare scheme also seen supporting the prices. If export requests from different nations accepted by Government, then it may push the prices further. Drought conditions in US and Argentina affecting the Wheat crop results in declining 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

([Back to Table of Contents](#))

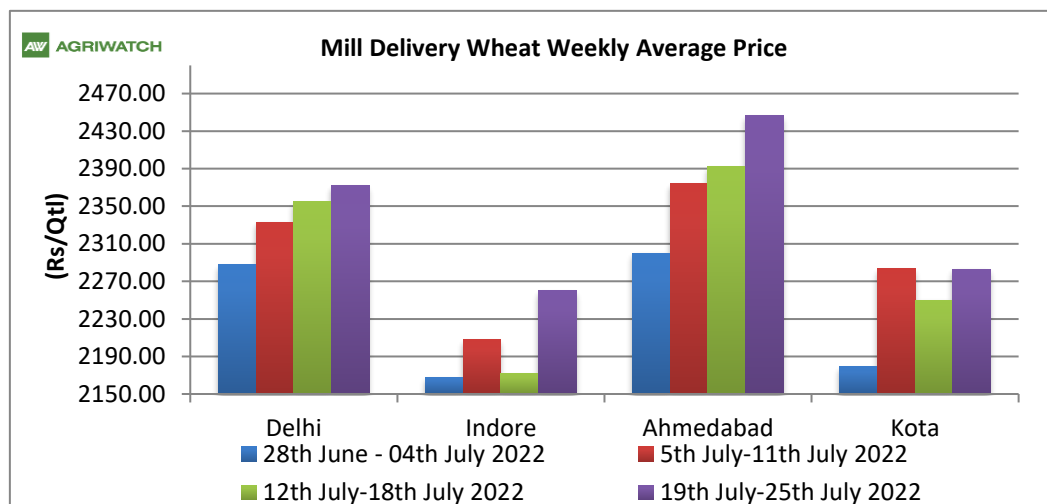
A week-on-week Exports	Quantity in MT	Average FOB (\$/TONNE)
01-08 June-2022	259766.52	217.68
9-15 June-2022	169436.33	169.01
16-23 June-2022	232253.43	241.53
24-30 June-2022	141860.15	269.74
Total	803316.45	232.74

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


Firm sentiments observed in major mandis as compared to previous week on arrival of good domestic as well as export demand. Sluggish supplies also keep pushing the 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 14.07.2022)
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
[\(Back to Table of Contents\)](#)

	At Kandla
Mill delivery (Rajkot)	23350
Freight charge	310
Misc. Charges (port handling)	650
FOB (at Kandla Rs/T)	23660
FOB value in \$ for FAQ	303.49
Freight Charges (US \$/ton) to Dubai	44
Insurance @ 0.1% (\$/MT)	30.34
CIF to Dubai (value in \$ for SRW)	357.02

(INR value: 79.88 as on 23.07.2022)

The Indian wheat FOB prices quoted at 303.49. 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
		21-Jul-22	15-Jul-22	21-Jun-22	21-Jul-21	
USA (Chicago)	2srw	337	324	379	-	4.01
France	FCW3	370	352	407	-	5.11
Argentina	ASW	420	423	476	-	-0.71
Russia	SRW	360	360	-	-	-
India	FAQ	303.50	295.61	287.47	-	2.67

International Weekly Outlook:

The US FOB rose by 4.01 percent as compared to previous week due to little improvement in weather conditions. France FOB rose by 5.11 percent compared to previous week on increased export demand. 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	Current Week	Week Ago	Month Ago	Year Ago	% Change over prev. Year
	23-Jul-22	16-Jul-22	23-Jun-22	23-Jul-21	
Indore	2289	2352	2134	-	-
Delhi	2357	2352	2269	1848	27.54
Kanpur	2405	2300	2120	1720	39.83
Rajkot	2350	2300	2180	1817	29.33
Kota	2265	2250	2140	1874	20.86

Domestic Market Weekly Outlook:

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

Spot Market Price:							
Centre	Market	Variety	Prices (Rs/Qtl)				
			Current Week	Yesterday	Week Ago	Month Ago	Year Ago
			23-Jul-22	22-Jul-22	16-Jul-22	22-Jun-22	23-Jul-21
Delhi	Lawrence Road	Mill Delivery	2400	2380	2390	2260	1875
	Narella	Mill Quality Loose	2280	2240	2250	Closed	1780
	Nazafgarh	Mill Quality Loose	2200	2180	2170	Closed	1730
Gujarat	Rajkot	Mill Delivery	2335	2325	Closed	2160	1820
	Ahmedabad	Mill Delivery	2450	2480	Closed	2300	1980
	Surat	Mill Delivery	2500	2475	Closed	2340	2010
	Dhrol	Mill Delivery	2450	2330	Closed	2285	1740
M.P.	Indore	Mill Delivery	2280	2260	Closed	2120	1850
	Bhopal	Mill Quality Loose	2100	2100	Closed	1950	-
Rajasthan	Kota	Mill Quality Loose	2150	2150	Closed	1980	1750
		Mill Delivery	2300	2300	Closed	2130	1900
U.P.	Kanpur	Mill Delivery	2300	2300	2150	2130	1700
	Mathura	Mill Quality Loose	2225	2160	2170	2085	1680
	Kosi	Mill Quality Loose	2200	2150	2100	2060	-
	Hathras	Mill Quality Loose	2200	2150	2120	2100	-
	Aligarh	Mill Quality Loose	2200	2140	2120	2090	-
Punjab	Khanna	Mill Quality Loose	2200	2150	2075	2030	1800
	Ludhiana (Jagraon)	Mill Delivery	2250	2250	2150	2150	-
Haryana	Sirsa	Mill Delivery loose	2115	2075	2040	2040	1725
	Hodal	Mill Delivery	-	-	-	-	-
	Bhiwani	Mill Quality Loose	2180	2140	2100	2050	1760
	Karnal	Mill Delivery	-	-	-	-	-
	Panipat	Mill Quality Loose	2200	2200	2100	2150	-
Tamil Nadu	Chennai	Mill Quality	2575	2575	Closed	2450	-
	Madurai	Mill Quality	2632	2775	Closed	2650	-
	Coimbatore	Mill Quality	2632	2825	Closed	2700	-
Bihar	Khagariya	Mill Delivery	2300	2300	2250	2100	1700
	Muzaffarpur	Mill Delivery	2300	2300	2200	2000	1700

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

As per Russian Agricultural Ministry, Russia's average Wheat yield is 24% higher than previous year. As per sources, Russia has started the exporting season at almost twice speed as compared to previous year. They further added that they had shipped around 12 LMT of Wheat in two weeks of this marketing year. Number of Countries buying its Wheat to half of the countries as compared to past year but shipments on the other hand have sharply increased.

Fresh tender by Pakistan is awaited as they don't accept any offer yet. Bids by different companies are- Viterra for 1.2 LMT offers \$404.86, Aston for 1.2 LMT offers \$409.50 and Bunge for 1.14 LMT offers \$419 but still the TCP (Trading Corporation of Pakistan) is considering the offers and no purchase has reported.

Egypt's grain buyer GASC (General Authority for Supply Commodities), announced a new tender of Wheat on July 17, for an unspecified amount from U.S, Canada, Australia, Argentina and Brazil. In recent week, GASC has contracted 12.8 LMT of Wheat from France, Romania, Russia and Bulgaria. As per their officials, during this marketing year, they need to import around 50 LMT of Wheat.

Economic Coordination Committee (ECC) of Pakistan Cabinet approved the import of 3 LMT of Wheat at FOB of \$404.86 per tonnes, as per the Finance Ministry of Pakistan. As discussed above, The Trade Corporation of Pakistan (TCP) had invited bids on both cash and deferred payment basis as a result of depleting foreign exchange reserves. The ECC had approved the lowest bid by Vittera International at \$404.86 per tonnes for 1.2 LMT.

Ukraine-Russia landmark deal results in decline of Wheat market on global level as the prices dropped fast to nearly 5- month low. Foremost reason is corridor opening deal signed in Istanbul between Ukraine and Russia to resume Ukraine's Black Sea grain exports.

Argentina's Wheat planting area for the upcoming season was downwardly revised again on July 21 due to unfavorable weather conditions. As per Buenos Aires Exchange their current sowing area stood at 6.1 million hectare which is down from previous estimate of 6.2 million hectares.

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	
				23.06.2022	21.07.2022
Production	761	774	781	769	770
Trade	185	190	196	194	194
Consumptions	745	771	778	779	780
Carryover stocks	276	279	282	273	272
Y-O-Y change	16	3	3	-9	-10
Major Export	62	60	65	62	60

- IGC has projected 2022-23 global wheat production at 770 MMT high from previous estimate of 769 MMT in June. IGC has estimated global wheat production at 781 MMT for 2021-22, similar to April month's estimate.

