



# Wheat Weekly Research Report

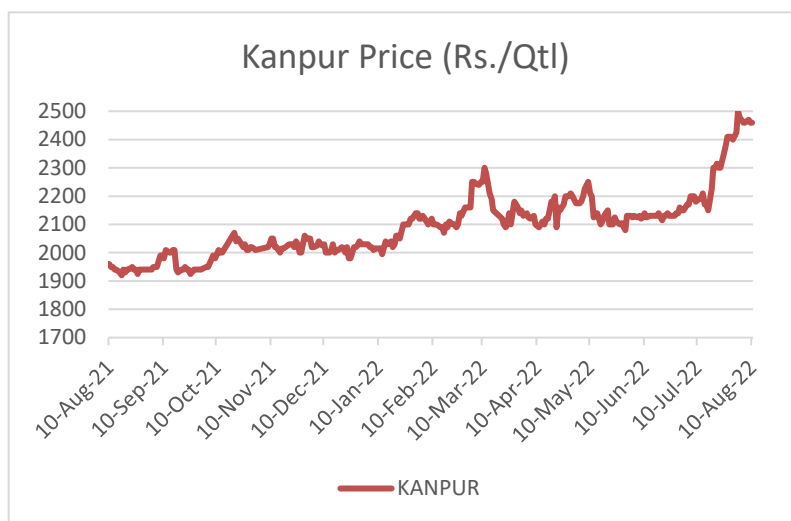
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### Wheat Domestic Market Fundamentals

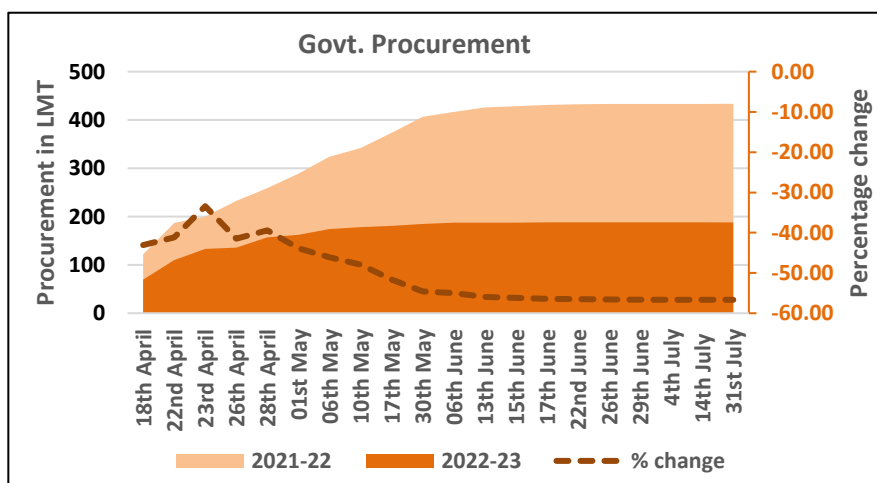
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Wheat prices remain steady to weak throughout the week under review. Prices eased in most of the markets amid notification released by GOI regarding export restrictions on Wheat products like Maida, Semolina and Wheat flour. In benchmark Kanpur market, Wheat mill delivery prices stood steady at previous week's level of Rs.2460 per quintals. On the other hand, Haryana's HAFED also release tender to sell 1.04 Lakh MT (LMT) of Wheat in open market too help in relaxing rising domestic prices of Wheat.



Procurement of Wheat is about to get completed and there has been no change of figures in procurement number. As of July 31<sup>st</sup>, the procurement of Wheat still stood at 187.94 LMT which is down by 56.6% from last year.

