

Wheat Weekly Research Report

Table of Contents

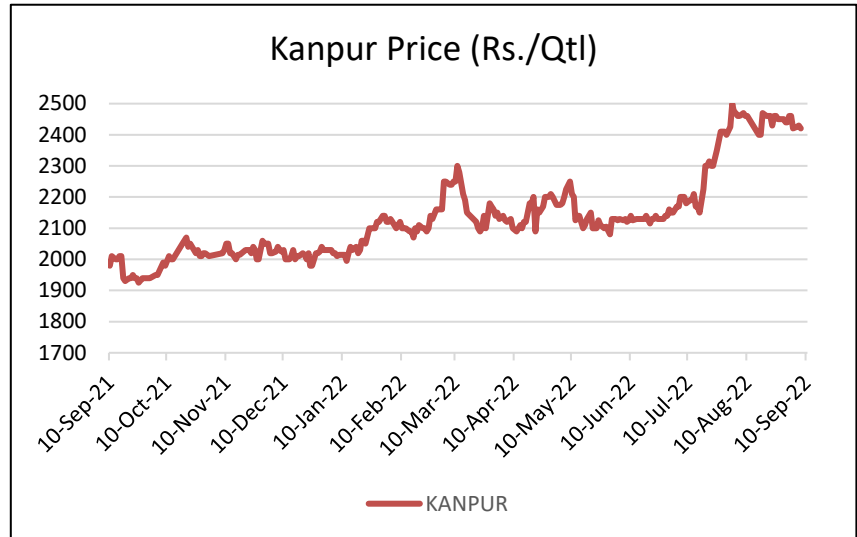
- ❖ **Review and Outlook**
- ❖ **Export/Import**
- ❖ **Weather**
- ❖ **Weekly Price Change**
- ❖ **Stocking Norms**
- ❖ **FOB Quotes**
- ❖ **Spot Price at NCDEX Delivery Centers**
- ❖ **Domestic Outlook and Spot Prices**
- ❖ **Progressive Sowing**
- ❖ **International Wheat Market**
- ❖ **IGC**
- ❖ **CBOT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

Wheat Domestic Market Fundamentals

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

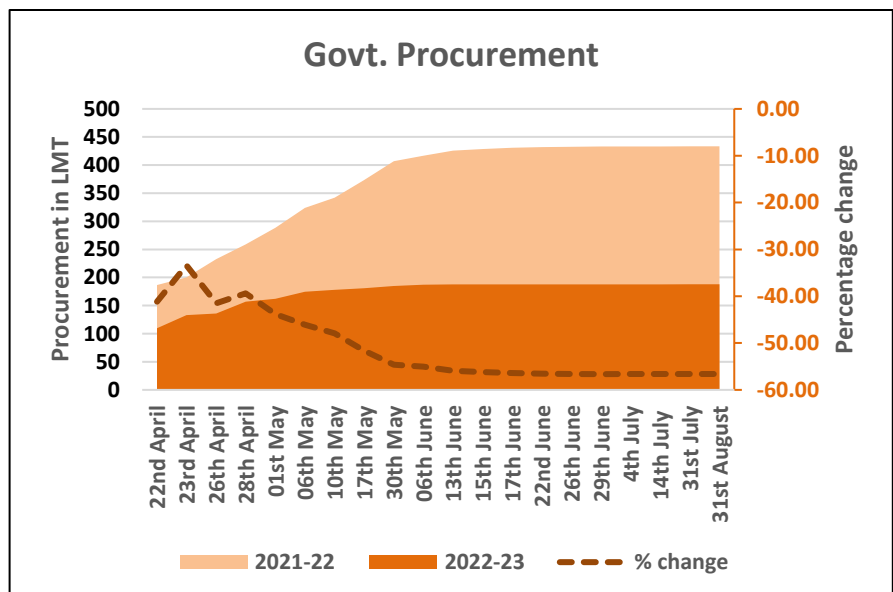
The price trend chart shows that wheat prices continue to rise year over year. Regarding week-to-week variations, sentiments were stable to slightly down this week due to weak domestic demand in the wheat cash market. Prices in the benchmark Kanpur market are unchanged from the previous week at Rs. 2420 per quintal. Prices are likely to stay in this range in the short term, but they could rise again in the medium term as the Navratri season starts in the upcoming weeks.

