

Wheat Weekly Research Report

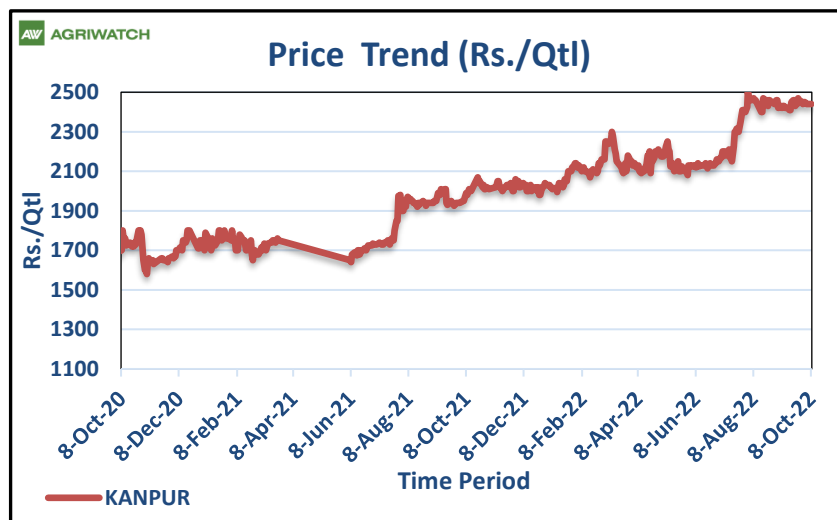
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Wheat Domestic Market Fundamentals

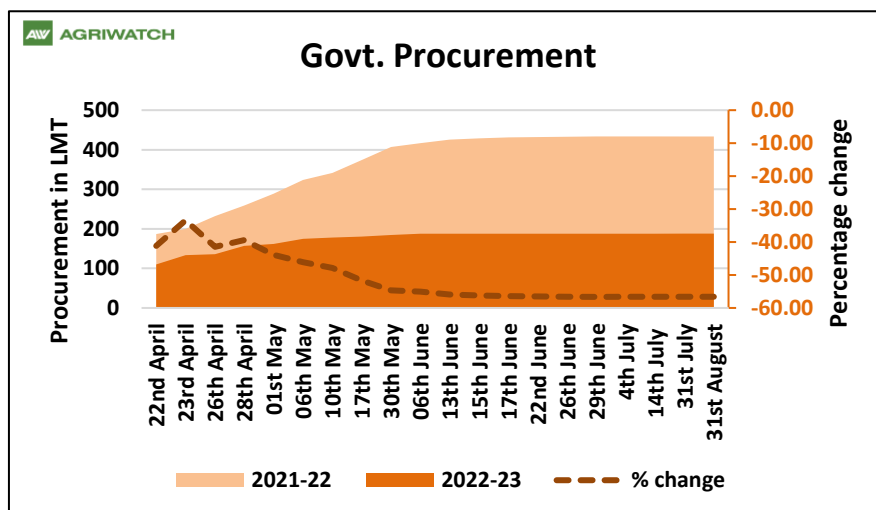
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During week under review, Wheat cash market prices were traded at steady to slightly firm as compared to previous week amid improved domestic demand due to commencement of festival season in the country. In benchmark Kanpur market prices traded in the range of Rs.2420-2460 per quintals amid recovered domestic demand for Wheat products in cash markets. AgriWatch expecting that in coming weeks prices may recover by almost Rs.100 per quintals amid good domestic demand coupled with shortage of quality crop. But after recovery it may remain range bound as there is offloading of Wheat happening in market which was stored for the export.