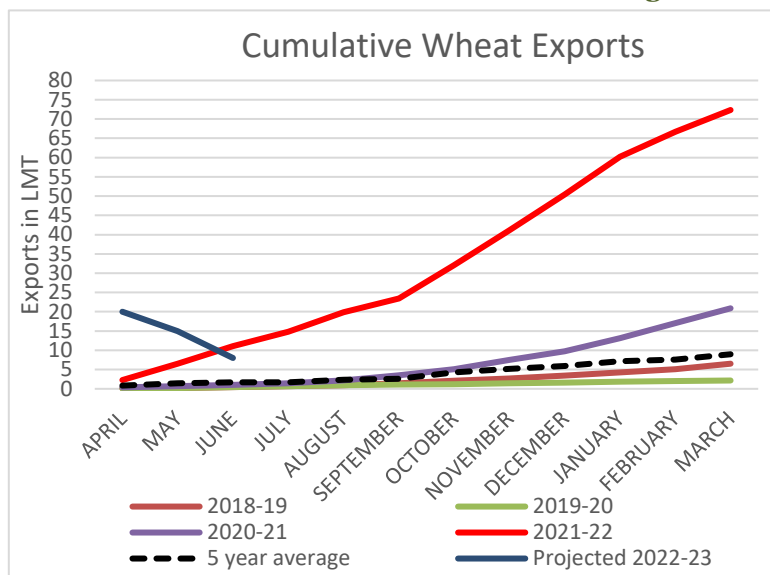
Due to low procurement and a decline in output during 2021-22 crop year, the Central Pool's wheat inventories as on 1st



August were perilously close to the minimum needs of operational buffer stock and strategic reserves.

Meanwhile, GoI on July 6th, 2022 vide notification no.18 has restricted the exports of Wheat flour but now with the latest notification no. 25 dated August 8th, 2022 has extended the restriction on other wheat products like Semolina and Maida including wheat flour. The notification will come into effect from August 14th onwards and exports are subject to recommendation of Inter-Ministerial Committee (IMC). Also, the shipments approved by IMC shall be allowed subject to issuance of quality certificate by Export Inspection Council or its EIAs at Delhi, Mumbai, Chennai and Kolkata.

There would be no transitional arrangement provided for the period August 8th to 14th, however, the consignments for which the loading has commenced and those consignments which were handed over to the Customs and is registered in their system on or before the Notification date shall be allowed. The decision taken from GoI, pressured the domestic market prices besides sales tender of Haryana's HAFED (Haryana State Cooperative Supply for the sale of 1.04 LMT of Wheat which was procured commercially from Haryana and Madhya Pradesh.



**Outlook & Recommendation:** After little decline in domestic prices, improvement must be seen in coming days. Festive season and good domestic demand might improve the prices to some extent. Export demand may lend support to domestic prices in coming weeks. In global market, resumption of grains exports from Ukraine keeps export prices on lower side in all countries. While good export demand may affect the prices in coming weeks.

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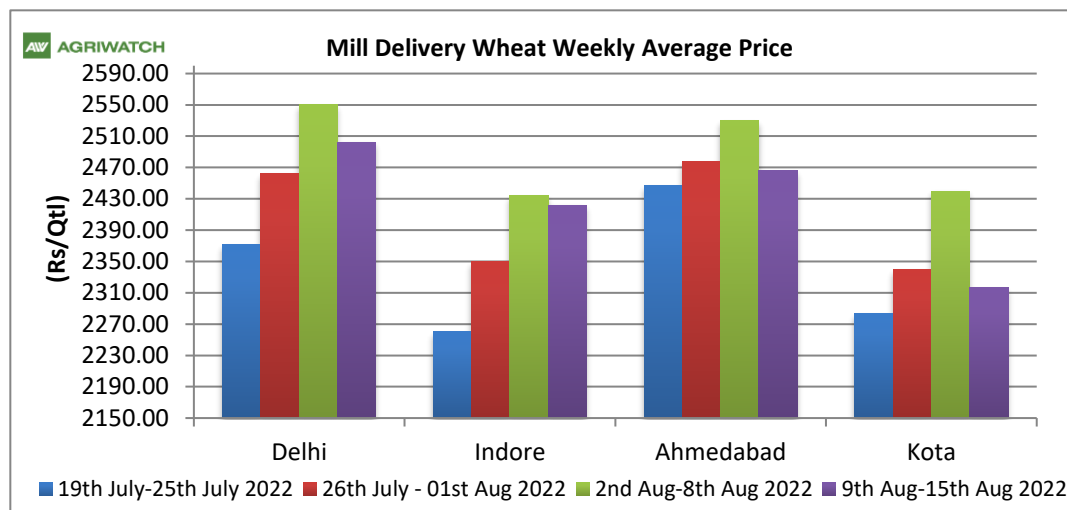
A week-on-week Exports	Quantity in MT	Average FOB (\$/TONNE)
01-08 June-2022	259766.52	217.68
9-15 June-2022	169436.33	169.01
16-23 June-2022	232253.43	241.53
24-30 June-2022	141860.15	269.74
<b>Total</b>	<b>803316.45</b>	<b>232.74</b>

