Wheat Weekly Research Report

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Wheat Domestic Market Fundamentals

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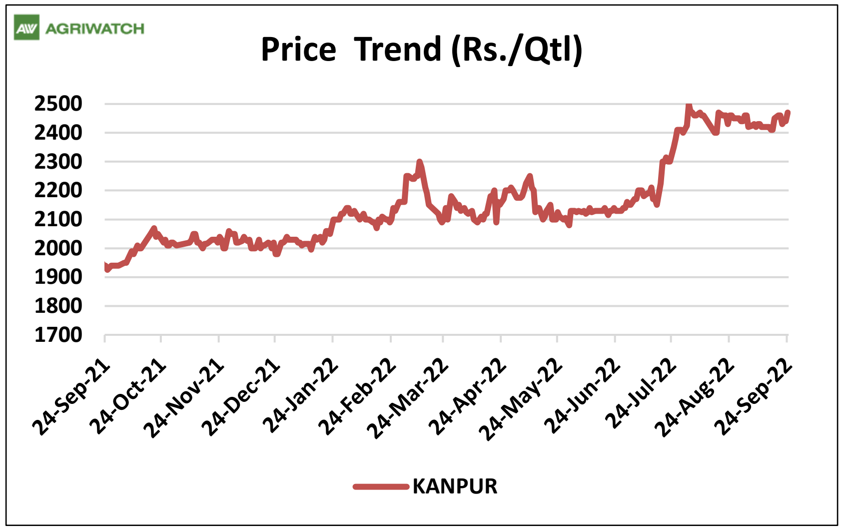
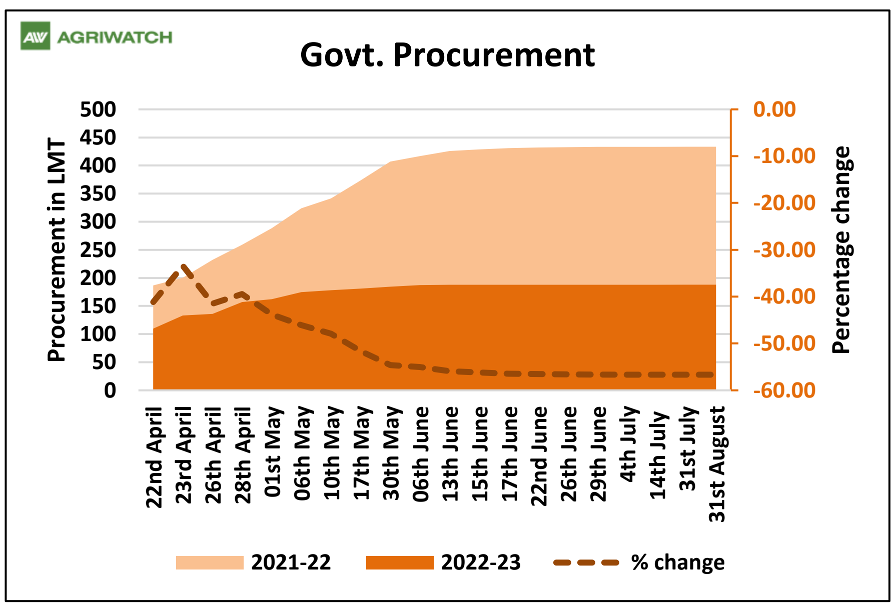


While considering week-on-week changes, in the benchmark Kanpur market there was little improvement in domestic prices as compared to previous week. Currently, the prices for Kanpur market traded at Rs.2470 per quintals. During the week under review prices remain range bound amid subdued demand for Wheat products and heavy rains in U.P, Punjab and Rajasthan affect the supplies. As per trade sources, private traders are having enough stock which they are gradually releasing in the market at higher prices. Price movement of Wheat in the coming weeks is dependent on the extension of PMGKAY scheme. It is anticipated that if the scheme gets extended, prices may see some weakness otherwise prices may go up in the absence of the scheme along with demand amid festivities.

