

# Wheat Weekly Research Report

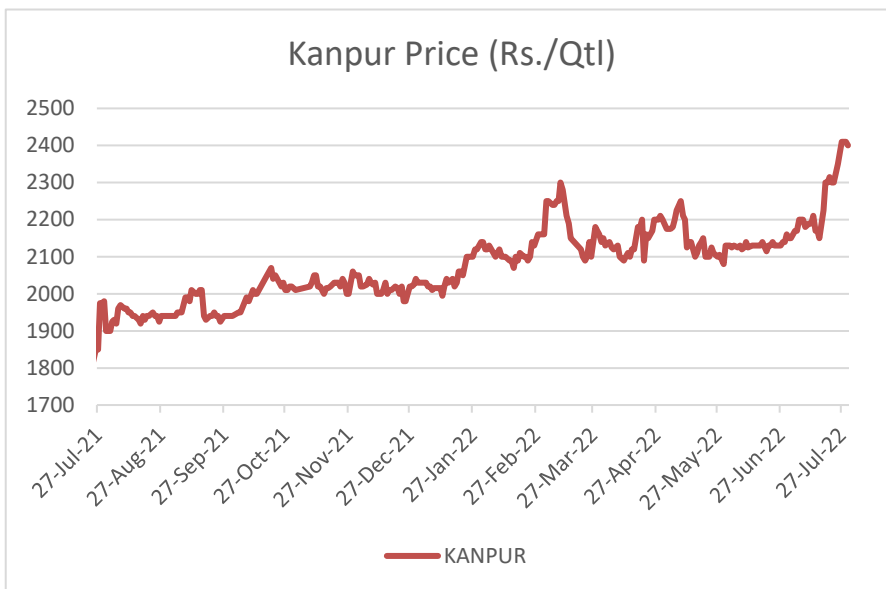
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## Wheat Domestic Market Fundamentals

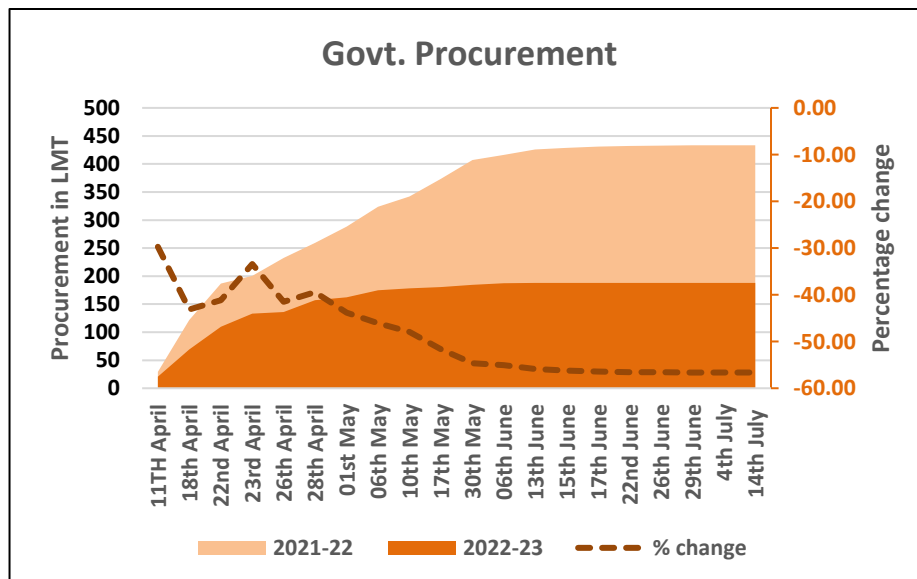
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Improved demand from local mills and poor arrivals results in high prices throughout the week under review. In Benchmark market Kanpur Mill delivery prices rose by Rs.100 per quintals to Rs.2400 per quintals as compared to past week. Sluggish supplies too help the market to trade on upper side. Festive demand for wheat products is likely to support domestic market in coming weeks. Supply side for quality Wheat is getting tighter which might affect the large export deals but export to Nepal and Bhutan might get considered.