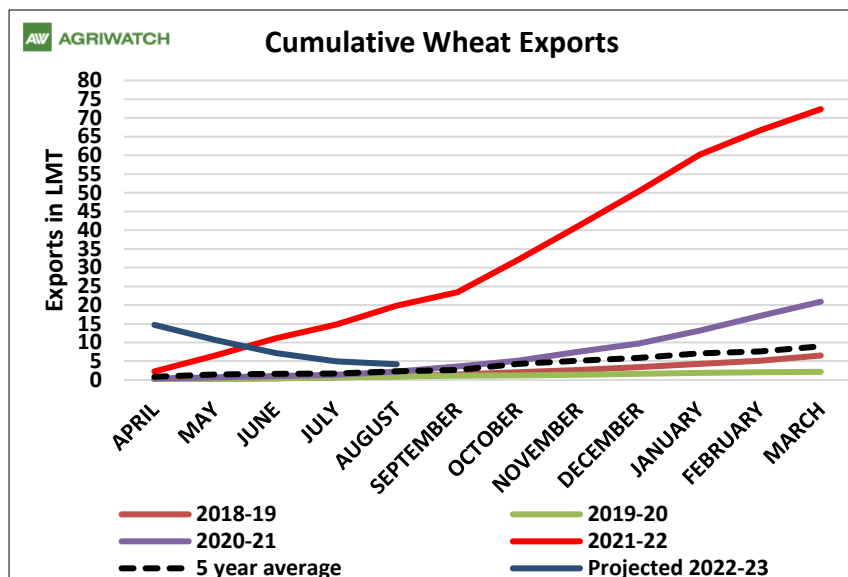


At sowing front, conditions for sowing are very congenial and Agriwatch expects either same area coverage or slightly higher this year. The sowing is about to start from mid-Oct. However, if the current spell of rains continue, sowing might be delayed by 10 to 15 days. If rains continue throughout Oct and disturbs the normal timing of sowing in the North and central India, then the temperature during 2nd half of Feb and Mar would be crucial for the final size of the crop.

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.



Total Wheat export number till August stood at 41.67 LMT which is down by 23.65% during same time period in previous year. This decline has seen mainly because of low Central Pool stock coupled with export ban on Wheat. AgriWatch expects in September around 3 LMT of Wheat might be exported.



Outlook & Recommendation: In coming weeks, AgriWatch expects that amid beginning of Festivities good domestic demand is likely to keep prices northwards till they recovered from where it dropped earlier. But after recovery prices remain range-bound due to offloading of stock meant for export purpose in domestic market. On global level, in coming weeks there might be rainy weather which may affect protein content of Wheat in Australia which may keep the prices on upper side in coming weeks and in France there is expectation of medium rain by Oct. 19 which may keep prices upwards on production concern. Russia-Ukraine conflict keep the prices on upper side coupled with USDA cut the production estimate for U.S winter crop.

Trade Call: There is no NCDEX trading currently.

Wheat Weekly Export

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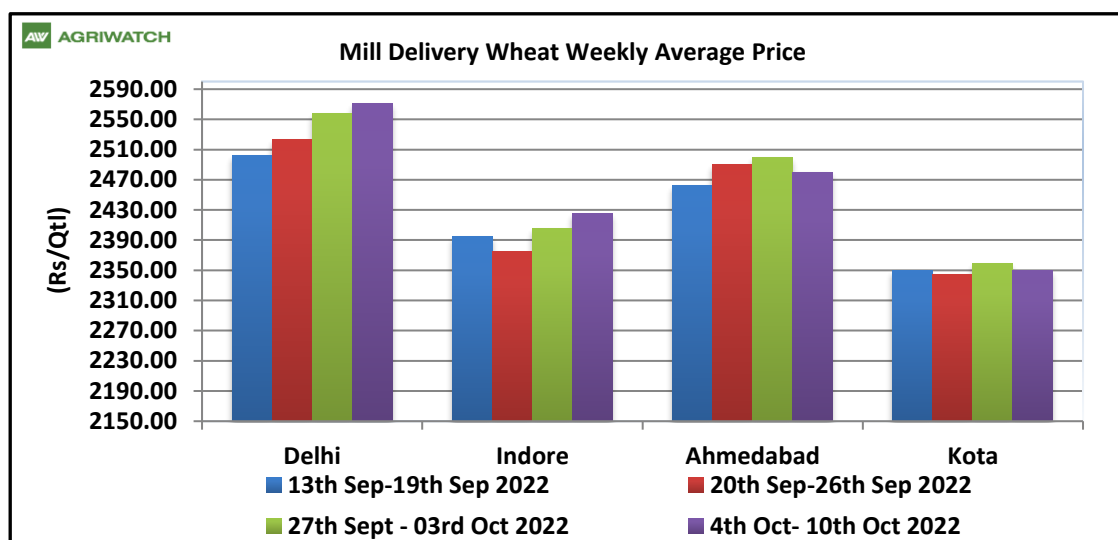
A week-on-week Exports	Quantity in MT	Average FOB (\$/TONNE)
01-08 August-2022	35944.86	398.17
9-15 August -2022	261916.05	307.69
16-23 August -2022	26967.80	321.50
24-31 August -2022	80237.87	337.47
Total	417437.28	347.79

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 markets of Delhi and Indore amid improved demand on beginning of Navratri festive during the week under review. While in Ahmedabad and Kota prices were little down as compared to previous week as there is shortage of good quality arrivals.

