

Wheat Weekly Research Report

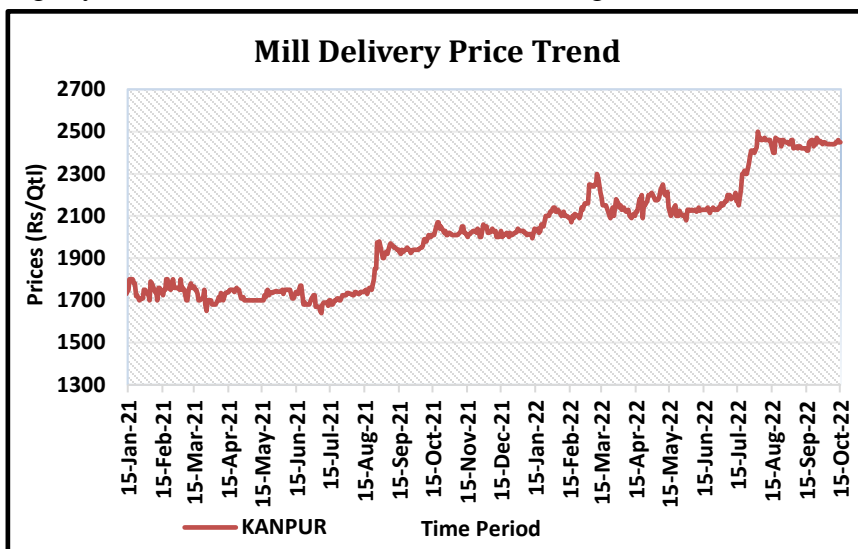
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Wheat Domestic Market Fundamentals

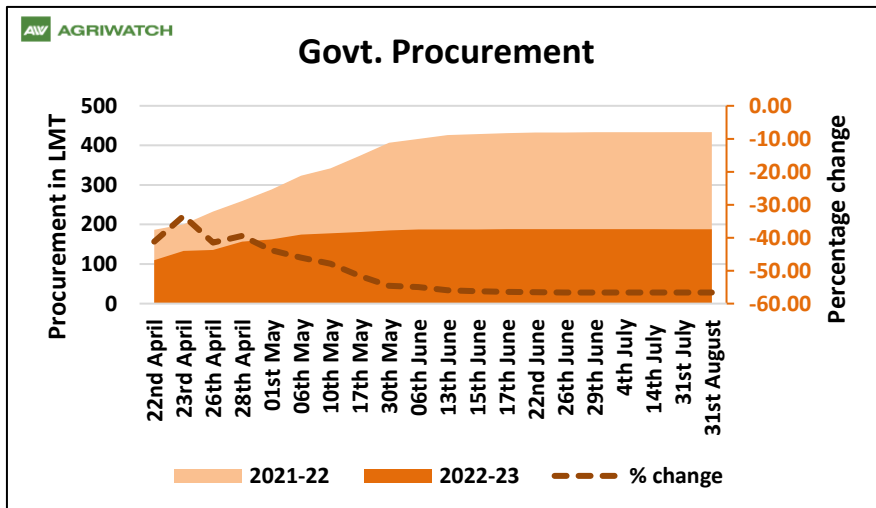
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On week-on-week basis steady to slightly firm sentiments were observed during week under review amid good domestic demand due to ongoing festival season in country. In benchmark Kanpur market mill delivery prices were traded at Rs.2450 per quintals up by Rs.10 per quintals amid improved demand of Wheat products in domestic market. AgriWatch expects prices to recover by almost Rs.50-70 per quintal in the coming weeks amid good domestic demand coupled with shortage of the quality wheat.