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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In major mandis, Wheat delivery prices traded weaker on notification released by GOI regarding export restrictions on Wheat products like Maida, Semolina and Wheat flour.

Wheat and Rice Stocking Norms

<b>Wheat Stock Norms</b>						
Fig. In Lakh Tonne	Operational Stock			Strategic Reserve		
	Rice	Wheat	Total	Rice	Wheat	Grand Total
<b>As on</b>						
<b>1st April</b>	115.80	44.60	160.40	20.00	30.00	210.40
<b>1st July</b>	115.40	245.80	361.20	20.00	30.00	411.20
<b>1st October</b>	82.50	175.20	257.70	20.00	30.00	307.70
<b>1st January</b>	56.10	108.00	164.10	20.00	30.00	214.10
<b>Buffer Norms w.e.f. 01.07.2017</b>						

State-wise Procurement Progress 2022-23

State/UTs	Procurement in LMT (as on 31.07.2022)
Punjab	96.47
Haryana	41.86
Uttar Pradesh	3.36
Madhya Pradesh	46.03
Rajasthan	0.10
Others	0.12
<b>All-India</b>	<b>187.94</b>

### International Weekly Outlook:

On good export demand US and France FOB prices rose by 3.93% and 0.85% respectively. While in Russia and Argentina FOB prices remain steady as previous week. While India's FOB decline by 1.86% due to low domestic prices.

Indicative FOB Quotes:						
Wheat FOB	Variety	Current Week	Week Ago	Month Ago	Year Ago	% Change over Prev. Week
		11-Aug-22	5-Aug-22	12-Jul-22	11-Aug-21	
USA (Chicago)	2srw	344	331	330	-	3.93
France	FCW3	355	352	359	-	0.85
Argentina	ASW	410	410	430	-	-
Russia	SRW	355	355	0	-	-
India	FAQ	308.47	314.32	292.62	-	-1.86

### 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	% Change over prev. Week
	13-Aug-22	6-Aug-22	14-Jul-22	13-Aug-21		
Indore	2400	2400	2250	1899	26.38	-
Delhi	2466	2520	2334	1884	30.89	-2.14
Kanpur	2432.5	2485	2275	1725	41.01	-2.11
Rajkot	2337.5	2425	2300	1860	25.67	-3.60
Kota	2280	2337.5	2230	1898	20.13	-2.45

### Domestic Market Weekly Outlook:

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Spot Market Price:							
Centre	Market	Variety	Prices (Rs/Qtl)				
			Current Week	Yesterday	Week Ago	Month Ago	Year Ago
			13-Aug-22	12-Aug-22	6-Aug-22	14-Jul-22	13-Aug-21
Delhi	Lawrence Road	Mill Delivery	2500	2480	2595	2350	1900
	Narella	Mill Quality Loose	2320	2300	2400	2200	1870
	Nazafgarh	Mill Quality Loose	2300	Closed	2360	2150	1830
Gujarat	Rajkot	Mill Delivery	2370	2360	2400	2250	1900
	Ahmedabad	Mill Delivery	2450	2425	2530	2400	1935
	Surat	Mill Delivery	2520	2480	2580	2450	2020

