

# Wheat Weekly Research Report

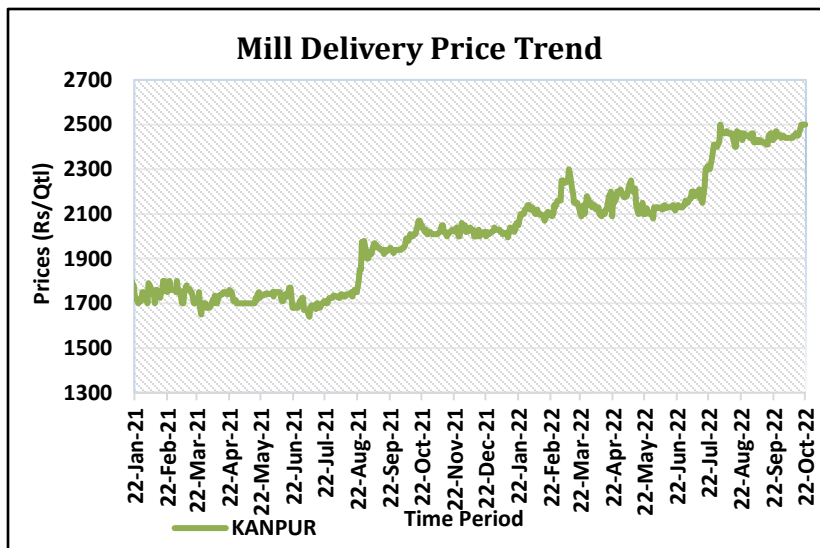
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### Wheat Domestic Market Fundamentals

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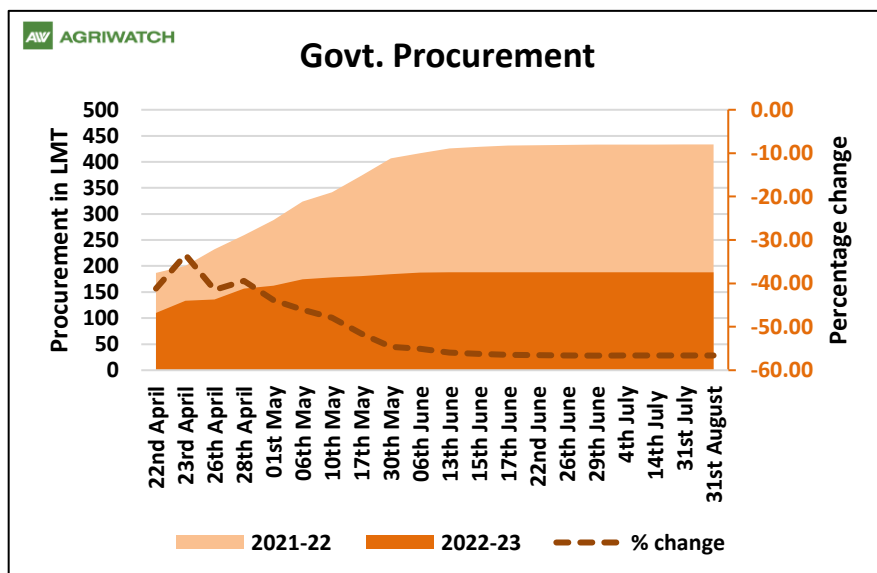
Slightly firm sentiments were observed in major Wheat cash markets during the week under review amid good festive demand due to the ongoing festive season in the country. In Kanpur benchmark market prices rose by Rs.50 per quintal to Rs.2500 per quintal due to good domestic demand for Wheat products. For upcoming weeks AgriWatch expects that prices may rise by Rs.50-70 per quintal amid good demand from the domestic side coupled with low availability of quality crops. However, any immediate spike would be constricted due to offloading of stocks which previously meant for export purposes. Recently, the MSP of Wheat for 2022-23 has been increased by 9% to Rs.2125 per quintal.