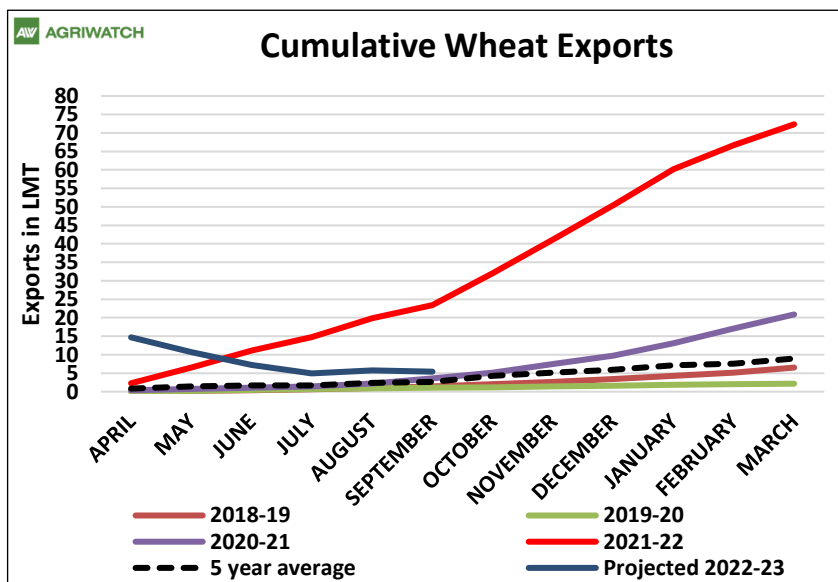


DGFT vide Notification no.39 Dated. 14th October 2022, have allowed export of Wheat/Meslin flour (Atta), Maida, Semolina, Whole meal Atta and resultant Atta processed from the imported Wheat only with 100% export condition. For this purpose, domestic Wheat will not be used. Apart from this, Export is allowed against Advance Authorization and by export-oriented Units and units located in special economic zone. The notification further states that the Wheat flour will have to be exported within 6 months from the date of Wheat import. Notably, Govt. had banned Wheat products export from 27th Aug-2022 to Check the spiraling prices in domestic market. It would be beneficial for those units which are located in special economic zone and are 100% export oriented.

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 September stood at 48.74 LMT which is up by 107.75% during same time period in previous year. As per trade sources, in September almost 5.40 LMT of Wheat exported to other nations. Out of which around 3 LMT exported to Bhutan and 2 LMT exported to Bangladesh.



Outlook & Recommendation: AgriWatch expects prices to recover by almost Rs.50-70 per quintal in the coming weeks amid good domestic demand coupled with shortage of the quality wheat. 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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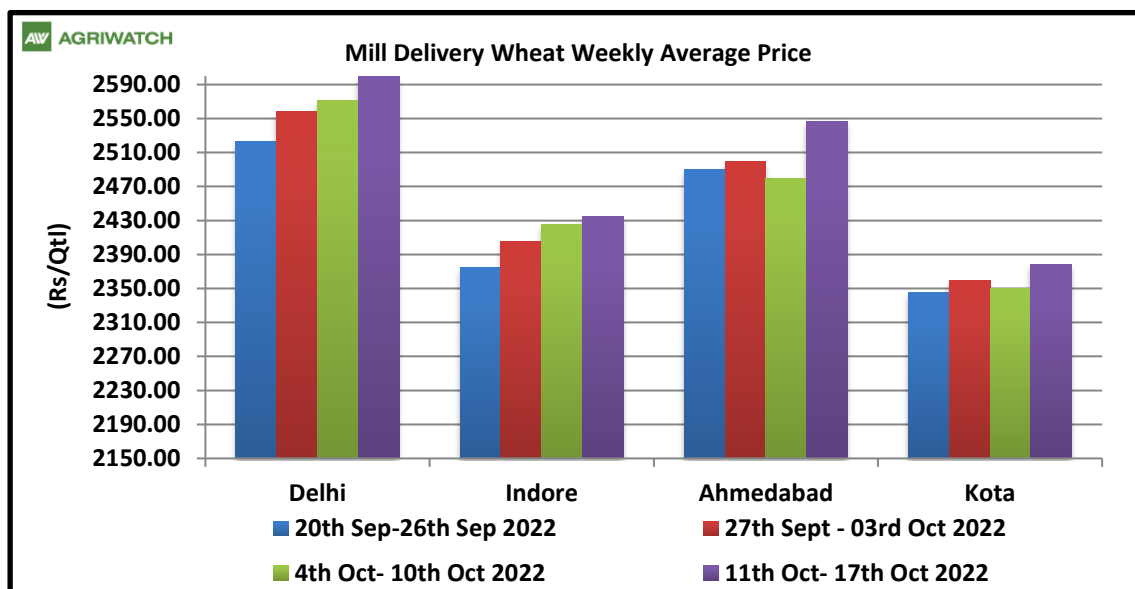
A week-on-week Exports	Quantity in MT	Average FOB (\$/TONNE)
01-08 September-2022	224642.75	331.06
9-15 September -2022	120657.15	343.29
16-23 September -2022	106847.85	350.15
24-31 September -2022	87483.08	333.17
Total	539630.84	340.70