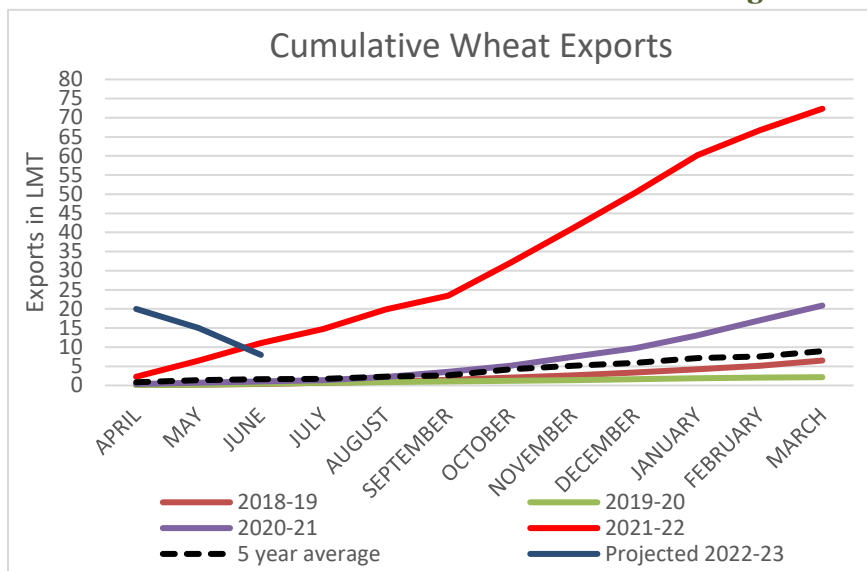
Procurement of Wheat is about to get completed and there has been no change of figures in procurement number. As of July 14<sup>th</sup>, the procurement of Wheat still stood at 187.89 LMT which is down by 56.6% from last year. Despite the ban on export of wheat, farmers are not supplying wheat to Govt. 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 on 1st July were perilously close to the minimum needs of operational buffer stock and strategic reserves.



Responding to requests of Bhutan, Government of India has made additional trade concessions for Bhutan. As a special gesture, India has authorized the export of Wheat and Sugar to Bhutan, as per their requirements, i.e., 0.05 LMT of Wheat and 0.10 LMT of Sugar, to be imported by the FCI of Bhutan.

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 12<sup>th</sup> 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 Argentina affecting the Wheat crop which results in declining its 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 of India which can help farmers to finish Kharif sowing on time. However, may also affect the wheat supplies in mandis/markets.

### Wheat Weekly Export

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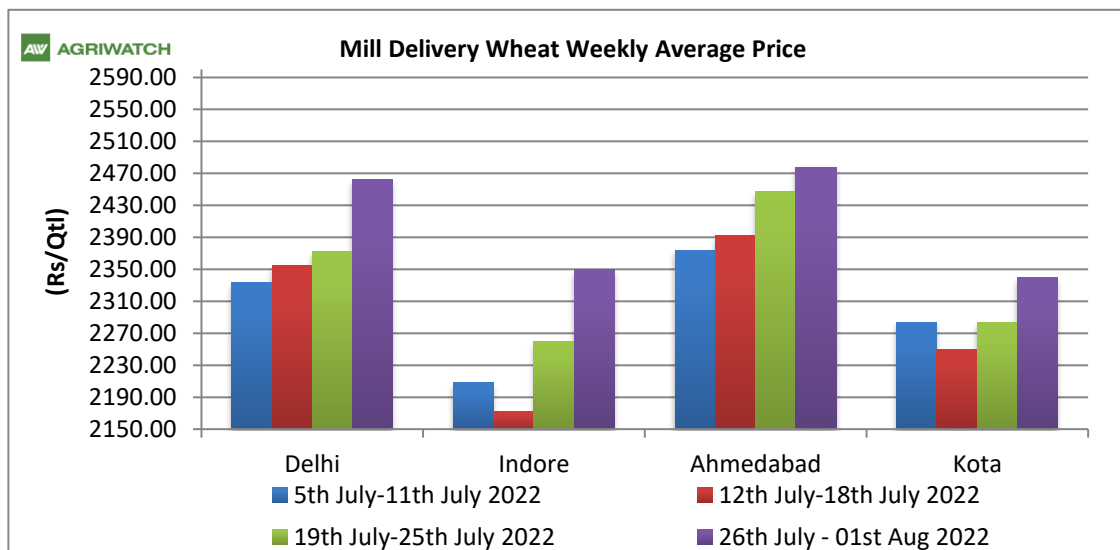
A week-on-week Exports	Quantity in MT	Average FOB (\$/TONNE)
01-08 June-2022	259766.52	217.68
9-15 June-2022	169436.33	169.01
16-23 June-2022	232253.43	241.53
24-30 June-2022	141860.15	269.74
<b>Total</b>	<b>803316.45</b>	<b>232.74</b>

