

# Wheat Weekly Research Report

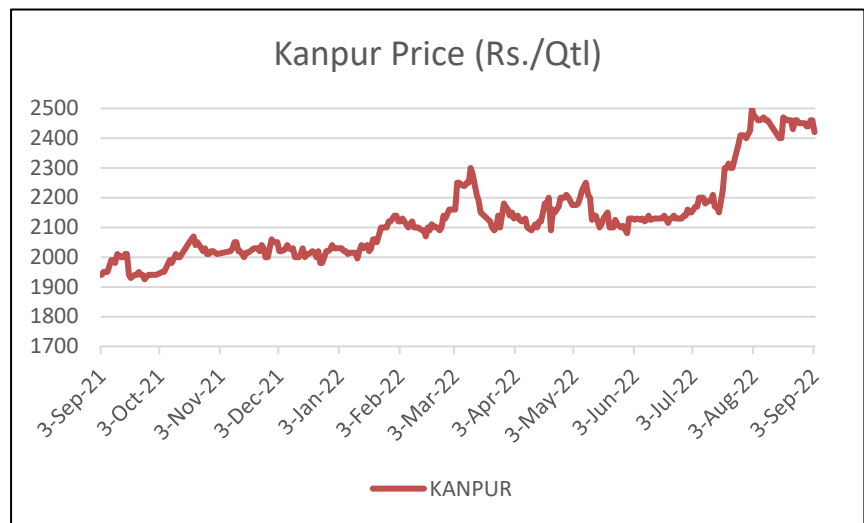
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## Wheat Domestic Market Fundamentals

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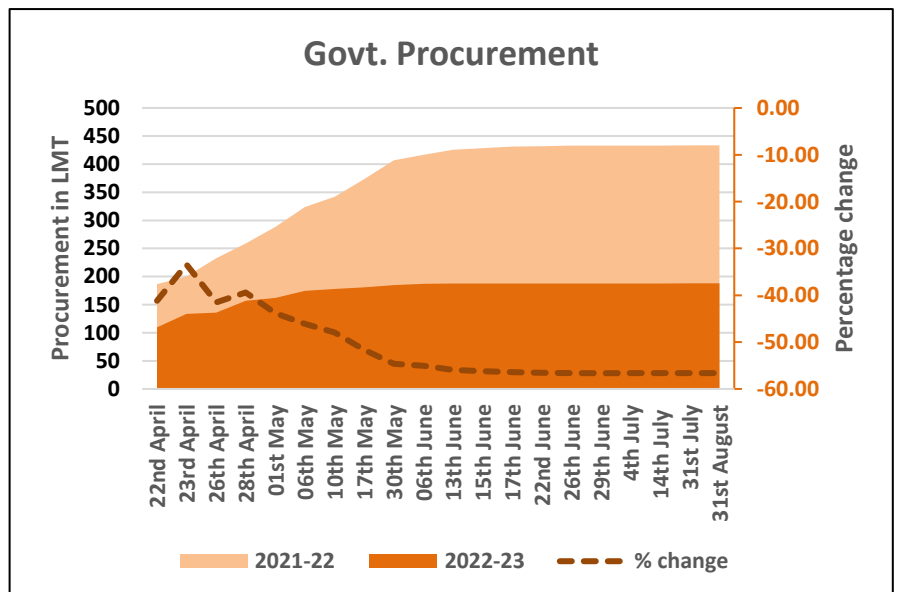
Prices were traded on lower side due to low demand from exporters as well as miller side. In benchmark Kanpur market, prices recorded at Rs.2420 per quintals shows slight decline as compared previous week. The prices remain range bound for few days but are likely to recover in coming weeks on improved domestic demand.