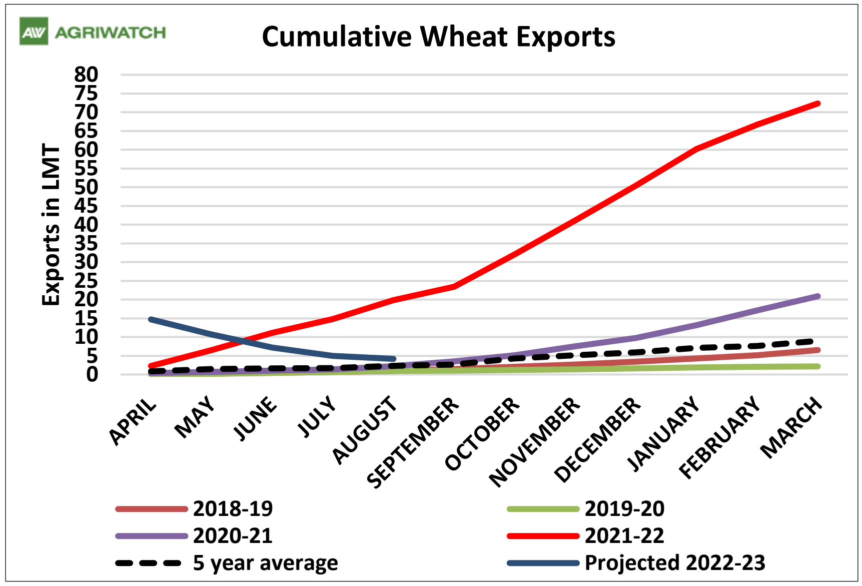
As per the given situation, excess rains in September and late withdrawal of Monsoon may advantage as provide sufficient moisture for Rabi sowing.



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.

As per the latest available information with FCI (Food Corporation of India), in August Wheat distribution stood at 18.60 LMT (Lakh Metric Tonne) which is down by 61.14% during the same period last year. Out of the total, Wheat distribution in PMGKAY stood at 3.97 LMT, PDS 12.26 LMT, and distribution in other welfare schemes stood at 2.37 LMT. The low distribution number concluded that the Government is not releasing stocks in bulk volume for welfare schemes amid low stock in the Central Pool.

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: Currently wait and watch situation is going on in Wheat cash market, besides this AgriWatch expects that in coming week prices remain in range bound till the Government release any notification regarding PMGKAY scheme. The price direction is totally dependent upon the extension of PMGKAY. On global level, Russian mobilization in Ukraine may affect the global supply in coming weeks 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 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
Total	**417437.28**	**347.79**

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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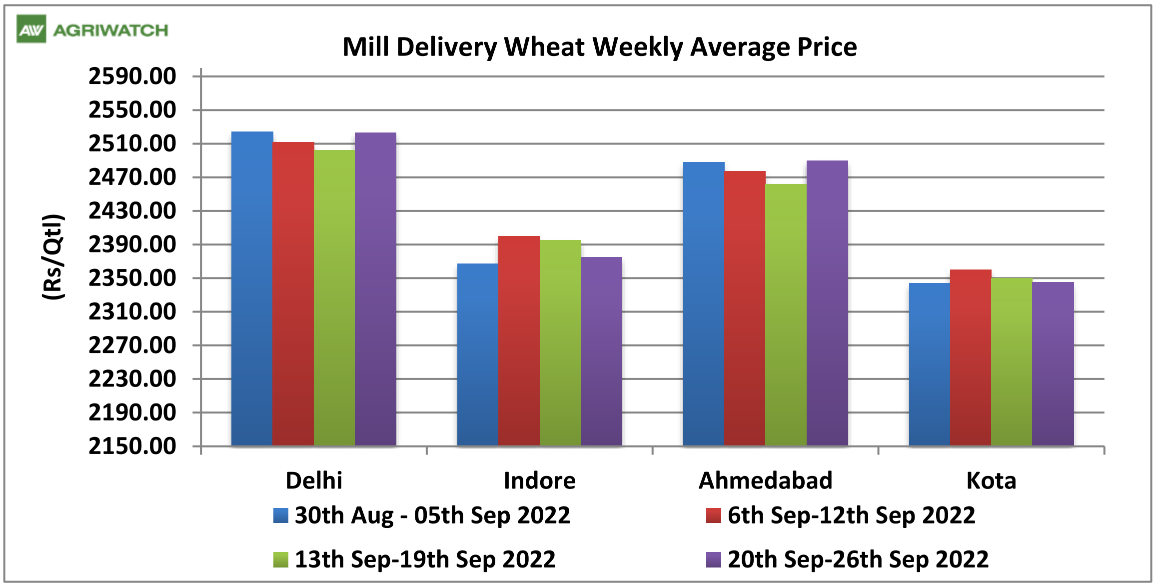

Mill delivery prices were traded on higher side in Delhi and Ahmedabad while in Indore and Kota average was down as compared to previous week.