On the basis of anticipated seed demand from farmers, the approaching Kharif season is projected to raise domestic prices.

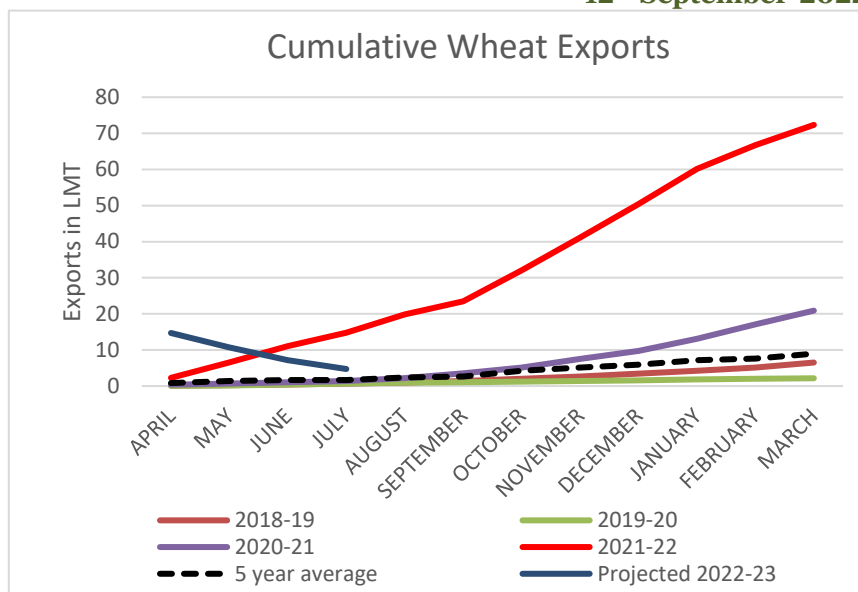


Procurement is over now. As of August 31st, procurement number stood at 187.92 LMT down by 56.64% as compared to previous year.

Government Wheat distribution in July 2022 under all schemes was 17.2 LMT. While under PMGKAY (Pradhan Mantri Garib Kalyan Anna 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. Total export from April- July was 37.3 LMT which is up by 153.87% as compared to previous year.



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

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

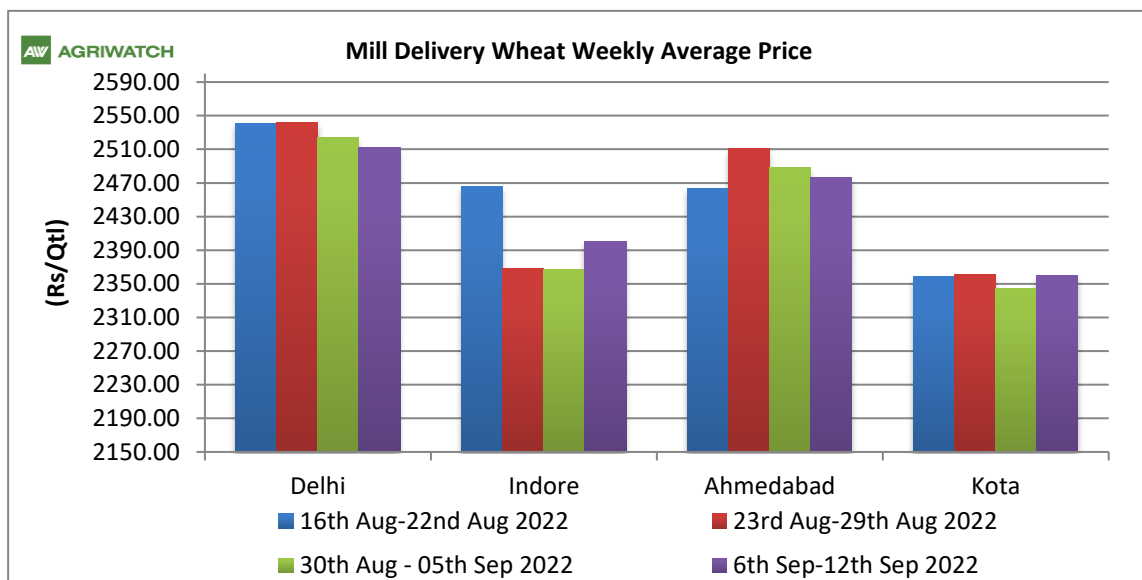
A week-on-week Exports	Quantity in MT	Average FOB (\$/TONNE)
01-08 July-2022	115844.74	324.10
9-15 July -2022	216628.58	331.27
16-23 July -2022	117186.71	321.06
24-30 July -2022	23946.59	318.19
Total	473606.63	323.25

