

# Wheat Weekly Research Report

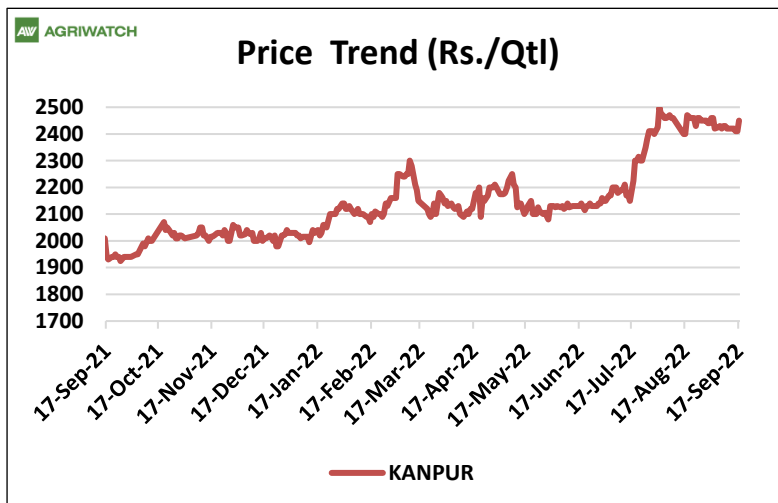
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### Wheat Domestic Market Fundamentals

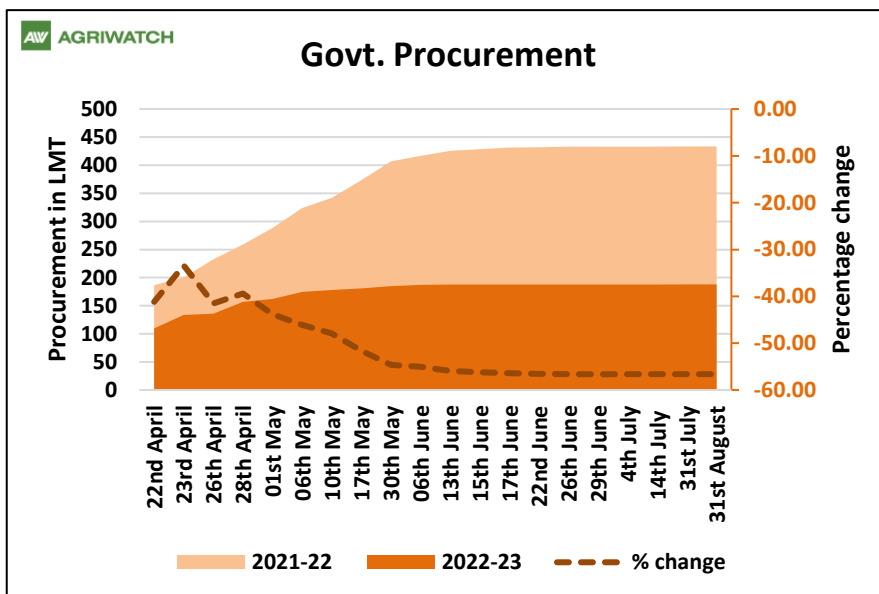
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In the benchmark Kanpur market, there was little change in domestic prices as the mill delivery prices rose only by Rs.30 to Rs.2450 per quintal amid slightly improved domestic demand. Overall steady to slightly firm sentiments were displayed in major Wheat cash markets during the week under review as compared to previous weeks. As the festivities had begun domestic demand is likely to get improve which push the domestic prices until or unless Government release bulk stock in welfare schemes and extension of PMGKAY after September too affect the domestic prices.