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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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
<b>All-India</b>	<b>187.89</b>

FOB & CIF Quote for Wheat at Kandla
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	At Kandla
Mill delivery (Rajkot)	<b>24400</b>
Freight charge	310
Misc. Charges (port handling)	650
FOB (at Kandla Rs/T)	24710
FOB value in \$ for FAQ	309.92
Freight Charges (US \$/ton) to Dubai	44
Insurance @ 0.1% (\$/MT)	30.99
CIF to Dubai (value in \$ for SRW)	<b>357.02</b>

(INR value: 79.19 as on 30.07.2022)

The Indian wheat FOB prices quoted at \$309.92 per MT. Although the rupee has declined, the FOB remains ambitious as domestic prices are growing firmer to some extent.

Indicative FOB Quotes:						
Wheat FOB	Variety	Current Week	Week Ago	Month Ago	Year Ago	% Change over Prev. Week
		28-Jul-22	21-Jul-22	28-Jun-22	28-Jul-21	
USA (Chicago)	2srw	341	337	359	-	<b>1.19</b>
France	FCW3	357	370	387	-	<b>-3.51</b>
Argentina	ASW	410	420	470	-	<b>-2.38</b>
Russia	SRW	360	360	-	-	-
<b>India</b>	<b>FAQ</b>	<b>309.92</b>	<b>303.50</b>	<b>281.20</b>	-	<b>2.11</b>

International Weekly Outlook:

The US FOB rose by 1.19 percent as compared to previous week due to little improvement in weather conditions. France FOB decline by 3.51 percent compared to previous week due to drought conditions. In Argentina, as drought persist till now showing adverse effects on its sowing area.

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	2387.5	2289	2136	-	-
Delhi	2468	2357	2273	1872	<b>31.84</b>
Kanpur	2437.5	2405	2140	1725	<b>41.30</b>
Rajkot	2400	2350	2175	1840	<b>30.43</b>
Kota	2350	2265	2200	1889	<b>24.40</b>

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Spot Market Price:							
Centre	Market	Variety	Prices (Rs/Qtl)				
			Current Week	Yesterday	Week Ago	Month Ago	Year Ago
			30-Jul-22	29-Jul-22	23-Jul-22	29-Jun-22	30-Jul-21
Delhi	Lawrence Road	Mill Delivery	2500	2480	2400	2270	1910
	Narella	Mill Quality Loose	2345	2350	2280	Closed	1840
	Nazafgarh	Mill Quality Loose	-	2310	2200	Closed	1830
Gujarat	Rajkot	Mill Delivery	2440	2380	2335	2135	1810
	Ahmedabad	Mill Delivery	2520	2480	2450	2300	1980
	Surat	Mill Delivery	2580	2540	2500	2340	2040
	Dhrol	Mill Delivery	2310	2360	2450	2380	1780
M.P.	Indore	Mill Delivery	2350	2350	2280	2140	1945
	Bhopal	Mill Quality Loose	2125	2150	2100	1950	1800
Rajasthan	Kota	Mill Quality Loose	2200	2200	2150	2025	1825
		Mill Delivery	2350	2350	2300	2175	1975
U.P.	Kanpur	Mill Delivery	2400	2410	2300	2140	1735
	Mathura	Mill Quality Loose	2230	2230	2225	2050	1720
	Kosi	Mill Quality Loose	2225	2225	2200	2085	1710
	Hathras	Mill Quality Loose	2300	2220	2200	2080	1650
	Aligarh	Mill Quality Loose	2300	2280	2200	2070	1640
Punjab	Khanna	Mill Quality Loose	2180	2180	2200	2050	1800
	Ludhiana (Jagraon)	Mill Delivery	2250	2250	2250	2160	-
Haryana	Sirsa	Mill Delivery loose	2200	2150	2115	2025	1740
	Hodal	Mill Delivery	-	-	-	-	-
	Bhiwani	Mill Quality Loose	2270	2200	2180	2040	1790
	Karnal	Mill Delivery	-	-	-	-	-
	Panipat	Mill Quality Loose	2300	2200	2200	2150	-
Tamil Nadu	Chennai	Mill Quality	2650	2650	2575	2450	2100
	Madurai	Mill Quality	2707	2800	2775	2650	2300
	Coimbatore	Mill Quality	2707	2850	2825	2700	2350
Bihar	Khagariya	Mill Delivery	2400	2350	2300	2200	1850
	Muzaffarpur	Mill Delivery	2400	2400	2300	2050	1825