If the uptrend in prices persists for further days, then the Government has an alternative of releasing Wheat through OMSS from the Central Pool. Traders and Mills Associations have requested a notification regarding release by November and tender by December onwards. Releasing stock from Central Pool may not only help cap rising prices but also ease the supply side during the peak festive season.

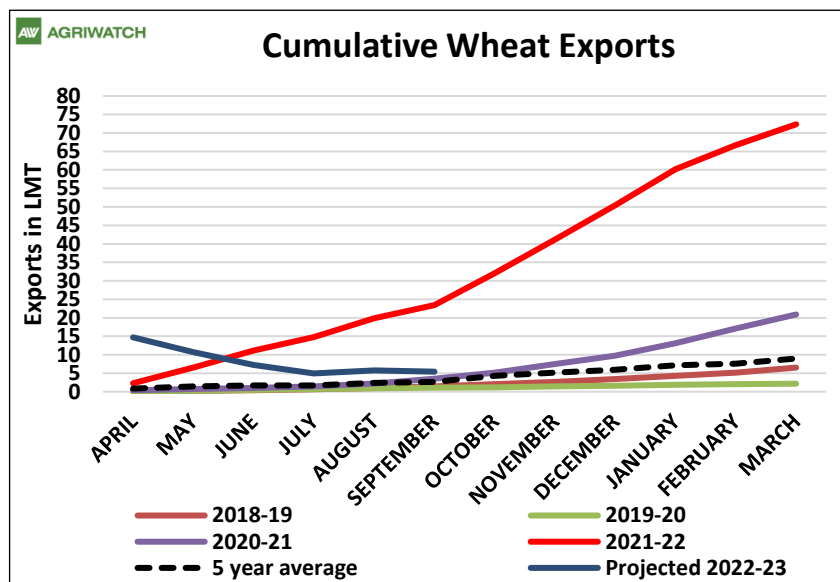
Meanwhile, sowing activities have started in Gujarat at a slower pace and are likely to increase after Diwali while in other key growing states, there is a little delay in sowing due to wet weather conditions / higher moisture in the field. Also, in MP due to delays in soybean harvesting, sowing may get delayed by 15 to 20 days.

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 rise by almost Rs.50-70 per quintal in the coming weeks amid good domestic demand coupled with shortage of the quality wheat. If the uptrend in prices persists for further days, then the Government has an alternative of releasing Wheat through OMSS from the Central Pool. Traders and Mills Associations have requested a notification regarding release by November and tender by December onwards. Releasing stock from Central Pool may not only help cap rising prices but also ease the supply side during the peak festive season. On global level, the extension of UN Brokered deal may remain a matter of concern in coming days.