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


Mixed 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
All-India	187.92

International Weekly Outlook:

Considering week-on-week basis FOB prices were on higher side. Due to Putin's controversial comment regarding Ukraine exports increase concern about Wheat supplies at global level which push prices on higher side. Russian FOB prices increase by \$5 to \$315 per tonnes on good demand from importers side. In US and France FOB prices increases by 4.46% to \$351 per tonnes and 0.30% to \$334 per tonnes as compared to previous week. While Indian FOB traded on lower side because of low domestic prices and depreciation of rupee.

Indicative FOB Quotes:					
Wheat FOB	Variety	Current Week	Week Ago	Month Ago	% Change over Prev. Week
		8-Sep-22	1-Sep-22	9-Aug-22	
USA (Chicago)	2srw	351	336	333	4.46
France	FCW3	334	333	352	0.30
Argentina	ASW	400	400	410	-
Russia	SRW	315	310	-	1.61
India	FAQ	307.48	303.45	313.69	1.33
Australia	ASW	334.62	348.79	-	-4.06

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
	10-Sep-22	3-Sep-22	11-Aug-22	10-Sep-21		
Indore	2376.6	2390.7	-	1988	19.55	-0.590
Delhi	2502	2510.28	-	2083	20.12	-0.330
Kanpur	2435	2465	-	1930	26.17	-1.217
Rajkot	2330	2350	-	2075	12.29	-0.851
Kota	2330	2330.75	-	2028	14.89	-0.032

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
			10-Sep-22	8-Sep-22	3-Sep-22	10-Aug-22	10-Sep-21
Delhi	Lawrence Road	Mill Delivery	2510	2515	2510	2500	2090
	Narella	Mill Quality Loose	2350	2350	2330	Closed	2000

	Nazafgarh	Mill Quality Loose	2320	2320	2310	Closed	1980
Gujarat	Rajkot	Mill Delivery	2340	2310	2280	2370	2080
	Ahmedabad	Mill Delivery	2475	2480	2480	2490	2130
	Surat	Mill Delivery	2525	2535	2530	2560	2180
	Dhrol	Mill Delivery	2235	2270	2330	2310	2115
M.P.	Indore	Mill Delivery	2400	2400	2350	2450	2000
	Bhopal	Mill Quality Loose	Closed	2250	2250	2200	1900
Rajasthan	Kota	Mill Quality Loose	2200	2215	2200	2125	1900
		Mill Delivery	2350	2365	2350	2275	2050
U.P.	Kanpur	Mill Delivery	2420	2430	2420	2460	1950
	Mathura	Mill Quality Loose	-	2325	2325	2300	1890
	Kosi	Mill Quality Loose	2270	2270	2260	2250	1860
	Hathras	Mill Quality Loose	2350	2360	2350	2400	1880
	Aligarh	Mill Quality Loose	-	2340	2310	2310	1900
Punjab	Khanna	Mill Quality Loose	2200	2205	2250	2280	1850
	Ludhiana (Jagraon)	Mill Delivery	2200	2200	2250	2300	-
Haryana	Sirsa	Mill Delivery loose	2230	2230	2225	2200	1850
	Hodal	Mill Delivery	Closed	-	-	-	-
	Bhiwani	Mill Quality Loose	2300	2300	2280	2200	1860
	Karnal	Mill Delivery	-	-	-	-	-
	Panipat	Mill Quality Loose	2400	2400	2390	2425	-
Tamil Nadu	Chennai	Mill Quality	2700	2680	2700	2700	2300
	Madurai	Mill Quality	2757	2825	2850	2950	2450
	Coimbatore	Mill Quality	2757	2875	2900	3000	2500
Bihar	Khagariya	Mill Delivery	2550	2550	2550	2600	1900
	Muzaffarpur	Mill Delivery	2500	2500	2500	2500	1900

