

Wheat Weekly Research Report

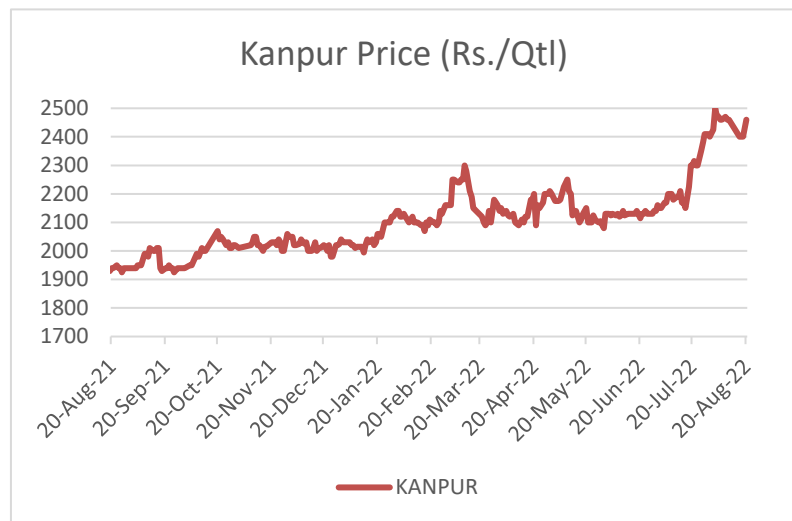
Table of Contents

- ❖ **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

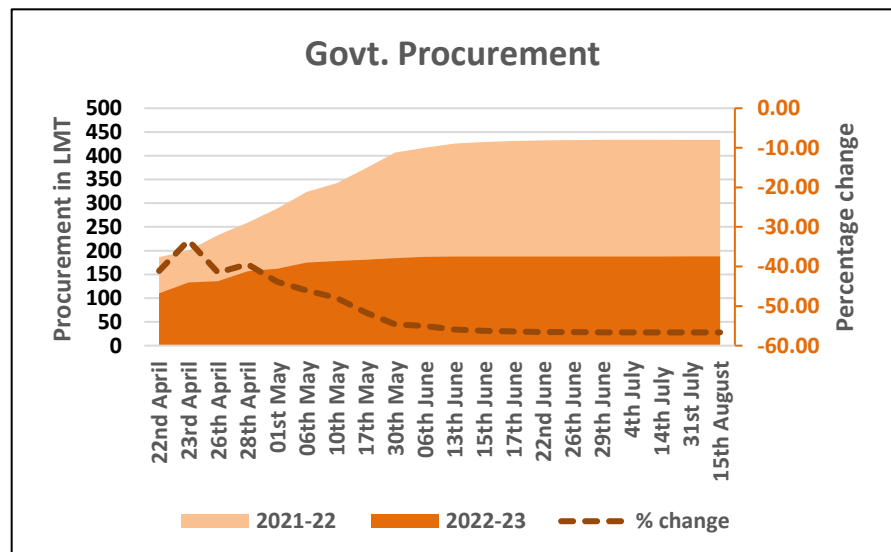
[\(Back to Table of Contents\)](#)

In benchmark Kanpur market, prices recorded at Rs.2460 per quintals which indicate price recovery after little fall during past week. This improvement have seen because of good domestic demand and tight supplies. Commencement of festivities too support domestic prices. While on the other hand, as per trade sources there is stock present in local markets but they are waiting for further correction in prices to release their produce. In coming days, on good domestic demand and tight supplies prices may remain firm in medium to long term.



Procurement of Wheat is about to get completed and still under progress but there have been no such changes in figures. As of August 15th the procurement of Wheat still stood at 187.94 LMT which is down by 56.6% from last year.