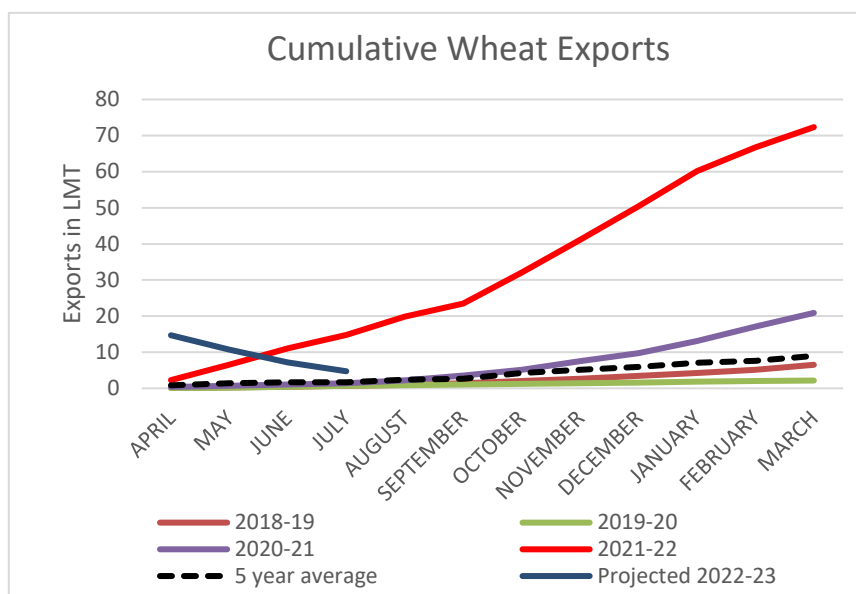
Procurement is over now. As of August 31st, procurement number stood at 187.92 LMT down by 56.64% as compared to previous year.

Government Wheat distribution in July 2022 under all schemes was 17.2 LMT. While under PMGKAY (Pradhan Mantri Garib Kalyan Ann Yojana) total 6.66 LMT distributed.

And under other welfare schemes total 0.1 LMT distributed.



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:** In short term, on low demand in both domestic as well as exporters prices may remain little weak in coming days. But prices may recover in coming weeks as the domestic demand recovered amid festivities. On global level, prices may remain on lower side due to resumption continues from Ukraine ports 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

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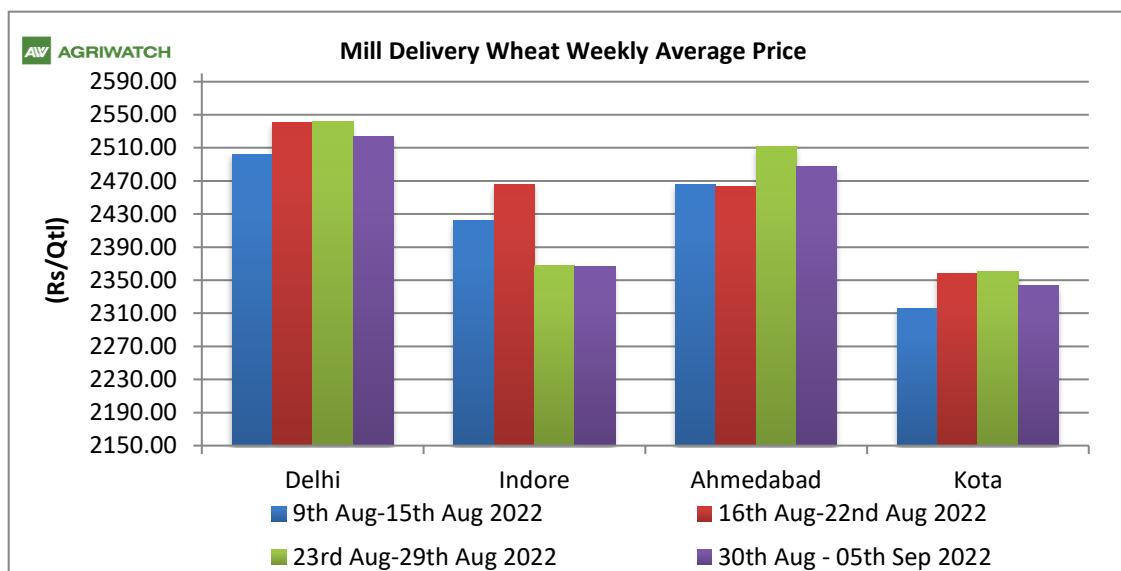
A week-on-week Exports	Quantity in MT	Average FOB (\$/TONNE)
01-08 July-2022	115844.74	324.10
9-15 July -2022	216628.58	331.27
16-23 July -2022	117186.71	321.06
24-30 July -2022	23946.59	318.19
<b>Total</b>	<b>473606.63</b>	<b>323.25</b>

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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Steady to slightly weak sentiments displayed in major mandis. Mill delivery prices traded on lower side except in Indore market on low domestic demand.