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 all major Wheat cash markets amid good demand due to ongoing festive season.

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 almost all countries except Russia were on higher side as compared to previous week. War situation in Ukraine is getting worse day by day so on supply concern prices keep on rising in respective countries. Recently USDA release WASDE report which decrease its global production which affects global prices and rise have been observed during week under review.

Indicative FOB Quotes:					
Wheat FOB	Variety	Current Week	Week Ago	Month Ago	% Change over Prev. Week
		13-Oct-22	6-Oct-22	12-Sep-22	
USA (Chicago)	2srw	401	396	380	1.26
France	FCW3	354	347	348	2.02
Argentina	ASW	421	420	400	0.24
Russia	SRW	332	335	-	-0.90
India	FAQ	309.72	301.12	311.24	2.86
Australia	ASW	342.86	341.25	-	0.47

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
	15-Oct-22	8-Oct-22	15-Sep-22	16-Oct-21		
Indore	2435	2410	2376	2000	21.75	1.04
Delhi	2580	2552	2489.9	2142	20.45	1.10
Kanpur	2490	2465	2392.5	2000	24.50	1.01
Rajkot	2375	2355	2337.5	2125	11.76	0.85
Kota	2350	2325	2350	2100	11.90	1.08

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,
			15-Oct-22	13-Oct-22	8-Oct-22	14-Sep-22	16-Oct-21
Delhi	Lawrence Road	Mill Delivery	2625	2585	2585	2500	2180
	Narella	Mill Quality Loose	2450	2400	2410	Closed	2040
	Nazafgarh	Mill Quality Loose	2450	2425	2400	Closed	2015
Gujarat	Rajkot	Mill Delivery	2440	2425	2360	2330	2090
	Ahmedabad	Mill Delivery	2560	2565	2480	2460	2145
	Surat	Mill Delivery	2615	2610	2540	2510	2180
	Dhrol	Mill Delivery	2445	2370	2245	2315	2000
M.P.	Indore	Mill Delivery	2425	2475	2425	2400	Closed
	Bhopal	Mill Quality Loose	2300	2250	Closed	2150	Closed
Rajasthan	Kota	Mill Quality Loose	2235	2240	2200	2200	2000
		Mill Delivery	2385	2390	2350	2350	2150
U.P.	Kanpur	Mill Delivery	2450	2460	2440	2420	2010
	Mathura	Mill Quality Loose	2420	2340	-	2350	1930
	Kosi	Mill Quality Loose	2400	2300	2370	2280	1940
	Hathras	Mill Quality Loose	2450	2450	2500	2350	1940
	Aligarh	Mill Quality Loose	-	2425	2380	2360	1930
Punjab	Khanna	Mill Quality Loose	2290	2290	2300	2200	1830
	Ludhiana (Jagraon)	Mill Delivery	2250	2250	2250	2200	-
Haryana	Sirsa	Mill Delivery loose	2310	2280	2270	2225	1950
	Hodal	Mill Delivery	-	-	-	-	-
	Bhiwani	Mill Quality Loose	2525	2400	2370	2300	1970
	Karnal	Mill Delivery	-	-	-	-	-
	Panipat	Mill Quality Loose	2450	2430	2451	2380	-
Tamil Nadu	Chennai	Mill Quality	2750	2740	2700	2700	2400
	Madurai	Mill Quality	2807	2850	2800	2800	2600
	Coimbatore	Mill Quality	2807	2900	2850	2850	2650
Bihar	Khagariya	Mill Delivery	2530	2450	Closed	2550	1900
	Muzaffarpur	Mill Delivery	2500	2500	2500	2500	1950

International Market Update:

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CBOT hits a 3-month high on 11th October due to worsening conditions in Ukraine as a missile strike by Russia coupled with lackluster US grain demand. Futures climbed by almost 7.9% after an explosion attack on the capital Kyiv. Now there is a concern in the global market whether Ukraine's grain-export deal extended further or not which is supposed to end by November.