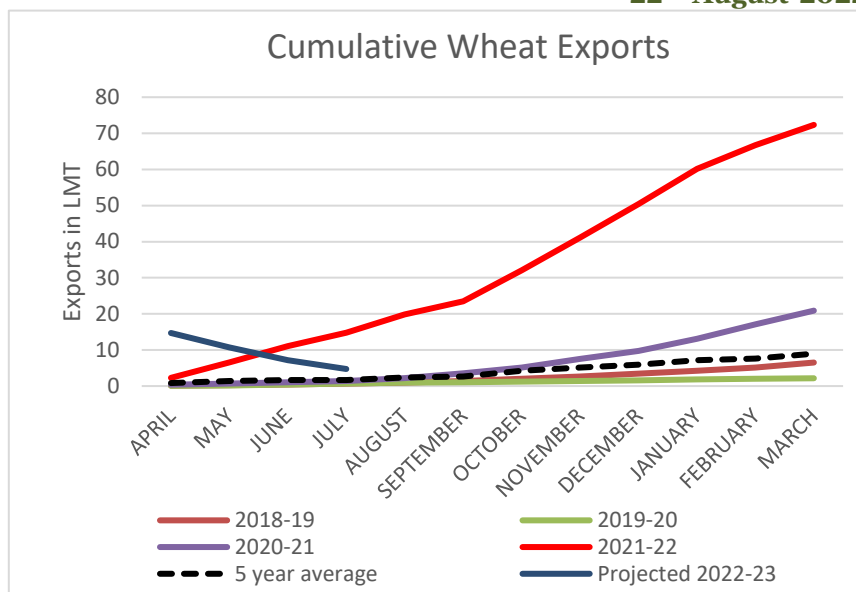
Due to low procurement and a decline in output during 2021-22 crop year, the Central Pool's wheat inventories as on 1st August



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

As there are import rumors that GOI have to import Wheat from overseas because FCI's central pool stock is lowest since 2008. But center denied this rumor and stated that they have enough stock to feed their nation and don't need to do imports. They further added that they may scrap import duty in order to control rising prices and may put further stock restrictions.

As per trade sources, Exports of Wheat for July stood at 4.73 LMT with FOB of \$323.25 per tonnes. Top 3 countries which exports maximum Wheat are UAE with 2 LMT, Bangladesh with 1 LMT and Indonesia with 0.73 LMT of Wheat.



Outlook & Recommendation: On good domestic demand and tight supplies prices may remain firm in coming days. Beginning of festivities put further support to domestic prices to remain firm. On global level Ukraine resumption of grains affect domestic prices to some extent in coming days also.

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

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

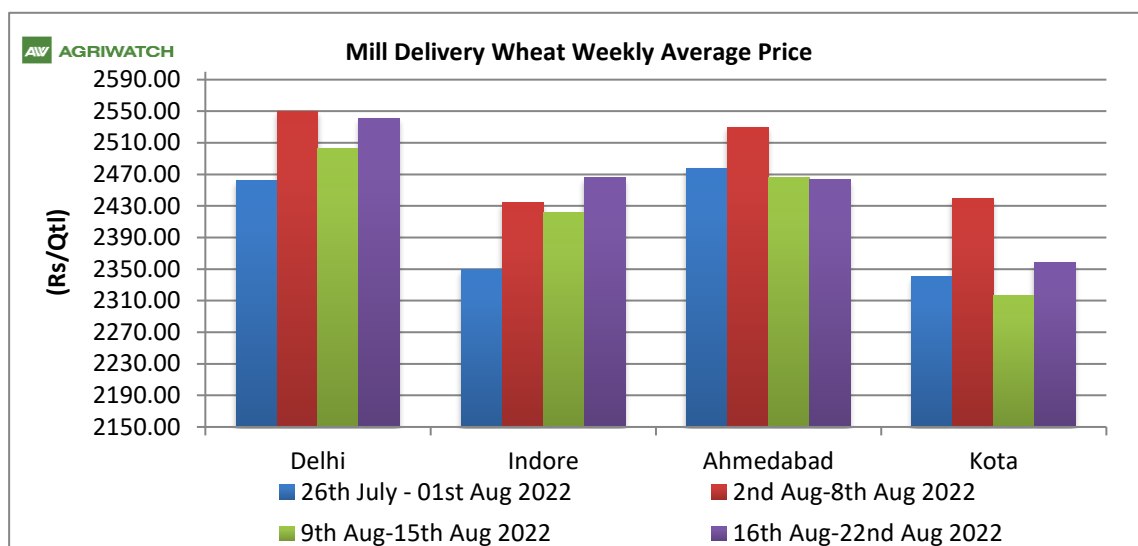
A week-on-week Exports	Quantity in MT	Average FOB (\$/TONNE)
01-08 June-2022	259766.52	217.68
9-15 June-2022	169436.33	169.01
16-23 June-2022	232253.43	241.53
24-30 June-2022	141860.15	269.74
Total	803316.45	232.74

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


In major mandis, Wheat delivery prices improved on festive demand and sluggish supplies as compared to previous week.