Wheat and Rice Stocking Norms

<u>Wheat Stock Norms</u>						
Fig. In Lakh Tonne	Operational Stock			Strategic Reserve		Grand Total
	Rice	Wheat	Total	Rice	Wheat	
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 changes, FOB prices in USA, France and India were decline by 2.94%, 1.70% and 0.28% respectively. In US harvest pressure coupled with falling dollar index pressurizes the prices while in India depreciation of rupee keeps on pushing prices downwards. While in Argentina and Australia FOB prices rose by 1.94% and 5.63% respectively on concern over unfavorable weather conditions in respective countries.

Indicative FOB Quotes:					
Wheat FOB	Variety	Current Week	Week Ago	Month Ago	% Change over Prev. Week
		6-Oct-22	30-Sep-22	5-Sep-22	
USA (Chicago)	2srw	396	408	347	-2.94
France	FCW3	347	353	327	-1.70
Argentina	ASW	420	412	400	1.94
Russia	SRW	335	330	-	1.52
India	FAQ	301.12	301.96	302.73	-0.28
Australia	ASW	341.25	323.05	-	5.63

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
	8-Oct-22	1-Oct-22	8-Sep-22	8-Oct-21		
Indore	2410	2400	2394.25	2014	19.66	0.42
Delhi	2552	2519.85	2490.4	2076	22.93	1.28
Kanpur	2465	2450	2440	1980	24.49	0.61
Rajkot	2355	2350	2330	2101	12.09	0.21
Kota	2325	2310	2350	2064	12.65	0.65

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,
			8-Oct-22	6-Oct-22	1-Oct-22	7-Sep-22	8-Oct-21
Delhi	Lawrence Road	Mill Delivery	2585	2565	2565	2510	2135
	Narella	Mill Quality Loose	2410	2380	2360	Closed	2020
	Nazafgarh	Mill Quality Loose	2400	2375	2350	Closed	2000
Gujarat	Rajkot	Mill Delivery	2360	2360	2350	2310	2120
	Ahmedabad	Mill Delivery	2480	2480	2490	2480	2170
	Surat	Mill Delivery	2540	2540	2550	2540	2210
	Dhrol	Mill Delivery	2245	2315	2320	2265	1930
M.P.	Indore	Mill Delivery	2425	2425	2425	2400	2000
	Bhopal	Mill Quality Loose	Closed	2250	2250	2250	1900
Rajasthan	Kota	Mill Quality Loose	2200	2200	2200	2215	1900
		Mill Delivery	2350	2350	2350	2365	2050
U.P.	Kanpur	Mill Delivery	2440	2440	2450	2420	1990
	Mathura	Mill Quality Loose	-	2345	2350	2325	1900
	Kosi	Mill Quality Loose	2370	2350	2350	2265	1900
	Hathras	Mill Quality Loose	2500	2500	2450	2370	1900
	Aligarh	Mill Quality Loose	-	2420	2390	2350	1880
Punjab	Khanna	Mill Quality Loose	2300	2260	2250	2210	1800
	Ludhiana (Jagraon)	Mill Delivery	2250	2250	2200	2200	-
Haryana	Sirsa	Mill Delivery loose	2270	2260	2250	2230	1910
	Hodal	Mill Delivery	-	-	-	-	-
	Bhiwani	Mill Quality Loose	2370	2330	2300	2300	1950
	Karnal	Mill Delivery	-	-	-	-	-
	Panipat	Mill Quality Loose	2451	2425	2410	2400	-
Tamil Nadu	Chennai	Mill Quality	2700	2700	2700	2680	2300
	Madurai	Mill Quality	2757	2800	2800	2825	2500
	Coimbatore	Mill Quality	2757	2850	2850	2875	2550
Bihar	Khagariya	Mill Delivery	Closed	Closed	2550	2550	1900
	Muzaffarpur	Mill Delivery	2500	2500	2500	2500	1950

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

As per a recent report given by the agriculture ministry, Ukraine has completed its 2022 Wheat harvest. They have threshed around 19.2 MMT Wheat so far. They further added that farmers have harvested around 4.7 million hectares and yield is averaged around 4.1 tonnes per hectare. While in the previous year Ukraine had harvested around 32.2 MMT of Wheat. Due to the ongoing conflicts, production is expected to decline considerably.