**Trade Call:** There is no NCDEX trading currently.

## Wheat Weekly Export

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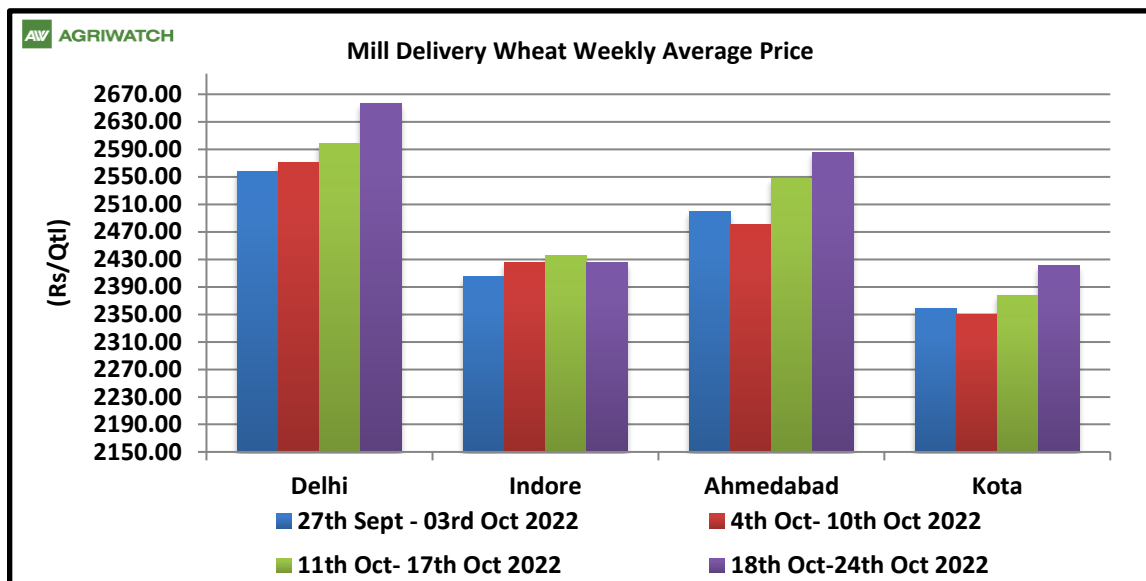
A week-on-week Exports	Quantity in MT	Average FOB (\$/TONNE)
01-08 September-2022	224642.75	331.06
9-15 September -2022	120657.15	343.29
16-23 September -2022	106847.85	350.15
24-31 September -2022	87483.08	333.17
<b>Total</b>	<b>539630.84</b>	<b>340.70</b>

Source: Trade

## Wheat Import

Date	Origin	Port	Quantity in MT
April to Feb. 22	Australia, UK	Tuticorin	51.06
	Mexico, USA		3.00
	<b>Total</b>		<b>54.06</b>

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
<b>All-India</b>	<b>187.92</b>

### International Weekly Outlook:

On low export demand, strong currencies and supply concern impacting FOB prices at global level. Low export demand of US, France and Russian Wheat keeps FOB prices on lower side While little appreciation of currency coupled with high domestic prices in Argentina, India and Australia keeps FOB prices on upper side.

Indicative FOB Quotes:					
Wheat FOB	Variety	Current Week	Week Ago	Month Ago	% Change over Prev. Week
		21-Oct-22	13-Oct-22	20-Sep-22	
USA (Chicago)	2srw	386	401	393	-3.74
France	FCW3	337	354	344	-4.80
Argentina	ASW	431	421	406	2.38
Russia	SRW	323	332	-	-2.71
<b>India</b>	<b>FAQ</b>	314.39	309.72	307.13	1.51
Australia	ASW	351.54	342.86	-	2.53

### 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
	22-Oct-22	15-Oct-22	22-Sep-22	23-Oct-21		
<b>Indore</b>	2477	2435	2377	2051	20.77	1.72
<b>Delhi</b>	2645	2580	2499.5	2131	24.12	2.52
<b>Kanpur</b>	2520	2490	2465	1995	26.32	1.20
<b>Rajkot</b>	2450	2375	2335.3	2120	15.57	3.16
<b>Kota</b>	2425	2350	2305	2100	15.48	3.19