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 15.08.2022)
Punjab	96.47
Haryana	41.86
Uttar Pradesh	3.36
Madhya Pradesh	46.03
Rajasthan	0.10
Others	0.12
All-India	187.94

International Weekly Outlook:

On good export demand US FOB prices rose by 3.93. On the other hand, France FOB prices decline by 0.28% on drought conditions. While in Russia and Argentina FOB prices remain steady as in 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
		12-Aug-22	5-Aug-22	13-Jul-22	12-Aug-21	
USA (Chicago)	2srw	344	331	329	-	3.93
France	FCW3	351	352	357	-	-0.28
Argentina	ASW	410	410	430	-	-
Russia	SRW	355	355	0	-	-
India	FAQ	308.47	314.32	293.95	-	-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
	20-Aug-22	13-Aug-22	21-Jul-22	20-Aug-21		
Indore	2445.3	2400	2282	1895	29.04	1.88
Delhi	2550	2466	2350	1912	33.37	3.40
Kanpur	2500	2432.5	2315	1730	44.51	2.77
Rajkot	-	2337.5	2350	1918	-	-
Kota	2350	2280	2250	1894	24.08	3.07

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
			20-Aug-22	18-Aug-22	13-Aug-22	20-Jul-22	20-Aug-21
Delhi	Lawrence Road	Mill Delivery	2560	2550	2500	2360	1950
	Narella	Mill Quality Loose	2400	2350	2320	Closed	1900
	Nazafgarh	Mill Quality Loose	2370	2340	2300	Closed	1800
Gujarat	Rajkot	Mill Delivery	Closed	Closed	2370	2320	1950
	Ahmedabad	Mill Delivery	Closed	Closed	2450	2425	1980
	Surat	Mill Delivery	Closed	Closed	2520	2475	2080

	Dhrol	Mill Delivery	Closed	Closed	2370	2210	1905
M.P.	Indore	Mill Delivery	2375	2450	2420	2250	1925
	Bhopal	Mill Quality Loose	2200	2250	Closed	2100	1800
Rajasthan	Kota	Mill Quality Loose	Closed	2225	2200	2115	1800
		Mill Delivery	Closed	2375	2350	2265	1950
U.P.	Kanpur	Mill Delivery	2460	2400	Closed	2300	1760
	Mathura	Mill Quality Loose	closed	2325	closed	2160	1710
	Kosi	Mill Quality Loose	2300	2300	2240	2110	1700
	Hathras	Mill Quality Loose	2450	2450	closed	2120	1725
	Aligarh	Mill Quality Loose	2350	2330	2350	2150	1700
Punjab	Khanna	Mill Quality Loose	2270	2260	2220	2120	1725
	Ludhiana (Jagraon)	Mill Delivery	Closed	Closed	Closed	2150	-
Haryana	Sirsa	Mill Delivery loose	2250	2250	2200	2070	1740
	Hodal	Mill Delivery	-	-	-	-	-
	Bhiwani	Mill Quality Loose	2300	2300	2270	2140	1800
	Karnal	Mill Delivery	-	-	-	-	-
	Panipat	Mill Quality Loose	2380	2400	2400	2100	-
Tamil Nadu	Chennai	Mill Quality	Closed	2680	2700	2550	2200
	Madurai	Mill Quality	Closed	2930	2950	2750	2400
	Coimbatore	Mill Quality	Closed	2980	3000	2800	2450
Bihar	Khagariya	Mill Delivery	2550	2550	2600	2250	1700
	Muzaffarpur	Mill Delivery	2500	-	2500	2250	1700

International Market Update:

(Back to Table of Contents)

Sovecon estimates Russia's Wheat harvest to be around 947 LMT from 909 LMT on good yield prospects in many regions and after good weather conditions. They further added that this high estimate doesn't impact global market to that extent because the exports remain low due to sanctions on Russia.