	Dhrol	Mill Delivery	2370	2335	2315	2335	1865
<b>M.P.</b>	Indore	Mill Delivery	2420	2420	2450	2150	1940
	Bhopal	Mill Quality Loose	Closed	2200	2200	2000	1850
<b>Rajasthan</b>	Kota	Mill Quality Loose	2200	2180	2280	2100	1775
		Mill Delivery	2350	2330	2430	2250	1900
<b>U.P.</b>	Kanpur	Mill Delivery	Closed	Closed	2460	2170	1740
	Mathura	Mill Quality Loose	closed	closed	2350	2110	1700
	Kosi	Mill Quality Loose	2240	closed	2340	2090	1670
	Hathras	Mill Quality Loose	closed	closed	2400	2100	1680
	Aligarh	Mill Quality Loose	2350	2310	2340	2100	1690
<b>Punjab</b>	Khanna	Mill Quality Loose	2275	2325	2300	2050	1820
	Ludhiana (Jagraon)	Mill Delivery	Closed	Closed	2300	2150	-
<b>Haryana</b>	Sirsa	Mill Delivery loose	2200	2175	2250	2045	1735
	Hodal	Mill Delivery	-	-	-	-	-
	Bhiwani	Mill Quality Loose	2270	2280	2400	2120	1800
	Karnal	Mill Delivery	-	-	-	-	-
	Panipat	Mill Quality Loose	2400	2400	2400	2080	-
<b>Tamil Nadu</b>	Chennai	Mill Quality	2700	2700	2700	2500	2150
	Madurai	Mill Quality	2757	2950	2850	2700	2350
	Coimbatore	Mill Quality	2757	3000	2900	2750	2400
<b>Bihar</b>	Khagariya	Mill Delivery	2600	2600	2550	2250	1600
	Muzaffarpur	Mill Delivery	2500	2500	2550	2200	1650

### International Market Update:

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**Another ship containing Ukrainian Wheat which exported under U.N deal arrived Istanbul on 14<sup>th</sup> August**, as per the Joint Coordination Centre based in the Turkish city. The Sormovsky was loaded with 0.03 LMT of Wheat and left the Ukraine's port on 12<sup>th</sup> August. This is first ship to carry Wheat from Ukraine through Black Sea since Russia's invasion.

**As per Saudi Arabia's state grain buyer SAGO, they have purchased 1.80 LMT of Wheat through the Saudi Agricultural and Livestock Investment Company (SALIC).** They further added that arrival of this amount happened to arrive between October 2022 and February 2023.

**USDA released their August report and this time they mention outlook is for higher supplies, greater consumption, increased trade and fractionally lower stock.** Russia's production raised by 6.5 MMT to 88 MMT on higher harvested area and yield. Harvested area increased as per the updated data submitted by Russia's statistical agency while yield raised on harvest results for winter Wheat, for spring Wheat favorable weather conditions helps in forecasting good yield. Exports are also raised to 42MMT due to good supplies and they further expected that export prices may remain competitive in coming days.

Australia's production also raised by USDA TO 33 MMT where favorable weather conditions may prospect good yield. While EU production forecasted to be decline by 2 MMT to 132 MMT mainly due to some regional reductions for Hungary, Spain and Romania.

**Philippines released tenders for 1.20 LMT Wheat. Importers of Philippines released a tender for 1.20 LMT of Wheat** in order to meet their domestic needs. The deadline for submission of price offers in the tender is Wednesday, August 10th.

As per Sovecon, Russia exported 7.8 LMT of grains last week as compared to 6.5 LMT in previous week results in decline of FOB prices to \$355/tonnes. Amid strong demand from exporters pressurize the domestic prices in southern regions of Russia.