International Market Update:

(Back to Table of Contents)

CBOT Wheat futures high on Wednesday (7th September 2022) on controversial comment given by Putin regarding limitations for the export from Ukraine. The last peak like this in CBOT prices was seen on July 12th. Putin added that most of the grains were exported to Europe instead of the needy countries. So, there are possibilities that exports from Ukraine might get restricted again, this concern pushes the prices.

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

Australia's Wheat production will be lower than the Government estimate. Australia is the fourth largest producer in Southern Hemisphere. ABARES estimated that 2022-23 Wheat production would be 323 LMT down by 11% during last year. But there is another agency Gro which estimated that due to climatic disruptions production might decrease from the ABARES estimate also.

Nigeria might boost their local production of Wheat crop. With the help of Olam International Limited Nigeria would develop new seed varieties of the grain which would be favorable to the weather conditions. Nigeria is Africa's largest importer of Wheat.

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
	9-Sep-22	2-Sep-22	10-Aug-22	9-Jun-22	11-Mar-22	9-Sep-21	
Sep-22	313.48	291.35	293.83	398.54	383.75	252.31	24.24
Dec-22	319.45	297.96	299.89	403.13	372.54	254.15	25.70
Mar-23	324.78	303.93	305.95	406.62	359.32	254.98	27.38
May-23	327.17	307.61	309.81	408.27	336.63	-	-
Jul-23	324.78	308.06	309.63	401.66	306.41	-	-
Dec-23	325.61	310.54	310.73	401.66	212.45	-	-
Mar-24	328.18	314.31	-	-	-	-	-

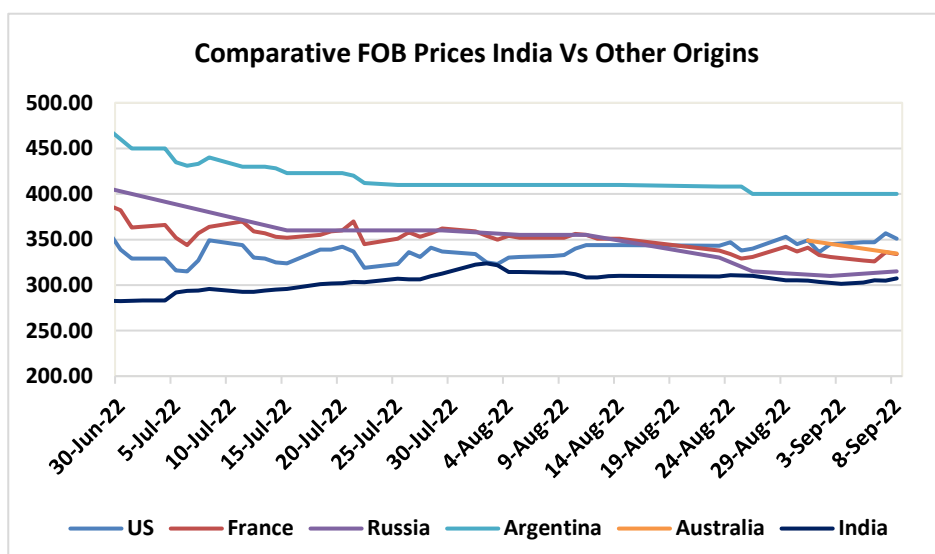
FOB & CIF Quote for Wheat at Kandla
[\(Back to Table of Contents\)](#)

	At Kandla
Mill delivery (Rajkot)	23100
Freight charge	550
Misc. Charges (port handling)	650
FOB (at Kandla Rs/T)	24300
FOB value in \$ for FAQ	304.8169
Freight Charges (US \$/ton) to Dubai	45
Insurance @ 0.1% (\$/MT)	0.304817
CIF to Dubai (value in \$ for SRW)	350.1217

(INR value: 79.65 as on 10.09.2022)

International FOB Weekly Price Movement

The Indian wheat FOB prices quoted at \$304.81 per MT. With weak domestic prices FOB prices too declining.