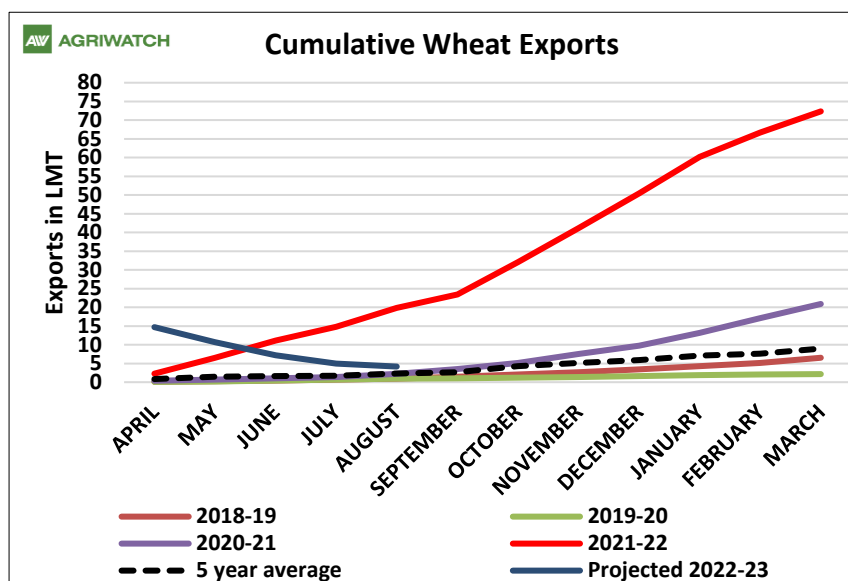


Procurement is over now. As of August 31st, procurement number stood at 187.92 LMT down by 56.64% as compared to previous year and lowest since 2010 due to low Wheat stock in Central pool of FCI.

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 August stood at 4.17 LMT with FOB of \$347.71 per ton. Major importers were Bangladesh and Bhutan with 3.62 LMT and 0.54 LMT respectively. While considering port wise then maximum Wheat was exported from Mahadipur port of West Bengal. Total export from April-August was 41.71 LMT which is down by 23.58% as compared to same time period in previous year.



**Outlook & Recommendation:** AgriWatch expects that in coming weeks prices may likely to recover amid arrival of festivities became reason for pushing prices on upper side. Festivals improve domestic demand which indirectly push domestic prices. If Government doesn't release stock in OMSS and welfare schemes then this may also support the domestic market. While in International market, if supply side from Ukraine got affected then this may push the prices on upper side.

**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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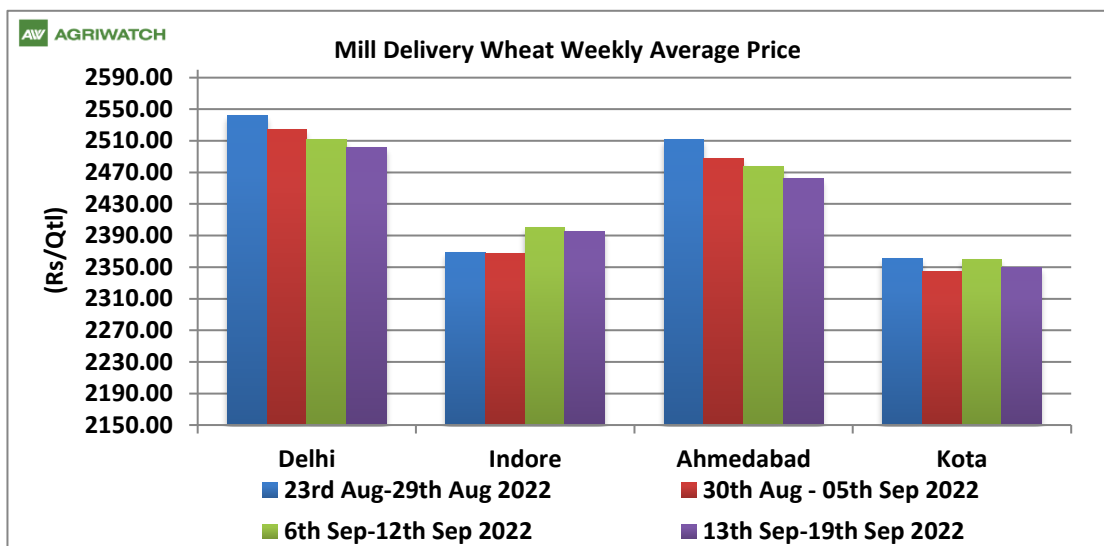
A week-on-week Exports	Quantity in MT	Average FOB (\$/TONNE)
01-08 August-2022	35944.86	398.17
9-15 August -2022	261916.05	307.69
16-23 August -2022	26967.80	321.50
24-31 August -2022	80237.87	337.47
<b>Total</b>	<b>417437.28</b>	<b>347.79</b>

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
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Average Mill delivery in Delhi, Indore, Kota and Ahmedabad were traded on slightly lower side as compared to previous week. It is likely that prices might improved in coming weeks.