**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,
			22-Oct-22	20-Oct-22	15-Oct-22	21-Sep-22	23-Oct-21
Delhi	Lawrence Road	Mill Delivery	2700	2640	2625	2520	2170
	Narella	Mill Quality Loose	2500	2490	2450	Closed	2000
	Nazafgarh	Mill Quality Loose	2475	2480	2450	Closed	2000
Gujarat	Rajkot	Mill Delivery	2470	2470	2440	2330	2120
	Ahmedabad	Mill Delivery	2630	2580	2560	2480	2150
	Surat	Mill Delivery	2690	2640	2615	2540	2230
	Dhrol	Mill Delivery	-	2450	2445	2360	1990
M.P.	Indore	Mill Delivery	Closed	2425	2425	2375	2100
	Bhopal	Mill Quality Loose	Closed	2300	2300	2250	1940
Rajasthan	Kota	Mill Quality Loose	Closed	2280	2235	2200	2000
		Mill Delivery	Closed	2430	2385	2350	2150
U.P.	Kanpur	Mill Delivery	2500	2500	2450	2430	2040
	Mathura	Mill Quality Loose	2435	2445	2420	2350	1900
	Kosi	Mill Quality Loose	2400	2380	2400	2285	1940
	Hathras	Mill Quality Loose	Closed	2425	2450	2350	1900
	Aligarh	Mill Quality Loose	2410	2410	2420	2300	1925
Punjab	Khanna	Mill Quality Loose	Closed	2320	2290	-	1800
	Ludhiana (Jagraon)	Mill Delivery	2300	2300	2250	Closed	-
Haryana	Sirsa	Mill Delivery loose	2400	2350	2310	2220	1950
	Hodal	Mill Delivery	Closed	-	-	Closed	-
	Bhiwani	Mill Quality Loose	Closed	2470	2525	-	2050
	Karnal	Mill Delivery	-	-	-	Closed	-
	Panipat	Mill Quality Loose	Closed	2555	2450	Closed	-
Tamil Nadu	Chennai	Mill Quality	Closed	2750	2750	2680	2400
	Madurai	Mill Quality	Closed	2850	2850	2770	2600
	Coimbatore	Mill Quality	Closed	2900	2900	2820	2650
Bihar	Khagariya	Mill Delivery	2600	2550	2530	2550	1900
	Muzaffarpur	Mill Delivery	2500	2500	2500	2475	1925

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

**The Philippines have bought around 1.65 LMT of Australian Wheat in a tender.** As per trade sources, an importer group in the Philippines had purchased around 1.65 LMT of animal feed Australian Wheat in a tender that was closed late last week. Three 0.55 LMT consignments were believed to be sought for shipment from January to March 2023. It was purchased at C&F for about \$345 per tonne.

**Buenos Aires Rosario Exchange cut down the harvest forecast for Argentina 2022-23 Wheat crop** to 150 LMT down from 160 LMT which was estimated previously amid late frost hit the crops already been damaged by drought. This would be worst wheat harvest in seven years and possibility of getting worse. In previous growing season record of about 230 LMT Wheat was produced.

**As per recent data by Ministry, Ukraine winter Wheat area is forecasted to be around 4 million hectares** up from its previous estimate of 3.8 million hectares. They further added that as of October 18 farmers had sown 2.5 million hectares.

**As per agriculture consultancy Sovecon, Russia's 2022-23 Wheat crop is expected to be around 848 LMT** which was previously estimated to be 1006 LMT. They further mentioned that sowing areas are too likely to get reduced amid heavy rains and relatively low domestic prices. Its preliminary estimate for winter grain sowing area declined to 18.8 million hectares from 19.5 million hectares previously estimated.

**Saudi Arabia SAGO releases a new international tender of 5.35 LMT Wheat.** Saudi Arabia's state grains buyer SAGO releases a new tender for 5.35 LMT of Wheat. The deadline for submissions of bids is by Friday, October 21st, 2022. They are seeking hard wheat and arrival is expected around March- April 2023. The Wheat is sought to be in a series of nine consignments containing 0.60 LMT each.

**South Korean's feed maker Nonghyup Feed Incorporation released a new tender to purchase around 0.95 LMT of animal feed Wheat.** Deadline for submission of bids is for one day i.e., till 19th October 2022. This must contain two consignments which can be sourced from origins except Argentina, Pakistan, Denmark, China, India and Eastern Europe.

**Pakistan releases tenders to purchase 5 LMT Wheat.** A Government agency in Pakistan has released a new tender to import 5 LMT of Wheat. The last date for submission of bids in the tender is October 26. Shipments are sought in consignments of at least 1 LMT. They further mentioned that shipments must be organized in such a way that the Wheat may reach Pakistan by Jan 10, 2023.