International Market Update:
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**Romania's Wheat crop to drop by 25% as compared to previous year. Drought conditions decline the** Romania's Wheat crop production to 9 MMT from its initial estimate of 10.3 MMT. It produced around 10% of the production of EU total Wheat.

**Iraq aims to import 1.5 MMT of Wheat from Australia, Canada and US. In order to support their strategic** reserves and cover the local consumption demand. The trade ministry has signed memorandums of understanding with Australia, Canada and the United States to buy Wheat through direct purchases or tenders.

**Agritel estimates French soft Wheat production at 33.44 MMT down from 35.43 MMT in previous year.** Wheat crop in France suffering from frost, drought, hail and scorching temperature. While the exports were up by 10.95 MMT from 8.8 MMT in previous season. It may remain supportive to Wheat prices in global markets for soft Wheat to some extent.

**As per Sovecon, Russia expecting good Wheat crop this year. They forecast production to be raised by 1.7 MMT** to 80.9 MMT. They raised country's July-June 2022-23 Wheat exports by 0.3 MMT to 42.9 MMT. If Russia starts Wheat export from more ports, it may work as the check and balance on the price movement.

**Ukraine expects to harvest around 18-20 MMT of Wheat this year, as per their Ukrainian Agrarian Policy. This** quantity is five times higher than their consumer demand. So, they have bulk quantity for considering export offer as they have good stock.

**Bangladesh decreases its Wheat prices by 4-5 per kg as India resumes its export through Hili land port. Prices** increase as a result of comfortable supply side. On May 13, India imposed ban on Wheat export in order to ensure better supply of the food grains in their domestic market. But later allowed wheat export to Bangladesh under the previous LCs since May 29. The importers who had opened LCs to import Wheat through railway containers have to import by road due to some problems with railway line. Until January of fiscal year 2021-22, India contributed 66% of Wheat Bangladesh imported.

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

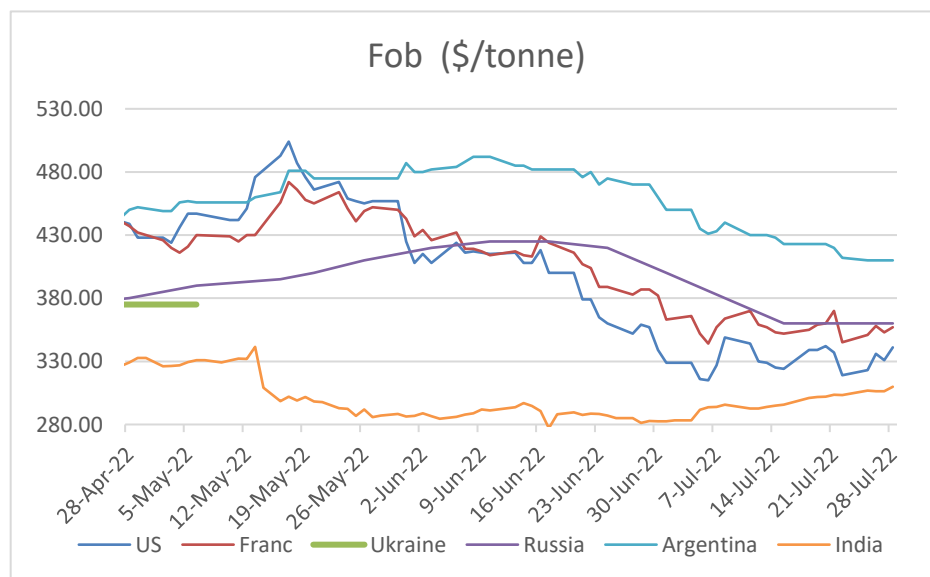
- The trade projection for 2022-23 is 194 MMT up from previous estimate of 193 MMT.
- Consumption has been increased from previous estimate of 779 MMT to 780 MMT.
- Carryout for 2022-23 is projected at 60 MMT which is down from the previous estimate of 62 MMT.