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
<b>Buffer Norms w.e.f. 01.07.2017</b>						

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:

Considering week-on-week changes, FOB prices were on higher side except in Russia and Australia. US Wheat FOB prices rose by 7.41% on good export demand and concerns over global supply after Putin's controversial comments. Same situation in France also where FOB increases by 2.10% due to global supply concern. In India, rupee appreciation increases its FOB by 0.21% as compared to previous week. Due to another addition of sanctions applied on Russia its prices decline by 1.59%. While Australian dollars depreciation results in decline of Australian Wheat FOB prices.

Indicative FOB Quotes:					
Wheat FOB	Variety	Current Week	Week Ago	Month Ago	% Change over Prev. Week
		15-Sep-22	8-Sep-22	17-Aug-22	
USA (Chicago)	2srw	377	351	328	7.41
France	FCW3	341	334	336	2.10
Argentina	ASW	400	400	410	-
Russia	SRW	310	315	330	-1.59
India	FAQ	308.12	307.48	309.99	0.21
Australia	ASW	326.70	334.62	386.00	-2.37

### 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
	17-Sep-22	10-Sep-22	18-Aug-22	17-Sep-21		
Indore	2378.65	2376.6	2414	1996	19.17	0.09
Delhi	2493.6	2502	2530.65	2069	20.52	-0.34
Kanpur	2410	2435	2500	1920	25.52	-1.03
Rajkot	2325	2330	0	2025	14.81	-0.21
Kota	2320	2330	2325	2010	15.42	-0.43

[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
			17-Sep-22	15-Sep-22	10-Sep-22	17-Aug-22	17-Sep-21
Delhi	Lawrence Road	Mill Delivery	2500	2500	2510	2535	2070
	Narella	Mill Quality Loose	2340	2340	2350	Closed	1980
	Nazafgarh	Mill Quality Loose	2320	2310	2320	Closed	1980
Gujarat	Rajkot	Mill Delivery	2340	2340	2340	Closed	2040
	Ahmedabad	Mill Delivery	2470	2460	2475	Closed	2125
	Surat	Mill Delivery	2520	2515	2525	Closed	2175
	Dhrol	Mill Delivery	2325	-	2235	Closed	2130
M.P.	Indore	Mill Delivery	2375	2400	2400	2520	2050
	Bhopal	Mill Quality Loose	Closed	2100	Closed	2250	1810
Rajasthan	Kota	Mill Quality Loose	2200	2200	2200	2200	1930
		Mill Delivery	2350	2350	2350	2350	2070
U.P.	Kanpur	Mill Delivery	2450	2410	2420	2400	1940
	Mathura	Mill Quality Loose	2400	2350	-	2330	1870
	Kosi	Mill Quality Loose	2290	2285	2270	2280	1860
	Hathras	Mill Quality Loose	2350	2350	2350	2450	1870
	Aligarh	Mill Quality Loose	2350	2310	2340	2320	1900
Punjab	Khanna	Mill Quality Loose	2230	2240	2200	2220	1850
	Ludhiana (Jagraon)	Mill Delivery	2200	2200	2200	Closed	-
Haryana	Sirsa	Mill Delivery loose	2215	2220	2230	2240	1860
	Hodal	Mill Delivery	-	-	Closed	-	-
	Bhiwani	Mill Quality Loose	2310	2310	2300	2280	1870
	Karnal	Mill Delivery	-	-	-	-	-
	Panipat	Mill Quality Loose	2390	2390	2400	2400	-
Tamil Nadu	Chennai	Mill Quality	2680	2700	2700	2675	2300
	Madurai	Mill Quality	2737	2800	2800	2920	2450
	Coimbatore	Mill Quality	2737	2850	2850	2970	2500
Bihar	Khagariya	Mill Delivery	2550	2550	2550	2550	1850
	Muzaffarpur	Mill Delivery	2500	2500	2500	2500	1875

**International Market Update:*****(Back to Table of Contents)***

**Egypt lift ban on export goods such as Wheat, vegetable oils, Corn, Lentils. In March Egypt** restrict export of food items with the effect of Ukraine war for three months. After that, in June they extend this for 3 months further. Now in this week, they have lifted the ban which means that they may export these commodities without any restrictions.