**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	
				22.09.22	20.10.22
<b>Production</b>	761	774	781	792	792
<b>Trade</b>	185	190	196	193	192
<b>Consumptions</b>	745	771	778	785	784
<b>Carryover stocks</b>	276	279	282	286	286
<b>Y-O-Y change</b>	16	3	3	6	8
<b>Major Export</b>	62	60	65	70	70

- IGC has projected 2022-23 global wheat production at 792 same as previous estimate of 778 MMT in September. 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 192 MMT up from previous estimate.
- Consumption has been decreased from previous estimate of 785 MMT to 784 MMT.
- Carryout for 2022-23 is projected at 70 MMT which is quite similar with previous estimate.

**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
	20-Oct-22	13-Oct-22	20-Sep-22	20-Jul-22	21-Apr-22	21-Oct-21	
<b>Dec-22</b>	312.01	327.81	328.36	306.87	394.13	277.30	-4.82
<b>Mar-23</b>	318.90	333.78	333.32	311.83	393.85	273.71	-4.46
<b>May-23</b>	322.58	336.35	336.08	314.22	392.38	-	-4.10
<b>Jul-23</b>	322.21	333.14	332.50	309.90	378.70	-	-3.28
<b>Sep-23</b>	323.40	331.95	332.04	308.71	376.22	-	-2.57
<b>Dec-23</b>	325.98	332.50	333.23	308.52	-	-	-1.96
<b>Mar-24</b>	325.88	330.57	331.76	-	-	-	-1.42
<b>May-24</b>	322.58	326.07	327.90	-	-	-	-1.07

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

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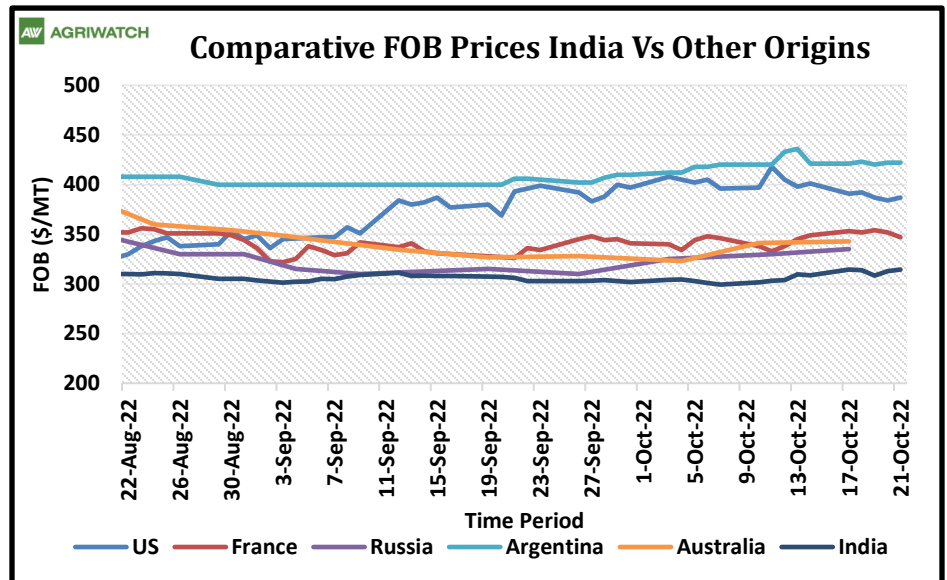
	At Kandla
<b>Mill delivery (Rajkot)</b>	24750
<b>Freight charge</b>	550
<b>Misc. Charges (port handling)</b>	650
<b>FOB (at Kandla Rs/T)</b>	25950
<b>FOB value in \$ for FAQ</b>	314.393
<b>Freight Charges (US \$/ton) to Dubai</b>	43
<b>Insurance @ 0.1% (\$/MT)</b>	0.314393
<b>CIF to Dubai (value in \$ for SRW)</b>	<b>357.7074</b>

(INR value: 82.54 as on 21.10.2022)



### International FOB Weekly Price Movement

The Indian wheat FOB prices quoted at \$314.39 per MT. With little appreciation in coupled with increasing domestic prices FOB prices also increases.