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 31.08.2022)
Punjab	96.45
Haryana	41.86
Uttar Pradesh	3.36
Madhya Pradesh	46.03
Rajasthan	0.10
Others	0.12
<b>All-India</b>	<b>187.92</b>

### International Weekly Outlook:

Harvesting in US lead to bulk stock which ultimately affect the FOB prices, down by 1.18% as compared to previous week. While in case of France, weather conditions are responsible for little improved FOB prices. Russian FOB prices keep on declining due to low export mainly because of foreign sanctions.

Indicative FOB Quotes:					
Wheat FOB	Variety	Current Week	Week Ago	Month Ago	% Change over Prev. Week
		1-Sep-22	26-Aug-22	2-Aug-22	
USA (Chicago)	2srw	336	340	325	-1.18
France	FCW3	333	331	354	0.60
Argentina	ASW	400	400	410	-
Russia	SRW	310	315	-	-1.59
<b>India</b>	<b>FAQ</b>	304.25	310.12	323.92	-1.89
Australia	ASW	346.24	-	-	-

### 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
	3-Sep-22	27-Aug-22	4-Aug-22	3-Sep-21		
Indore	2390.7	2400	2390.95	1938	23.36	-0.39
Delhi	2510.28	2519.55	2513.9	2046	22.69	-0.37
Kanpur	2465	2462.5	2475	1915	28.72	0.10
Rajkot	2350	2373.4	2412.5	2000	17.50	-0.99
Kota	2330.75	2350	2360.2	1969	18.37	-0.82

### 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
			3-Sep-22	1-Sep-22	27-Aug-22	3-Aug-22	3-Sep-21
Delhi	Lawrence Road	Mill Delivery	2510	2530	2550	2530	2050
	Narella	Mill Quality Loose	2330	2330	2340	Closed	1950
	Nazafgarh	Mill Quality Loose	2310	2310	2315	Closed	1925

<b>Gujarat</b>	Rajkot	Mill Delivery	2280	2300	Closed	2450	2000
	Ahmedabad	Mill Delivery	2480	2490	Closed	2540	2060
	Surat	Mill Delivery	2530	2530	Closed	2625	2100
	Dhrol	Mill Delivery	2330	2355	Closed	2385	-
<b>M.P.</b>	Indore	Mill Delivery	2350	Closed	Closed	2420	1970
	Bhopal	Mill Quality Loose	2250	2250	2250	2200	1840
<b>Rajasthan</b>	Kota	Mill Quality Loose	2200	2190	2175	Closed	1875
		Mill Delivery	2350	2340	2325	Closed	2025
<b>U.P.</b>	Kanpur	Mill Delivery	2420	2460	2450	2475	1930
	Mathura	Mill Quality Loose	2325	2330	2330	2310	1880
	Kosi	Mill Quality Loose	2260	2270	2270	2280	1840
	Hathras	Mill Quality Loose	2350	2360	2400	2350	1875
	Aligarh	Mill Quality Loose	2310	2340	2360	2310	1825
<b>Punjab</b>	Khanna	Mill Quality Loose	2250	2270	2310	2200	1850
	Ludhiana (Jagraon)	Mill Delivery	2250	2350	2350	2300	-
<b>Haryana</b>	Sirsa	Mill Delivery loose	2225	2230	2225	2225	1850
	Hodal	Mill Delivery	-	-	-	-	-
	Bhiwani	Mill Quality Loose	2280	2280	2300	2250	1880
	Karnal	Mill Delivery	-	-	-	-	-
	Panipat	Mill Quality Loose	2390	2400	2410	2500	-
<b>Tamil Nadu</b>	Chennai	Mill Quality	2700	2700	2730	Closed	2300
	Madurai	Mill Quality	2757	2850	2870	Closed	2500
	Coimbatore	Mill Quality	2757	2900	2920	Closed	2550
<b>Bihar</b>	Khagariya	Mill Delivery	2550	2550	2550	2450	1900
	Muzaffarpur	Mill Delivery	2500	2450	2450	2550	1900