Iraq is planning to increase its sowing area for upcoming 2022-23 Wheat crop. As per the Ministry of Water Resources, Iraq plans to increase its Winter Wheat sowing area by 10 Lakh ha, shifting Barley area to Wheat crop for the 2022-23 winter season. They further added that 2022 was the driest year they have ever witnessed since 1930. As per the agriculture ministry, Iraq had planted around 6.25 Lakh hectares in the 2021-22 season.

U.N ship carrying Ukrainian Wheat arrived at Chornomosk port and this Wheat will be delivered to Somalia, as per the Ukraine's Infrastructure minister. This is fifth vessel till the Black corridor open for Ukrainian grains export. Ukraine had previously shipped Wheat to Ethiopia, Yemen and Afghanistan. They further added that till now around 5.8 MMT of agricultural products had already been left the ports can be accepted.

As of 3rd October, Russia's Agriculture Ministry reports that the 2022-23 Wheat production stood at 102.1 MMT which is 28% higher as compared to the same period in the previous year with a yield of around 3.6 tonne/ha.

As per Agriculture consultancy StoneX, Brazil Wheat production is expected to reach around 10 MMT this season, which was up from its previous estimate of 9.67 MMT. Brazil is one of largest Wheat importer, but during current season farmers increase their sowing area and they are expecting good crop prospects this year. They further added that they will be able to reduce their import dependence and may become self-sufficient in coming 8-10 years.

As per FranceAgriMer, Sowing for Winter Wheat has already started in France. They further added that by 10th October 2022, around 3% of sowing is expected to get completed.

As per Australian Agriculture Ministry, Australian North South Wales Wheat for 2022-23 production estimated to be around 10.2 MMT. While due to rainfall in respective country protein content is likely to get pressurized in coming weeks. Triple dip La-Nina is responsible for these rains which is expected to extend further for 6 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	
				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
	7-Oct-22	30-Sep-22	7-Sep-22	7-Jul-22	8-Apr-22	7-Oct-21	
Dec-22	323.40	338.56	310.18	312.93	386.78	276.47	-4.48
Mar-23	328.82	342.42	315.05	317.89	383.29	273.80	-3.97
May-23	331.85	344.16	317.34	320.01	377.04	-	-3.58
Jul-23	329.37	335.16	315.78	314.86	348.30	-	-1.73
Sep-23	328.91	332.50	317.53	311.83	340.58	-	-1.08
Dec-23	329.83	332.50	320.56	310.18	-	-	-0.80
Mar-24	328.36	330.11	320.65	-	-	-	-0.53
May-24	323.59	326.43	-	-	-	-	-0.87

FOB & CIF Quote for Wheat at Kandla

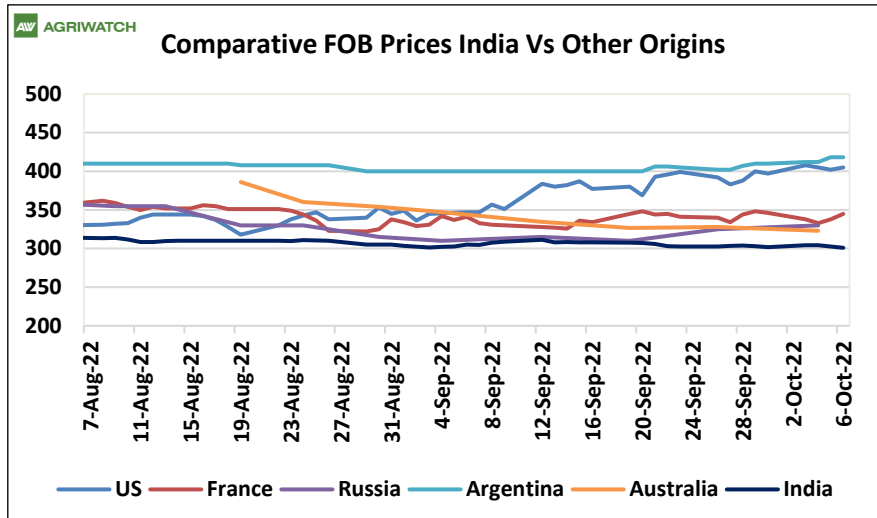
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	At Kandla
Mill delivery (Rajkot)	23600
Freight charge	550
Misc. Charges (port handling)	650
FOB (at Kandla Rs/T)	24800
FOB value in \$ for FAQ	301.117
Freight Charges (US \$/ton) to Dubai	43
Insurance @ 0.1% (\$/MT)	0.301117
CIF to Dubai (value in \$ for SRW)	344.4182