### US Wheat Futures Dec -22

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**1<sup>st</sup> Support: 850**

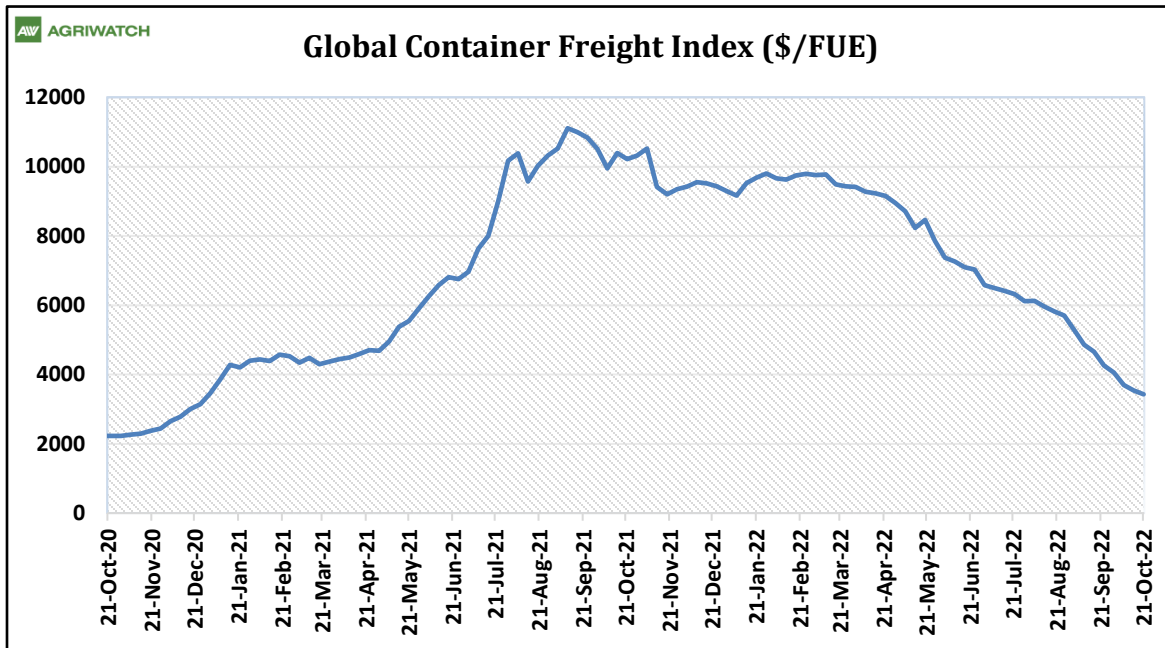
**2<sup>nd</sup> Support: 800**

**1<sup>st</sup> Resistance: 950**

**2<sup>nd</sup> Resistance: 1000 (\$ per tonne)**

US wheat futures Dec22 expiry extended previous week loss and went down by 1.5% to 850.75, during the week made low at 832, high at 877. 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 3.13 percent compared to previous week to \$3429 per foot unit equivalent. Overall, congestion which is measured by the number of ships waiting for their berths has improved since July as the number of vessels dropping from 150 to 100 during this week. The backlog of vessels at the start of the year had about three-quarters of those ships waiting off the West Coast, currently, there are three-quarters are waiting along the East Coast, with only six off LA/Long Beach. This shift in congestion is resulted from the shift of volumes from the west to the east as the shippers have sought to avoid the repeat of previous year coast delays coupled with labor dispute. While volumes, have decreased and Asia-US Coast rates have declined by almost 67% since April, still remains 111% higher than in 2019.

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