Meanwhile, another ship containing Ukrainian Wheat which exported under U.N deal arrived Istanbul on 14th 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 12th August. This is first ship to carry Wheat from Ukraine through Black Sea since Russia's invasion. There are another 10 more cargoes loaded with grains at Black Sea ports ready for shipment.

Russian Wheat export prices fell after a decline in Wheat prices in Chicago (CBOT) and the gradual resumption of Ukrainian exports from Black Sea ports. Russian export prices decline by \$3 to \$355 per tonne. They had already exported 7.8 LMT in the first week of August compared with 6.5 LMT during the previous week. Also, the domestic prices in the southern part of the country amid strong demand from exporters.

Russia to send test shipment of Wheat to Vietnam. Russia will send a trail shipment of Wheat to Vietnam in September or October as it aims to resume active supplies to the country. The trail shipment will be formed from Wheat produced in regions free from creeping thistle, as per their agriculture ministry. Russia supplied 18 LMT of Wheat to Vietnam in 2021, down from 26 LMT in 2018.

IGC Wheat Global Balance Sheet:

(Back to Table of Contents)

IGC Forecast (Fig-In MMT)	2019-20	2020-21 est.	2021-22 F'cast	2022-23 Proj	
				21.07.2022	18.08.2022
Production	761	774	781	770	778
Trade	185	190	196	194	193
Consumptions	745	771	778	780	783
Carryover stocks	276	279	282	272	275
Y-O-Y change	16	3	3	-10	-5
Major Export	62	60	65	60	61

- IGC has projected 2022-23 global wheat production at 778 MMT high from previous estimate of 770 MMT in July. 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 193 MMT down from previous estimate of 194 MMT.
- Consumption has been increased from previous estimate of 780 MMT to 783 MMT.
- Carryout for 2022-23 is projected at 61 MMT which is up from the previous estimate of 60 MMT.

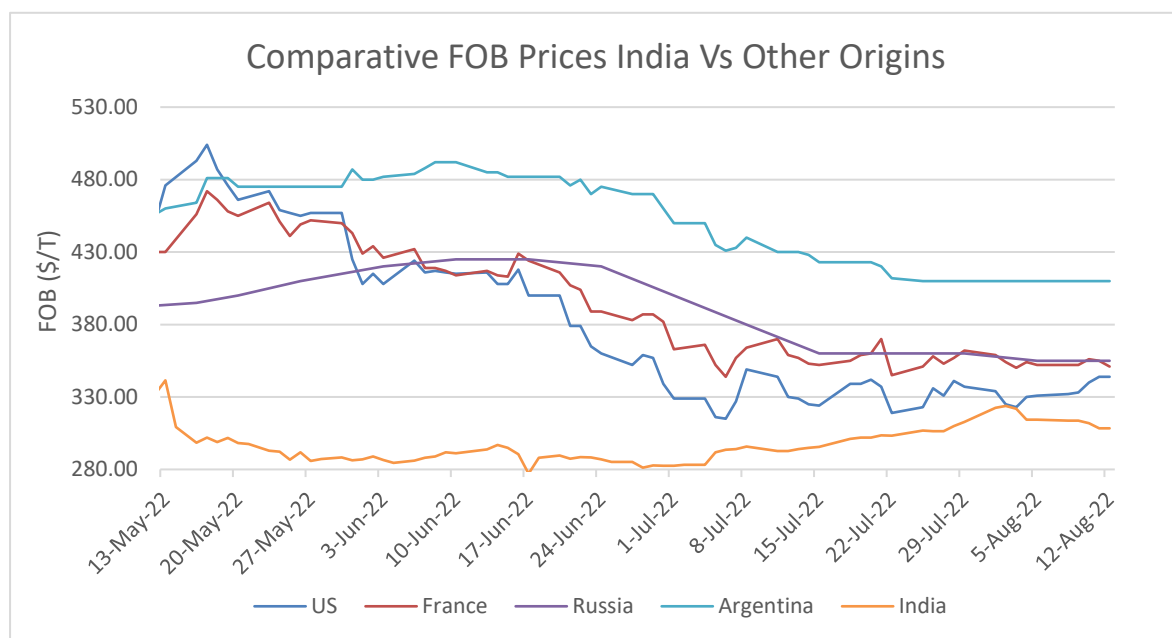
CBOT FUTURES CONTRACT:

CBOT Futures Prices:(USD/T)							
CONTRACT MONTH	Today	Week Ago	Month Ago	3 Month Ago	6 Month Ago	Year Ago	% Change over prev. week
	19-Aug-22	12-Aug-22	19-Jul-22	19-May-22	18-Feb-22	19-Aug-21	
Sep-22	276.74	326.71	298.42	444.55	294.84	266.82	3.72
Dec-22	283.27	327.90	304.21	444.37	296.40	267.93	5.73
Mar-23	289.33	329.19	309.81	438.03	297.59	268.39	7.80
May-23	293.00	329.83	312.57	413.33	294.75	-	-
Jul-23	293.09	326.99	309.08	402.21	283.45	-	-
Dec-23	294.47	325.79	308.25	402.21	212.45	-	-
Mar-24	296.77	325.98	308.52	-	-	-	-

FOB & CIF Quote for Wheat at Kandla
[\(Back to Table of Contents\)](#)

	At Kandla
Mill delivery (Rajkot)	23700
Freight charge	310
Misc. Charges (port handling)	650
FOB (at Kandla Rs/T)	24660
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)	357.02

(INR value: 79.93 as on 21.08.2022)

International FOB Weekly Price Movement


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

US Wheat Futures Sept -22

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



1st Support: 754

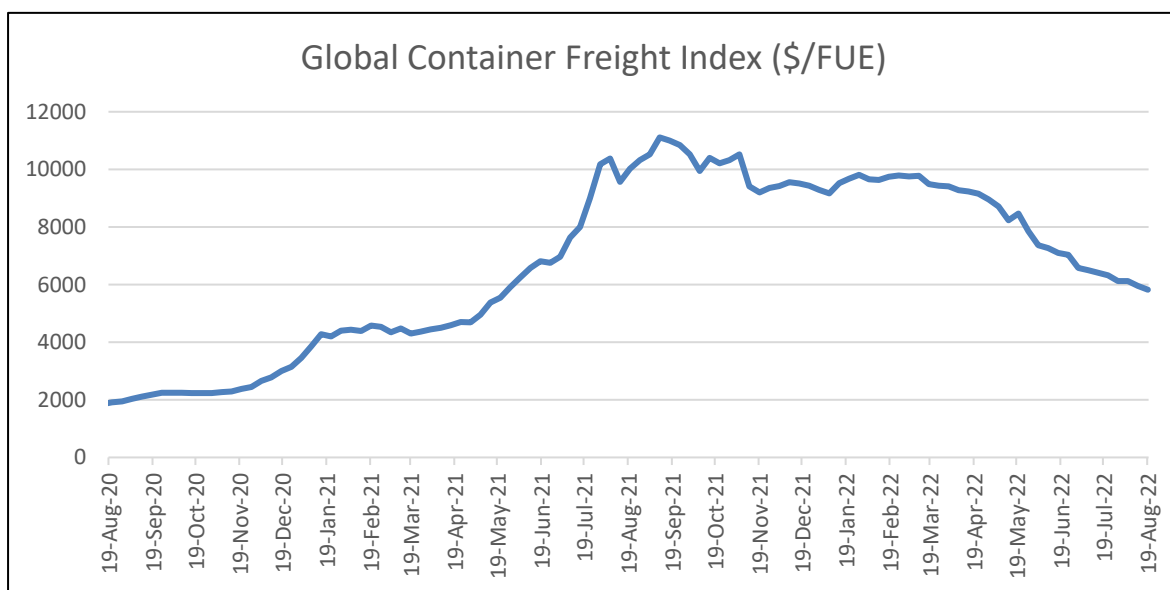
2nd Support: 693

1st Resistance: 843

2nd 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 declines by 2.28 percent compared to previous week to \$5820 per foot unit equivalent. Congestion at some US ports is improving along with waiting ships. But, together with still-strong demand, congestion is still significant enough to keep rates quite elevated compared to typical levels. Likewise, from February to April, inflation-driven decreases in volumes pushed Asia-North Europe rates down by 28%. European ports are facing additional challenges that could make congestion worse, including water levels low on the Rhine disrupt the barge service and multiple labor disruptions. Falling air cargo volumes are also leading to lower rates on many lanes.

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