Wheat and Rice Stocking Norms

Wheat Stock Norms						
Fig. In Lakh Tonne	**Operational Stock**			**Strategic Reserve**		**Grand Total**
As on	**Rice**	**Wheat**	**Total**	**Rice**	**Wheat**	
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 changes, FOB prices were on higher side except in India. US Wheat FOB prices rose by 5.84% on good export demand and concerns over global supply after mobilization in actions from Russia's army in Ukraine. Same situation in France also where FOB increases by 1.47% due to global supply concern. In India, rupee depreciation decreases its FOB by 1.69% as compared to previous week.

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	399	377	338	5.84
France	FCW3	346	341	325	1.47
Argentina	ASW	405	400	408	1.25
Russia	SRW	325	310	330	4.84
India	**FAQ**	302.90	308.12	309.99	-1.69
Australia	ASW	328.02	326.70	360.00	0.40

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
	24-Sep-22	17-Sep-22	25-Aug-22	24-Sep-21		
Indore	2382	2378.65	2450	2013	18.33	0.14
Delhi	2509	2493.6	2527.7	2086	20.28	0.62
Kanpur	2447	2410	2470	1950	25.49	1.54
Rajkot	2350	2325	2360	2010	16.92	1.08
Kota	2322	2320	2362.15	2005	15.81	0.09

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
			24-Sep-22	22-Sep-22	17-Sep-22	24-Aug-22	24-Sep-21
Delhi	Lawrence Road	Mill Delivery	2535	2525	2500	2540	2100
	Narella	Mill Quality Loose	2350	2340	2340	Closed	1980
	Nazafgarh	Mill Quality Loose	2350	2350	2320	Closed	1980
Gujarat	Rajkot	Mill Delivery	2340	2335	2340	2360	2000
	Ahmedabad	Mill Delivery	2490	2500	2470	2520	2130
	Surat	Mill Delivery	2550	2550	2520	2560	2170
	Dhrol	Mill Delivery	2380	2360	2325	2365	1925
M.P.	Indore	Mill Delivery	2375	2375	2375	2400	2010
	Bhopal	Mill Quality Loose	2225	2250	Closed	2250	1810
Rajasthan	Kota	Mill Quality Loose	2175	2200	2200	2230	1900
		Mill Delivery	2325	2350	2350	2380	2030
U.P.	Kanpur	Mill Delivery	2470	2440	2450	2460	1940
	Mathura	Mill Quality Loose	2320	2350	2400	2350	1890
	Kosi	Mill Quality Loose	2290	-	2290	2275	1875
	Hathras	Mill Quality Loose	2350	-	2350	2425	1890
	Aligarh	Mill Quality Loose	2330	-	2350	2360	1900
Punjab	Khanna	Mill Quality Loose	2250	-	2230	2280	1840
	Ludhiana (Jagraon)	Mill Delivery	Closed	Closed	2200	2300	-
Haryana	Sirsa	Mill Delivery loose	2235	2225	2215	2260	1875
	Hodal	Mill Delivery	Closed	Closed	-	-	-
	Bhiwani	Mill Quality Loose	2300	-	2310	2300	1940
	Karnal	Mill Delivery	Closed	Closed	-	-	-
	Panipat	Mill Quality Loose	Closed	Closed	2390	2410	-
Tamil Nadu	Chennai	Mill Quality	2700	2700	2680	2700	2300
	Madurai	Mill Quality	2757	2800	2770	2920	2450
	Coimbatore	Mill Quality	2757	2850	2820	2970	2500
Bihar	Khagariya	Mill Delivery	2550	2550	2550	2550	1900
	Muzaffarpur	Mill Delivery	2450	2475	2500	2500	1900

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

A Pakistan Government agency issued a new tender to import 3 LMT of Wheat. The current situation in the country is not going well and crop conditions are also getting affected. So, now they have to import grains from other countries, and the Trading Corporation of Pakistan issues a new international Tender to import Wheat. The deadline for submission of the price is in September. Shipment is expected to be sought around October.