Wheat prices rallied yesterday following the latest Russian attack on Kyiv and other cities in Ukraine. CBOT wheat settled more than 6.5% higher on the day and traded to an intraday high of almost US\$9.50/bu, which is the highest level since June. Russia's escalation calls into question the future of the Black Sea grain export deal, which is due to expire in the next month. In addition, there is a backlog of vessels awaiting inspection, with UN data showing 99 vessels awaiting clearance. Since the introduction of the Black Sea Grain Initiative in early August, almost 6.9mt of grains and foodstuff have been exported under the deal.

As per the European Ministry, EU Weekly Wheat exports stood at 4.06 LMT till October 9th, 2022 which was down by around 2% as compared to the previous year. As per data given by USDA, US Wheat Weekly exports fell by 8% to 6.14 LMT till the week ended October 6th, 2022.

USDA decrease global Wheat supplies, consumption and stocks in recent report. In a recent WASDE report, USDA lowered supplies by 1.9 MMT as compared to the previous estimate of 1057.7 MMT because of reduced production in the US and Argentina. Global consumption is also lowered by 0.9 MMT to 790.2 MMT due to lower food, seed, and industrial use. On the trade front, it is expected to be down by 0.6 MMT to 208.3 MMT due to a reduction made in US and Argentina export numbers. Projected ending stocks for 2022-23 are also lowered by 1.0 MMT to 267.5 MMT mainly because of reduced ending stocks in the US.

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
	13-Oct-22	6-Oct-22	13-Sep-22	13-Jul-22	14-Apr-22	14-Oct-21	
Dec-22	327.81	323.40	320.46	298.88	401.84	275.00	1.36
Mar-23	333.78	328.82	326.25	304.85	398.90	271.69	1.51
May-23	336.35	331.85	329.56	307.61	393.67	-	1.36
Jul-23	333.14	329.37	327.08	303.29	369.15	-	1.14
Sep-23	331.95	328.91	327.45	300.90	364.55	-	0.92
Dec-23	332.50	329.83	329.10	299.61	-	-	0.81
Mar-24	330.57	328.36	328.00	-	-	-	0.67
May-24	326.07	323.59	-	-	-	-	0.77

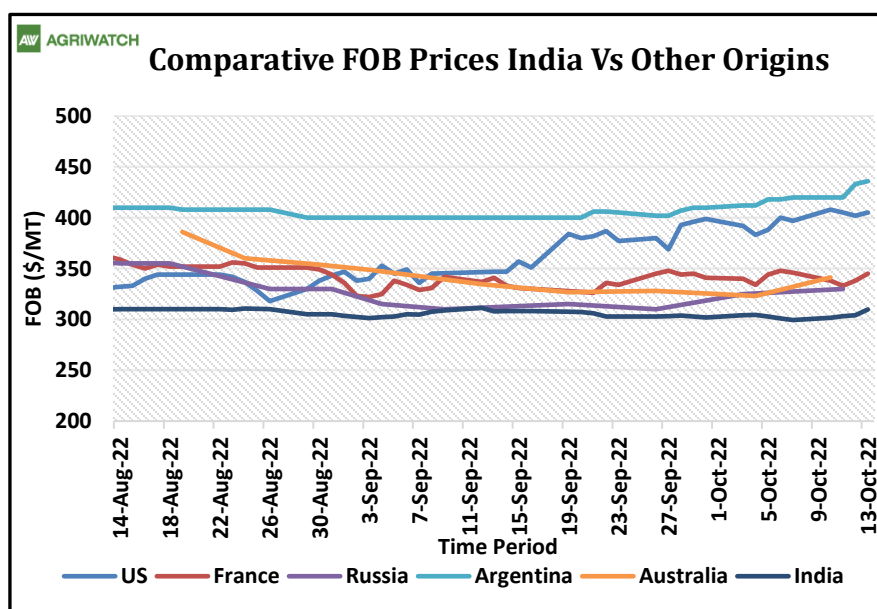
FOB & CIF Quote for Wheat at Kandla
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	At Kandla
Mill delivery (Rajkot)	24250
Freight charge	550
Misc. Charges (port handling)	650
FOB (at Kandla Rs/T)	25450
FOB value in \$ for FAQ	309.7237
Freight Charges (US \$/ton) to Dubai	43
Insurance @ 0.1% (\$/MT)	0.309724
CIF to Dubai (value in \$ for SRW)	353.0335