### International Market Update:

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**Sovecon estimated that Wheat exports might be increased during this marketing year. They raised forecast by 20 LMT to 431 LMT on bulk harvesting.**

**European Wheat exports had reached 48.6 LMT by August 28<sup>th</sup>, as per data published by the European Commission. While in previous year during the same week exports were 48.8 LMT.**

**Bangladesh to purchase 5 LMT of Russian Wheat. In order to meet their domestic needs Bangladesh, have to import this much quantity of Russian Wheat at FOB of \$430 per tonnes. Shipment might be expected by January as the deal must be sign in few days. In previous year, Bangladesh imported 54 LMT of Wheat which includes 24% of Indian, 21% of Russian and 17% of Ukrainian Wheat.**

**Agriculture consultancy Agritel slightly increases the production estimate for France soft Wheat crop.** They have up its production from 334.4 LMT to 336.3 LMT but it is still below the average of five years.

**GASC (General Authority for Supply Commodities) purchased 1.20 LMT of Russian Wheat via direct** talks from Solaris at a price of \$340 per tonne on cost and freight basis. Shipment is expected during November-2022.

**Oman may receive around 0.60 LMT of Australian Wheat. Mill company named Salalah in Oman had** announced that a ship which carried 0.61 LMT of Australian Wheat already sailed off for destination. This quantity will fulfil the requirement for domestic consumption for more than six months.

**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	
				21.07.2022	18.08.2022
<b>Production</b>	761	774	781	770	778
<b>Trade</b>	185	190	196	194	193
<b>Consumptions</b>	745	771	778	780	783
<b>Carryover stocks</b>	276	279	282	272	275
<b>Y-O-Y change</b>	16	3	3	-10	-5
<b>Major Export</b>	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
	2-Sep-22	26-Aug-22	3-Aug-22	2-Jun-22	4-Mar-22	2-Sep-21	
Sep-22	291.35	288.32	280.60	393.03	390.55	263.61	10.52
Dec-22	297.96	295.85	287.86	397.16	360.05	265.63	12.17
Mar-23	303.93	301.82	294.93	400.01	347.28	266.46	14.06
May-23	307.61	305.13	298.88	400.01	335.44	-	-
Jul-23	308.06	305.58	298.24	390.18	312.20	-	-
Dec-23	310.54	307.88	299.06	390.18	212.45	-	-
Mar-24	-	311.19	300.63	-	-	-	-

## FOB & CIF Quote for Wheat at Kandla

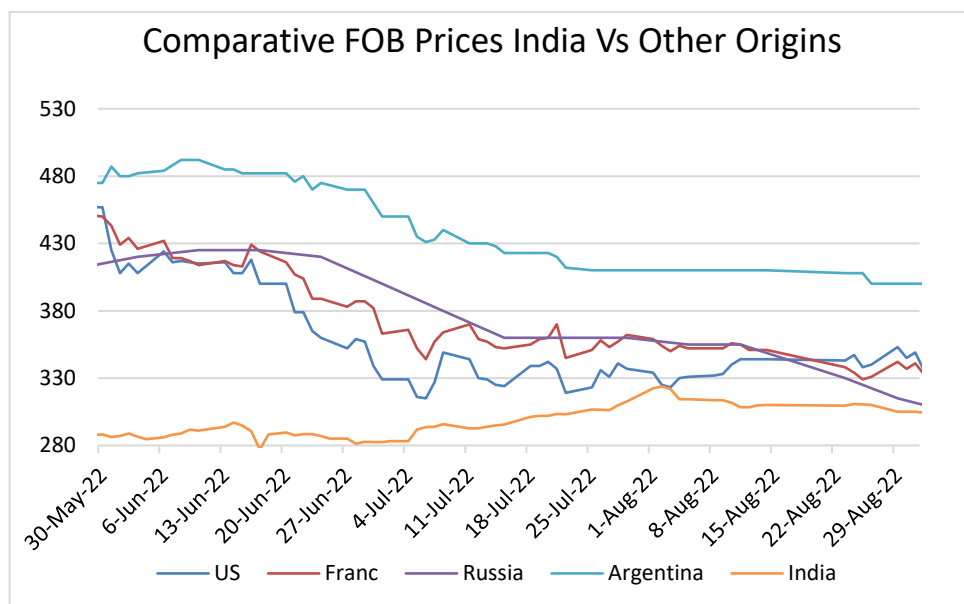
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	At Kandla
Mill delivery (Rajkot)	23000
Freight charge	550
Misc. Charges (port handling)	650
FOB (at Kandla Rs/T)	24200
FOB value in \$ for FAQ	303.44
Freight Charges (US \$/ton) to Dubai	47
Insurance @ 0.1% (\$/MT)	0.30345
CIF to Dubai (value in \$ for SRW)	350.75