Saudi Grains Organization (SAGO) state agency deals with buying of Wheat, has purchased around 5.56 LMT of Wheat on Monday (September 19th, 2022). Average price for this tender including was expected to be around $371.61 per tonnes and this Wheat might be sourced from Europe, North America, South America and Australia as per the agency data. Arrivals sought to be in November to February.

As per latest data, Ukraine's 2023 Wheat harvest might decrease by 160-180 LMT as compared to 190 LMT in 2022 on expected fall in sowing area. Officials said that this fall in sowing area occurs mainly because at least 20% of farmers shifted from Wheat to oilseeds due to good demand of oilseeds**.**

As per Rosario grains exchange, 2022-23 Wheat production might stand at 165 LMT only down from the previous estimate of 177 LMT. This cut made in production mainly occurs because of unfavorable weather conditions. In some areas of Argentina such as Santa Fe province, Wheat per square meter is far less than estimated at the start of the season in May. They further added that during the current month of July and August there was almost no rain in much of Argentina's Wheat crop areas.

Currently, Ethiopia is facing a huge food crisis due to serious violations and abuses of international human rights. On Thursday (22nd September 2022) Ukraine announced that they will contribute 0.50 LMT of Wheat under humanitarian aid by the World Food Program. France and Germany will also join the Ukraine decision and help them by covering costs that are associated with the financing of cargoes etc.

Russia's 2022 crop production increases to 1000 LMT, as per the latest forecast by Sovecon. Which shows that they have plenty of Wheat for their domestic use. Harvest almost got completed in the country after having good weather conditions throughout the summer. They further added that storage has been a problem for a few months for some farmers.

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	
				18.08.2022	22.09.22
Production	761	774	781	778	792
Trade	185	190	196	193	193
Consumptions	745	771	778	783	785
Carryover stocks	276	279	282	275	286
Y-O-Y change	16	3	3	-5	6
Major Export	62	60	65	61	70

- IGC has projected 2022-23 global wheat production at 792 high from previous estimate of 778 MMT in August. 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 quite similar with previous estimate.
- Consumption has been increased from previous estimate of 783 MMT to 785 MMT.
- Carryout for 2022-23 is projected at 70 MMT which is up from the previous estimate of 61 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
	23-Sep-22	16-Sep-22	24-Aug-22	23-Jun-22	25-Mar-22	23-Sep-21	
Dec-22	323.50	315.87	328.18	354.36	374.93	265.08	22.04
Mar-23	328.36	321.38	327.26	358.03	362.99	261.86	25.39
May-23	330.94	324.78	326.43	359.68	348.85	-	-
Jul-23	326.34	321.75	322.30	353.35	325.70	-	-
Sep-23	325.70	322.12	321.02	348.94	318.08	-	-
Dec-23	326.89	324.14	322.94	348.94	212.45	-	-
Mar-24	325.24	323.50	322.12	-	-	-	-
May-24	320.92	320.65	-	-	-	-	-

FOB & CIF Quote for Wheat at Kandla

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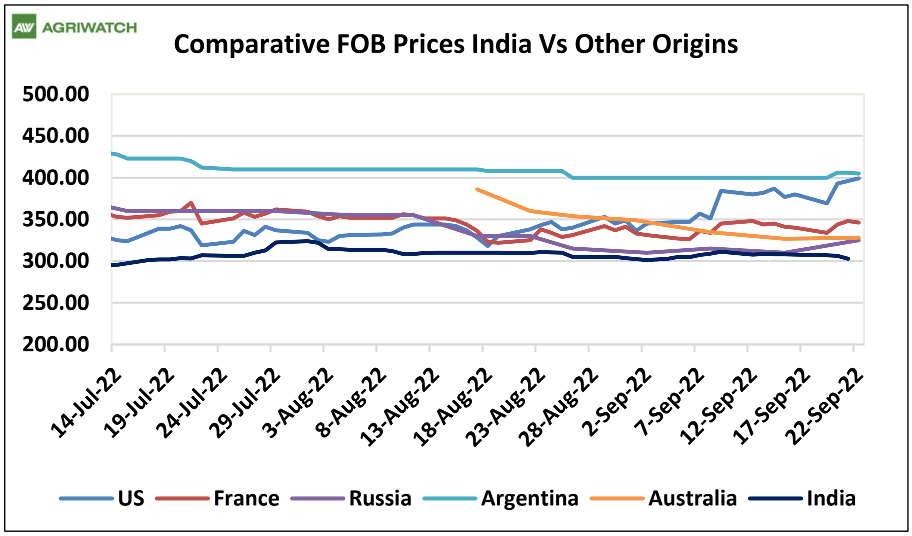
	At Kandla
Mill delivery (Rajkot)	23350
Freight charge	550
Misc. Charges (port handling)	650
FOB (at Kandla Rs/T)	24550
FOB value in $ for FAQ	302.8994
Freight Charges (US $/ton) to Dubai	42
Insurance @ 0.1% ($/MT)	0.302899
CIF to Dubai (value in $ for SRW)	**345.2023**