### IGC Wheat Global 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
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 down from the previous estimate of 62 MMT.

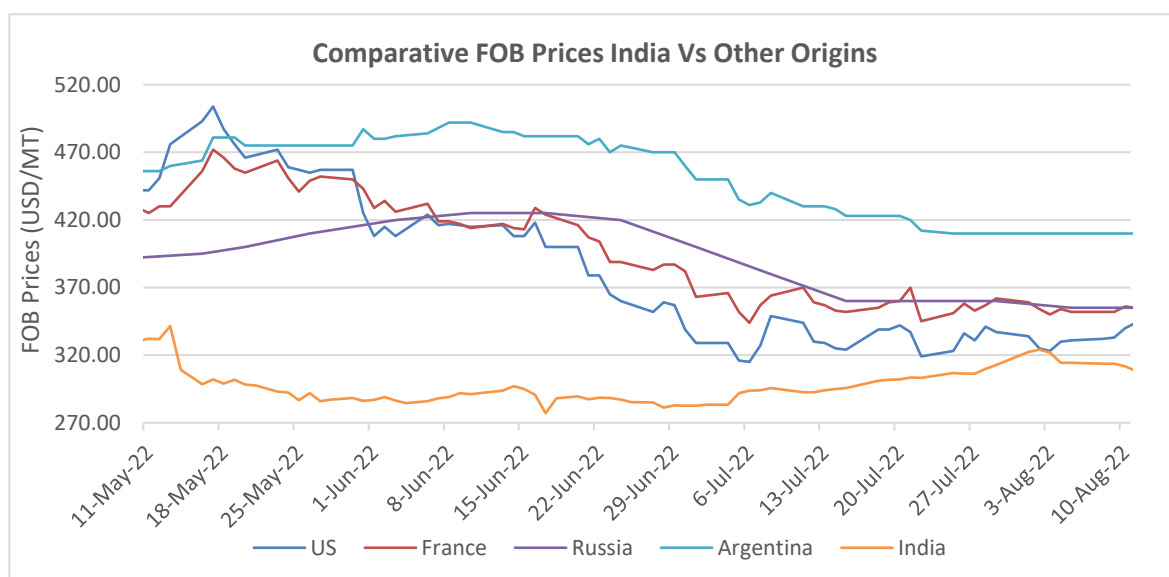
### CBOT FUTURES CONTRACT:

CBOT Futures Prices:(USD/T)							
CONTRACT MONTH	Today	Week Ago	Month Ago	3 Month Ago	6 Month Ago	Year Ago	% Change over prev. week
	12-Aug-22	5-Aug-22	13-Jul-22	12-May-22	11-Feb-22	12-Aug-21	
Sep-22	326.71	311.65	297.87	434.17	293.28	271.88	20.17
Dec-22	327.90	314.49	304.12	435.92	294.38	272.89	20.16
Mar-23	329.19	316.88	309.81	436.01	295.48	273.35	20.43
May-23	329.83	317.98	312.20	429.77	293.09	-	-
Jul-23	326.99	315.32	307.33	406.44	283.27	-	-
Dec-23	325.79	314.59	304.76	406.44	212.45	-	-
Mar-24	325.98	315.23	303.20	-	-	-	-

FOB & CIF Quote for Wheat at Kandla
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	At Kandla
Mill delivery (Rajkot)	<b>23600</b>
Freight charge	310
Misc. Charges (port handling)	650
FOB (at Kandla Rs/T)	24560
FOB value in \$ for FAQ	308.46
Freight Charges (US \$/ton) to Dubai	44
Insurance @ 0.1% (\$/MT)	30.84
CIF to Dubai (value in \$ for SRW)	<b>357.02</b>

(INR value: 79.62 as on 12.08.2022)

International FOB Weekly Price Movement


The Indian wheat FOB prices quoted at \$308.46 per MT. With low domestic prices FOB prices too decline as compared to previous week.