(INR value: 79.72 as on 03.09.2022)

## International FOB Weekly Price Movement

The Indian wheat FOB prices quoted at \$303.44 per MT. With weak domestic prices FOB prices too declining.





## US Wheat Futures Sept -22

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**1<sup>st</sup> Support: 747**

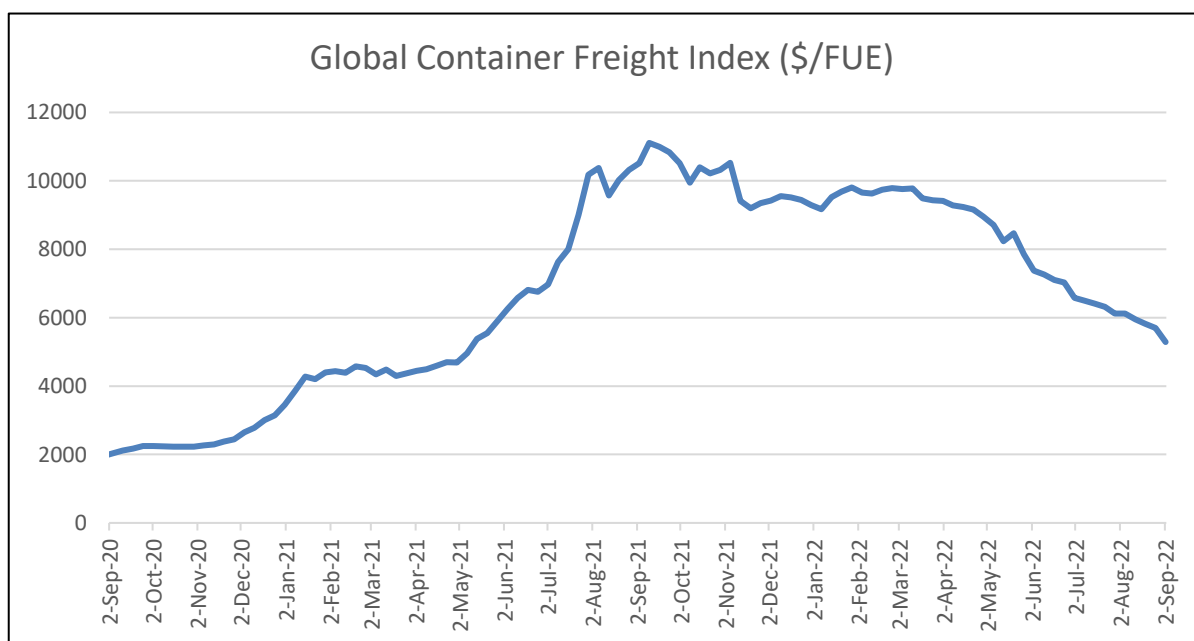
**2<sup>nd</sup> Support: 689**

**1<sup>st</sup> Resistance: 822**

**2<sup>nd</sup> Resistance: 883 (\$ per tonne)**

As evident from the above chart, prices are consolidating between 754 – 846 level. Prices are below the short- and medium-term DMAs however, currently taking support of the long-term (100 days) DMA. 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 7.31 percent compared to previous week to \$5286 per foot unit equivalent. There was 8-day port worker strike in Felix Stowe, which ended this week. Due to this there is increased in delayed shipments at UK and added some additional volumes to European ports. Despite this slowdown there are other reports including congestions. Inflation results in curb demand and inventories climb. The number of ships off LA and LB hits all time high on Jan 150 ships. Currently 132 ships are there waiting for berth. In September there might be dip seen in capacity as a result of suspension of Chinese carriers by US authorities.

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