US Wheat Futures Sept -22

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



1st Support: 790

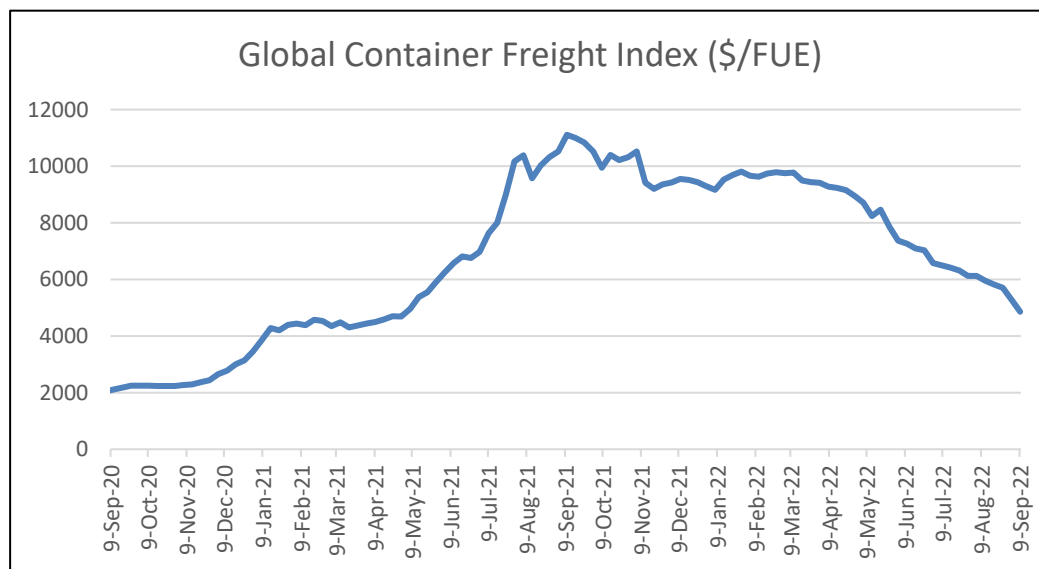
2nd Support: 750

1st Resistance: 890

2nd Resistance: 980 (\$ per tonne)

As evident from the above chart, prices are moving upward and went up by 7.21% to 869. Market is currently trading above 9 and 100 DMA. Both momentum indicator MACD and Oscillator RSI are indicating firm momentum. We expect prices to trade with firm bias in coming days.

Container Freight Index



The global container freight index declines by 8.02 percent compared to previous week to \$4862 per foot unit equivalent. Transpacific ocean rates declining continuously for the consecutive second week. This decrease indicates that demand for freight is falling which is mainly because of excess stock among some importers as the inflation reduces the spending by them and their shift to other types of goods. Another reason is as the pandemic recedes many retailers have pulled seasonal orders in advance to avoid delays. At the same time, congestion at LA/Long Beach were too keeping more vessels moving as opposed to sitting in the bay which increase available capacity and pressurize the prices.

Disclaimer:

The information and opinions contained in the document have been compiled from sources believed to be reliable. The company does not warrant its accuracy, completeness and correctness. Use of data and information contained in this report is at your own risk. This document is not, and should not be construed as, an offer to sell or solicitation to buy any commodities. This document may not be reproduced, distributed or published, in whole or in part, by any recipient hereof for any purpose without prior permission from the Company. IASL and its affiliates and/or their officers, directors and employees may have positions in any commodities mentioned in this document (or in any related investment) and may from time to time add to or dispose of any such commodities (or investment). Please see the detailed disclaimer at <http://www.agriwatch.com/disclaimer.php> © 2022 Indian Agribusiness Systems Limited.