### 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	
Sep-22	296.77	278.86	341.68	400.37	287.31	258.19	14.94
Dec-22	303.38	285.65	346.83	399.09	288.96	259.84	16.76
Mar-23	309.72	291.53	350.22	398.54	290.52	260.95	18.69
May-23	312.93	294.65	351.60	395.32	288.04	-	-
Jul-23	311.37	292.63	345.45	379.16	277.48	-	-
Dec-23	311.65	292.82	341.96	379.16	212.45	-	-
Mar-24	312.75	293.83	340.76	-	-	-	-

### International FOB Weekly Price Movement

Indian FOB is being quoted at \$309.91 per tones. Although the rupee has declined, the FOB remains ambitious as domestic prices are getting somewhat firmer.

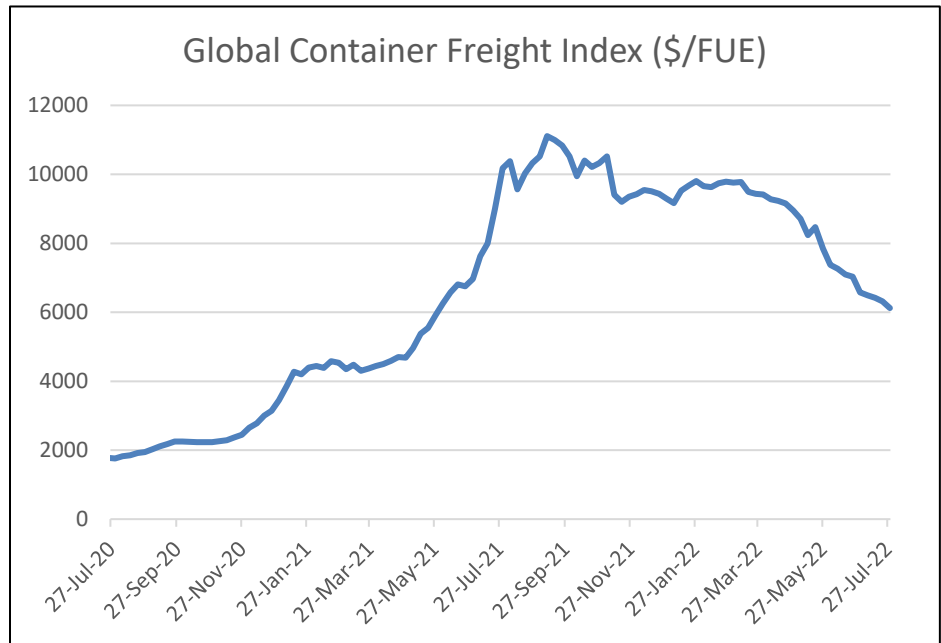




### Container Freight Index

The global container freight index fell by 3.15 percent compared to previous week to \$6120 per foot unit equivalent.

Ocean rates from Asia to the US West Coast continued their slide, falling 6% since last week. Chartered container ships show ocean carriers are still looking for capacity. Carriers have also scheduled 20% more transpacific capacity. These moves also suggest that carriers don't anticipate port congestion to dissipate anytime soon: though trucker protests in Oakland were no longer impacting operations by the start of the week, congestion at inland rail hubs are creating a container backlog in LA/Long Beach, and a buildup of empty containers is slowing operations on the East Coast.



### US Wheat Futures Sept -22

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**1<sup>st</sup> Support: 780****2<sup>nd</sup> Support: 750****1<sup>st</sup> Resistance: 850****2<sup>nd</sup> Resistance: 900 (\$ per tonne)**

During the week under review, market rebounded by 6.42% to 807, and market made low at 760.5, high at 845.75. As depicted from above chart, market is trading below 9,18,50 and 100 DMA, indicating weak sentiments. RSI is at 39 indicating weak buying strength and MACD indicating weak momentum in near term. Overall, market is expected to take support from 725-750 and resistance from 825-850 in the short run.

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