(INR value: 82.36 as on 06.10.2022)

International FOB Weekly Price Movement

The Indian wheat FOB prices quoted at \$301.11 per MT. With depreciation in Rupee FOB prices also decreases.



US Wheat Futures Dec -22

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1st Support: 850

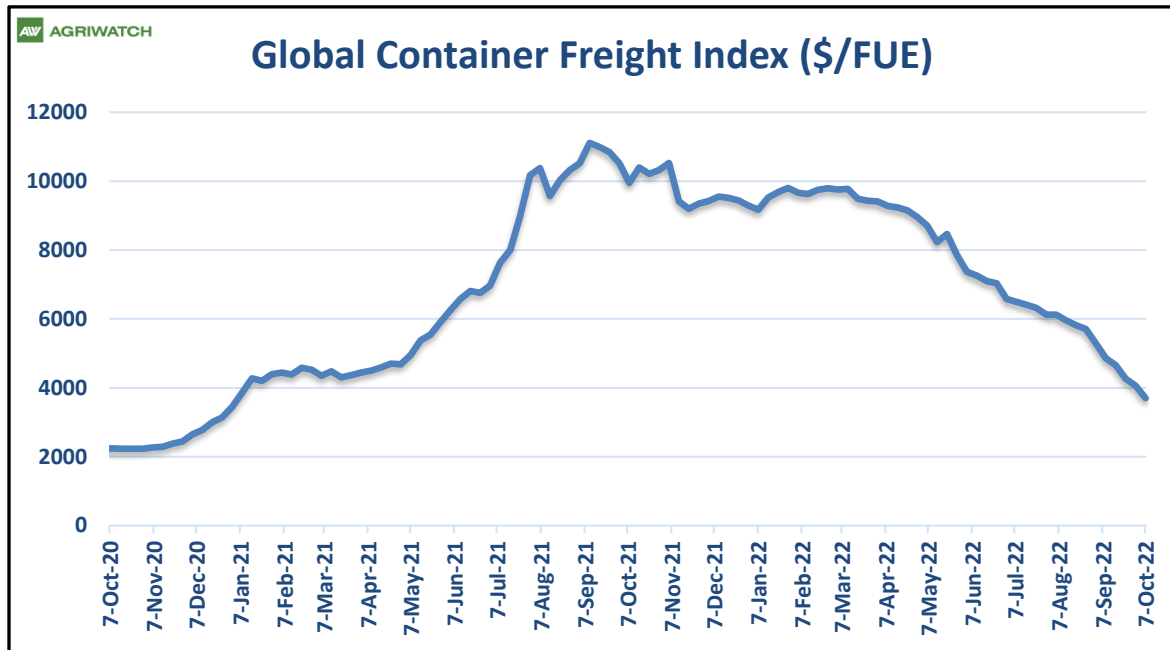
2nd Support: 800

1st Resistance: 950

2nd Resistance: 1000 (\$ per tonne)

US wheat futures Dec22 expiry went down by 4.48% to 880, during the week made low at 872, high at 938. Market is currently trading above 9,18,50 and 100 DMA. Momentum indicator MACD and Oscillator is indicating firm momentum. We expect prices to trade with firm bias in coming weeks.

Container Freight Index



The global container freight index declines by 8.89 percent compared to previous week to \$3699 per foot unit equivalent. Hurricane Ian hit Florida and some parts of southeast which disrupted rail movements that's why temporarily closed ports in Jacksonville and Charleston. This will ease port congestion both in China's hub and LA/Long beach will effectively increase available capacity. By keeping in view these falling rates, it may soon push prices below the break even point per container for some ocean carriers as their costs have also climbed with inflation. The larger carriers are likely which are hoping shifting will push the smaller players and their capacity out of the market.

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