US Wheat Futures Sept -22
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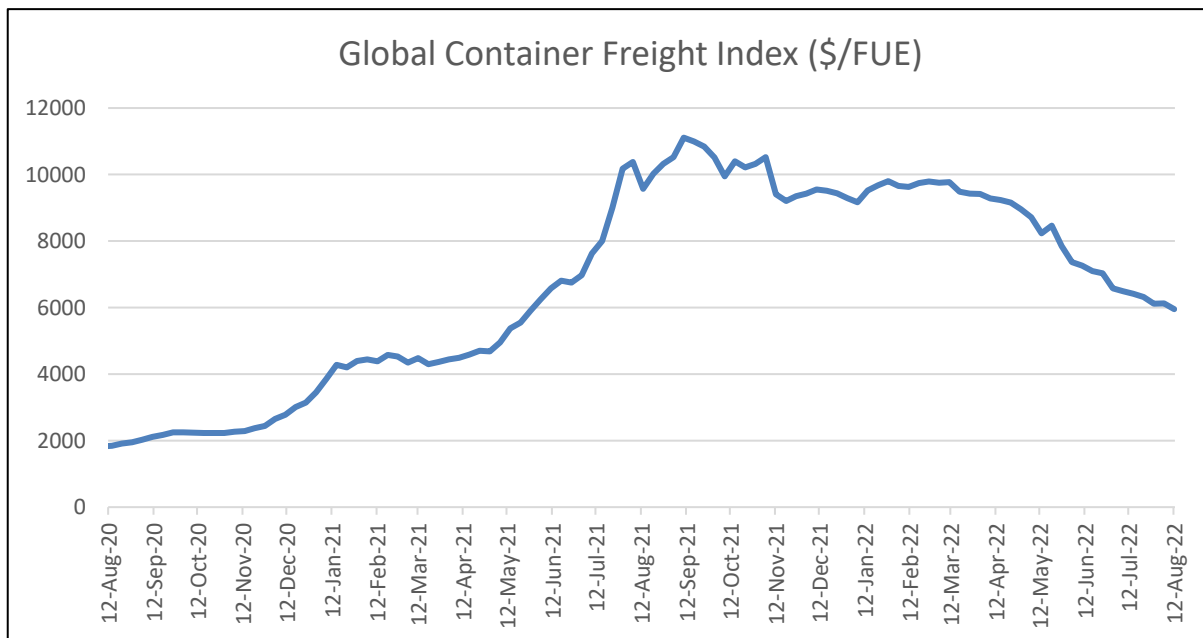

**1<sup>st</sup> Support: 754**

**2<sup>nd</sup> Support: 693**

**1<sup>st</sup> Resistance: 843**

**2<sup>nd</sup> Resistance: 923 (\$ per tonne)**

As evident from the above chart, prices are consolidating between 754 – 846 level. Prices are below the short and medium term EMAs however, currently taking support of the long-term (100 days) EMA. Both momentum indicator MACD and Oscillator RSI are moving down and pointing for weakness in prices. We expect prices to remain range bound / sideways in coming week. Breakout either side of the above-mentioned range would give prices new direction.

Container Freight Index


The global container freight index rose by 2.71 percent compared to previous week to \$5956 per foot unit equivalent. China's recent military exercises have yet to significantly disrupt the ocean freight operations. The Port Kaohsiung which is one of the top twenty largest container ports in world by according to volume and area heading significant traffic to Europe and US from East Asia. A sustained conflict could force vessels to take alternative routes, adding transit time, disrupting schedules and contributing to congestion that is already helping to keep ocean rates elevated. Transpacific ocean rates to West Coast fell more than 10% this week. There are indications of slowing consumer demand. Trends suggesting that most of ocean freight peak season was pulled forward to spring this year. It also looks like the shift towards normalization has started, but will be gradual as demand remains strong and congestion continues to strain capacity.

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