**Saudi Arabia release tender to buy 5.35 LMT of Wheat. Saudi Grains Organization (SAGO)** issued a tender in order to purchase 5.35 LMT of Wheat. They added that offers to be submitted by September 16<sup>th</sup>, 2022. As per the document 9 cargoes of hard Wheat with 12.5% protein would be sought. Arrivals expectation would be around November to February.

**As per the recent report by Canadian Grain Commission, there is an increase seen in farmer** deliveries of grains into the commercial pipelines during this week. When considering Wheat deliveries, they were also up this week and for the first time in 15 years topping one million ton. On the export front, during this week the number stood at 2.79 LMT as compared to 2.48 LMT during the previous week. But while comparing this export number with the previous year, the current is low by 20%.

**As per Buenos Aires Exchange, drought conditions in Argentina now affecting the production of** Wheat also. Previously, due to adverse weather conditions sowing area got reduced and now as per the WASDE report by USDA production estimates to be around 190 LMT down by 225 LMT in the previous year. And there are some farmers who are abandoning their own harvested area due to unfavorable weather which indicated that in 2022-23 sowing area might get reduced to 15.1 m/acres (6.1 m/ha). The exchange further added that they haven't seen this kind of drought in decades.

**CBOT Wheat futures fell on August 15<sup>th</sup>,2022 after reaching two months high because of a** tentative agreement in order to avoid U.S rail shutdowns. Before this deal, some Wheat traders were ready to shut down railroads in order to stop the transport of corn for feed and they thought that if they do so Wheat demand goes up and pushes the prices indirectly.

**Another U.N ship carrying around 0.30 LMT of Ukrainian Wheat left Chornomorsk Black Sea** port on Saturday (September 17th, 2022). This third vessel chartered by the United Nations World Food Program (WFP) and a total of 0.90 LMT of Wheat has already been on its way to Ethiopia and Yemen including this recent vessel. As per the ministry, they are planning to export another 1.9 LMT in the coming days. As per U.N. estimates Ethiopia is currently facing hard time because of food crisis.

**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
	16-Sep-22	9-Sep-22	17-Aug-22	16-Jun-22	18-Mar-22	16-Sep-21	
<b>Sep-22</b>	315.87	319.45	286.76	405.24	355.28	263.06	20.08
<b>Dec-22</b>	321.38	324.78	292.45	408.46	345.63	258.83	24.17
<b>Mar-23</b>	324.78	327.17	296.03	409.28	333.14	-	-
<b>May-23</b>	321.75	324.78	295.94	401.38	310.09	-	-
<b>Jul-23</b>	322.12	325.61	297.23	396.24	301.54	-	-
<b>Dec-23</b>	324.14	328.18	299.16	396.24	212.45	-	-
<b>Mar-24</b>	-	327.72	298.51	-	-	-	-