(INR value: 82.43 as on 15.10.2022)

International FOB Weekly Price Movement

The Indian wheat FOB prices quoted at \$309.11 per MT. With little appreciation coupled with depreciation in Rupee FOB prices also decreases.



US Wheat Futures Dec -22

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1st Support: 850

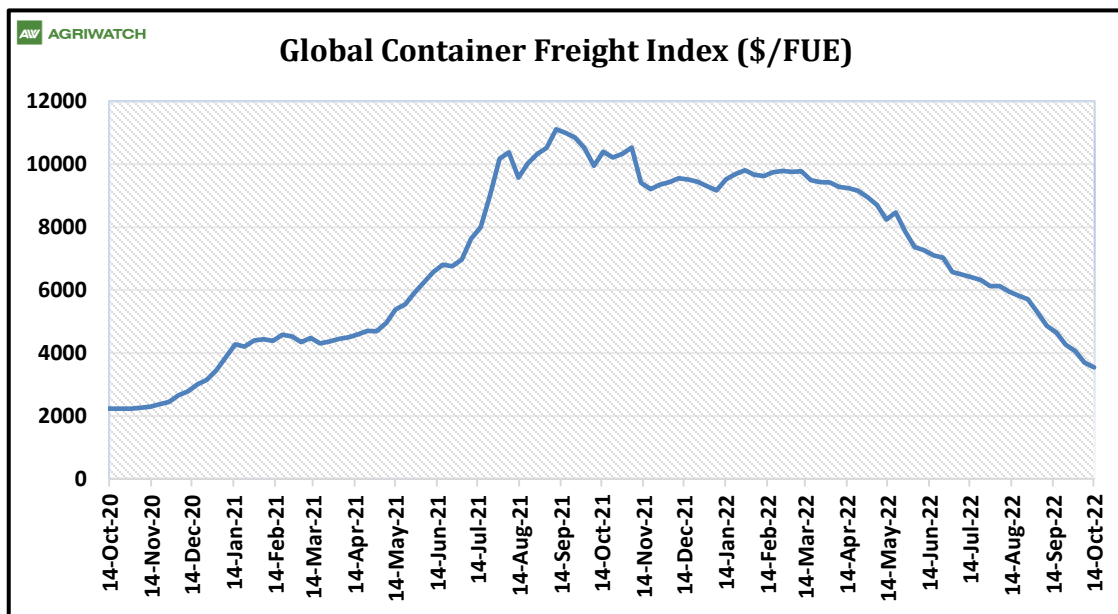
2nd Support: 800

1st Resistance: 950

2nd Resistance: 1000 (\$ per tonne)

US wheat futures Dec22 expiry extended previous week loss and went down by 2.33% to 859, during the week made low at 857, high at 949. 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 4.30 percent compared to previous week to \$3540 per foot unit equivalent. Latest data by National Retail Federation container volume show that US demand for ocean freight imports down by more than 8% in September compared to previous month and expected that October volumes is likely to be down by 10% than previous year. This down volume coupled with easing congestion at US West Coast ports has pushed down Asia- US West Coast rates by more than 80% since the end of April. Ocean volume too falling as curbs have seen in inflation few consumers demand and some spending switches to services or other goods.

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