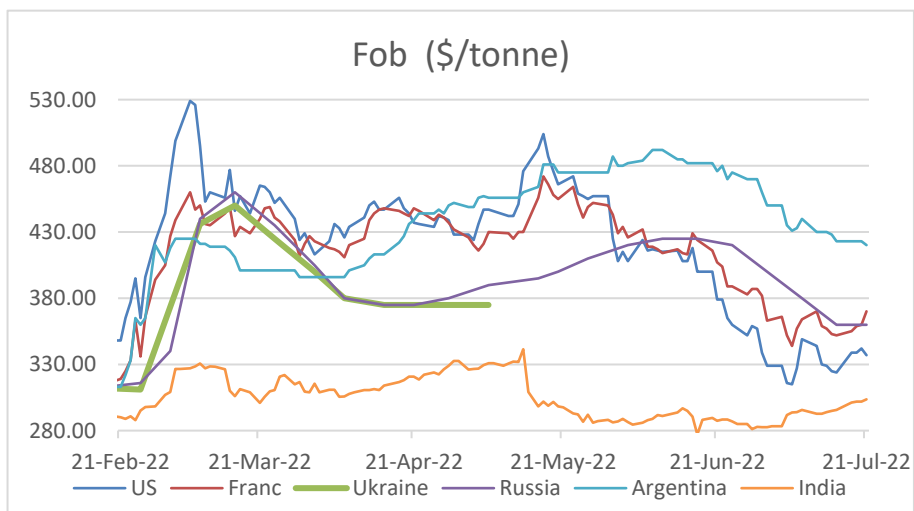
- The trade projection for 2022-23 is 194 MMT up from previous estimate of 193 MMT.
- Consumption has been increased from previous estimate of 779 MMT to 780 MMT.
- Carryout for 2022-23 is projected at 60 MMT which is up from previous estimate of 62 MMT.

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
	22-Jul-22	15-Jul-22	22-Jun-22	21-Apr-22	21-Jan-22	22-Jul-21	
Jul-22	278.86	285.38	358.77	395.51	284.46	253.87	9.84
Sep-22	285.65	291.72	363.27	395.05	284.92	254.61	12.19
Dec-22	291.53	297.69	368.96	394.13	286.48	256.63	13.60
Mar-23	294.65	300.72	372.91	393.85	288.04	257.64	14.37
May-23	292.63	297.59	374.29	392.38	285.56	0.00	-
Jul-23	292.82	296.22	368.13	392.38	212.45	-	-
Dec-23	293.83	295.76	363.82	-	-	-	-

International FOB Weekly Price Movement

Indian FOB is being quoted at \$303.49 per tones. Although the rupee has declined, the FOB remains ambitious as domestic prices are growing somewhat firmer.

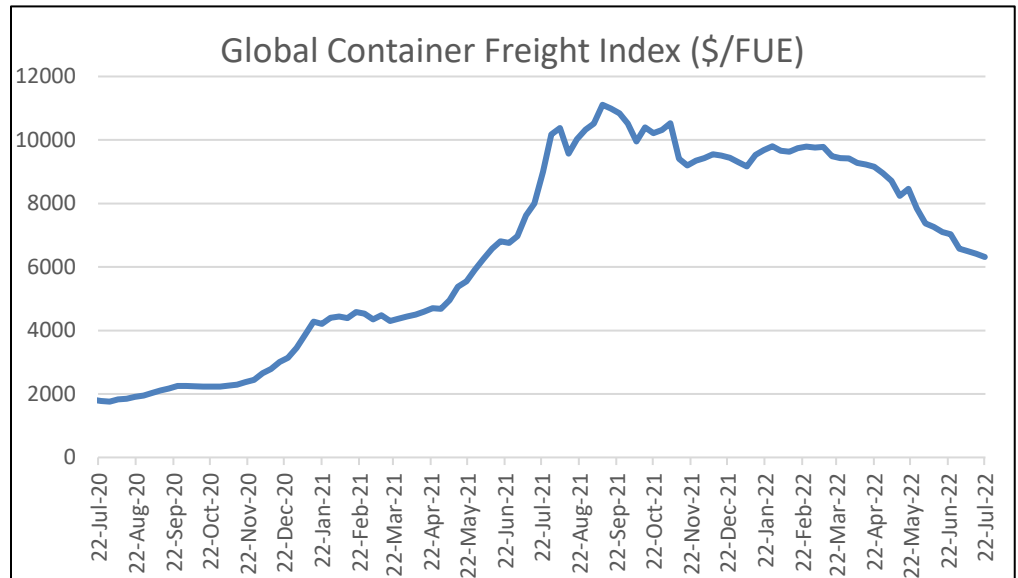


Container Freight Index

The global container freight index fell by 1.48 percent compared to previous week to \$6319 per foot unit equivalent.

Ocean rates out of Asia were overall stable this week, though prices to the US West Coast decreased 4% and presently stood at 60% lower than this time last year when rates begin their extreme peak season spike. Other than dropping ocean rates another conflicting factors on which future may hold are: Falling Ocean rates, growing inventories, and climbing inflation and ocean volumes in June. Persistent

congestion another factor keeping the rates in this trend. Ports are still backlogged not only in Europe and the US but in China too.



US Wheat Futures Sept -22

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



1st Support: 750**2nd Support: 720****1st Resistance: 820****2nd Resistance: 850 (\$ per tonne)**

During the week under review, market declined by 4.41% to 759, and market made low at 754, high at 843.5. As depicted from above chart, market is trading below 9,18,50 and 100 DMA, indicating weak sentiments. RSI is at 34 indicating weak buying strength and MACD indicating weak momentum in near term. Overall, market is expected to take support from 725-750 in short run.

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