**FOB & CIF Quote for Wheat at Kandla**

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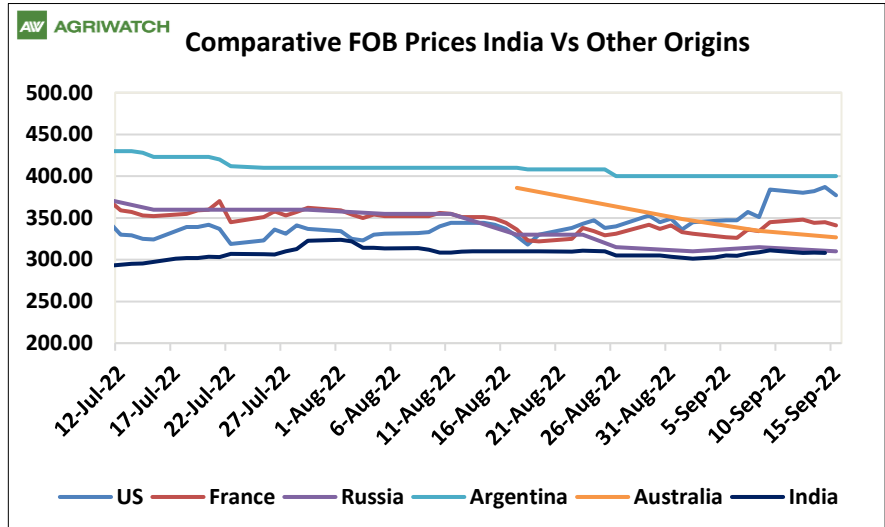
	At Kandla
<b>Mill delivery (Rajkot)</b>	23400
<b>Freight charge</b>	550
<b>Misc. Charges (port handling)</b>	650
<b>FOB (at Kandla Rs/T)</b>	24600
<b>FOB value in \$ for FAQ</b>	308.1162
<b>Freight Charges (US \$/ton) to Dubai</b>	42
<b>Insurance @ 0.1% (\$/MT)</b>	0.308116
<b>CIF to Dubai (value in \$ for SRW)</b>	<b>350.4243</b>

(INR value: 79.69 as on 19.09.2022)



### International FOB Weekly Price Movement

The Indian wheat FOB prices quoted at \$308.11 per MT. With little appreciation in Rupee FOB prices also increases.



### US Wheat Futures Dec -22

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**1<sup>st</sup> Support: 790**

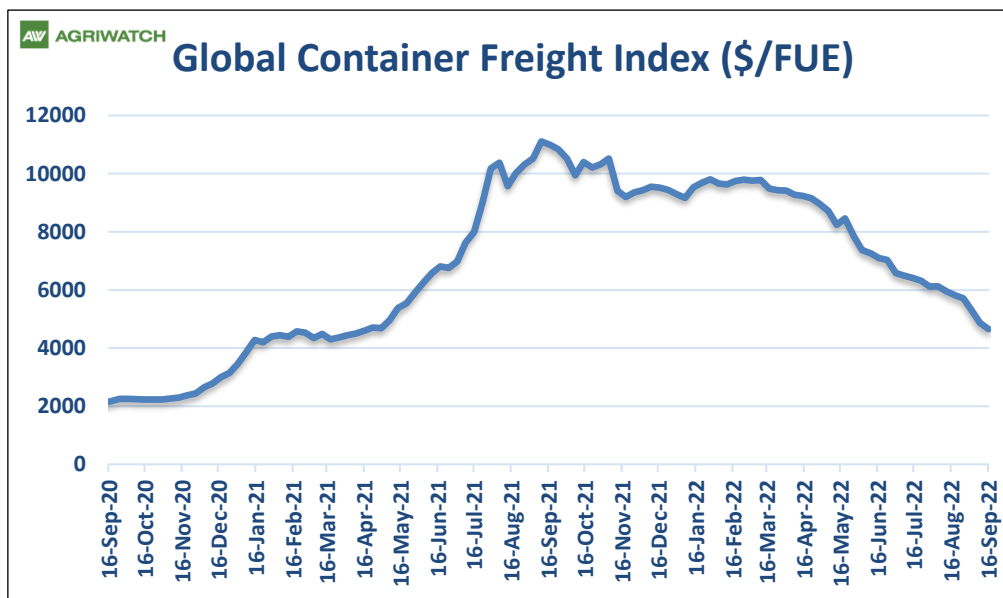
**2<sup>nd</sup> Support: 750**

**1<sup>st</sup> Resistance: 890**

**2<sup>nd</sup> Resistance: 980 (\$ per tonne)**

As evident from the above chart, after three-week continuous gains market witnessed marginal loss of 1.12% to 859. 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 4.30 percent compared to previous week to \$4653 per foot unit equivalent. Transpacific ocean rates declining continuously for the consecutive third week. This decrease indicates that demand for freight is falling continuously. Due to easiness in demand and falling rates, there are some carriers which are cancelling their transpacific sailings and many importers are also trying to renegotiate ocean contracts with carriers because spot rates are below the contract rates. Besides macroeconomics forces for low prices, weather conditions like latest typhoon also shut down ports at Shanghai and Ningbo. While talking about US railroad worker strike would make congestion at ports which are already struggling with volumes.

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