(INR value: 81.05 as on 22.09.2022)

International FOB Weekly Price Movement

The Indian wheat FOB prices quoted at $302.89 per MT. With depreciation in Rupee FOB prices also increases.



US Wheat Futures Dec -22

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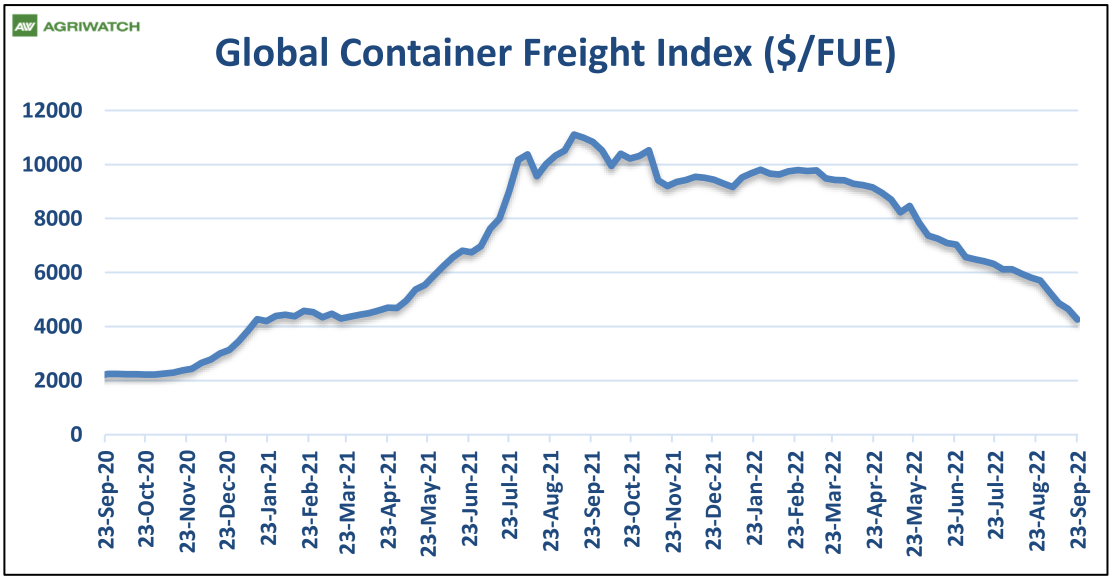
1st Support: 790
2nd Support: 750

1st Resistance: 890
2nd Resistance: 980 <u>($ per tonne)</u>

As evident from the above chart, prices are moving upward and went up by 2.41% to 880. Market is currently trading above 9 and 100 DMA. Both momentum indicator MACD and Oscillator RSI are indicating steady momentum. We expect prices to trade with sideways bias in coming days.

Container Freight Index



The global container freight index declines by 8.40 percent compared to previous week to $4262 per foot unit equivalent. Some factors keep the prices on lower side are falling demand for ocean freight coupled with inflation and recession fear. These factors make the availability much easier which makes the prices continued to fall this week as well. Next week Golden week holiday is going to start in China which may affect the manufacturing in the country. It tends to increase in the pecan demand but besides this it starts cancel the sailing and keep vessels full will not stop the prices to fall further. Continuous labor disputes remain a threat to ocean freights now after US, UK ports workers begin new strike.