

Wheat Weekly Research Report

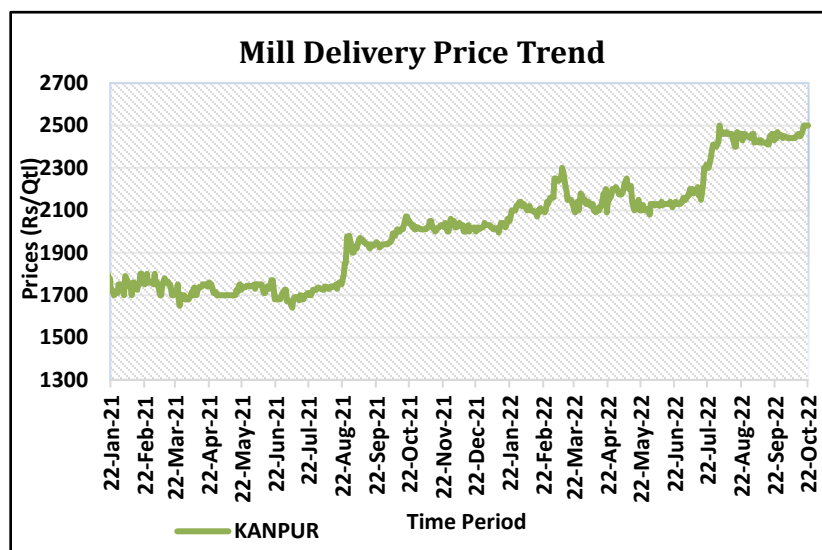
Table of Contents

- ❖ **Review and Outlook**
- ❖ **Export/Import**
- ❖ **Weather**
- ❖ **Weekly Price Change**
- ❖ **Stocking Norms**
- ❖ **FOB Quotes**
- ❖ **Spot Price at NCDEX Delivery Centers**
- ❖ **Domestic Outlook and Spot Prices**
- ❖ **Progressive Sowing**
- ❖ **International Wheat Market**
- ❖ **IGC**
- ❖ **CBOT Future Contract**
- ❖ **CBOT Trend**
- ❖ **International FOB Trend**

Wheat Domestic Market Fundamentals

[\(Back to Table of Contents\)](#)

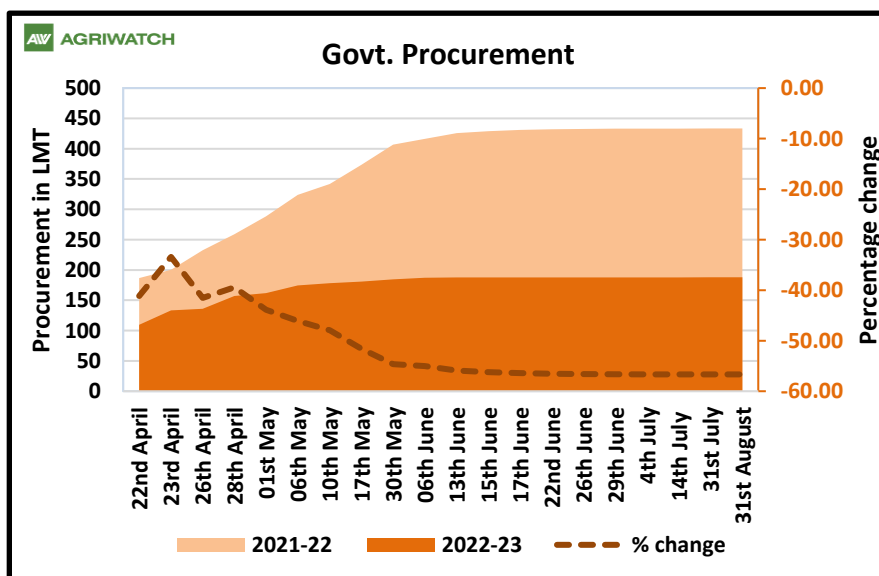
Slightly firm sentiments were observed in major Wheat cash markets during the week under review amid good festive demand due to the ongoing festive season in the country. In Kanpur benchmark market prices remain in same pace i.e. at Rs.2500 per quintal as market was closed due to festivals going on in the country. For upcoming weeks AgriWatch expects that prices may remain steady to slightly firm trend. However, any immediate spike would be constricted due to offloading of stocks which previously meant for export purposes.



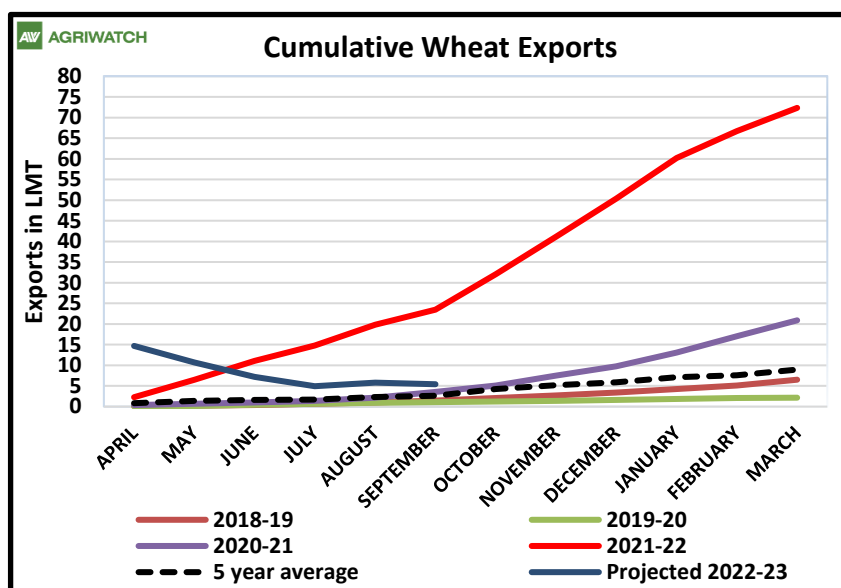
On sowing front, Wheat is sown on 54,000 hectares in the ongoing rabi season of the 2022-23 crop year, as per the latest data by the agriculture ministry. They further added that this time area is 59% higher than the same period during the previous year. As of 28th October, about 39,000 hectares were covered under Uttar Pradesh, 9,000 under Uttarakhand, 2,000 in Rajasthan, and 1,000 hectares in Jammu & Kashmir. The total coverage under all the rabi crops is 37.75 lakh hectares as compared to 27.24 lakh hectares during the same period in the previous year.

The Ministry of Trade, Commerce and Food Security has decided on 28th October 2022 to permit the importation of Wheat Flour through the open accounts and this will come into effect from 28th of October 2022 onwards. The Ministry further added that Wheat flour will be permitted through open accounts till 31st December 2022. This decision has been taken with the motive to control the rising prices of Wheat products. 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 per quintal in the coming weeks amid good domestic demand coupled with shortage of the quality wheat. If the prices remain in this trend, then center is likely to release stocks in OMSS which may not only keep check on rising prices ease the supply side. On the other hand, on global level prices are likely to rise as the supply side got affected as Russia suspends Black Sea exports.

Trade Call: There is no NCDEX trading currently.

Wheat Weekly Export

[\(Back to Table of Contents\)](#)

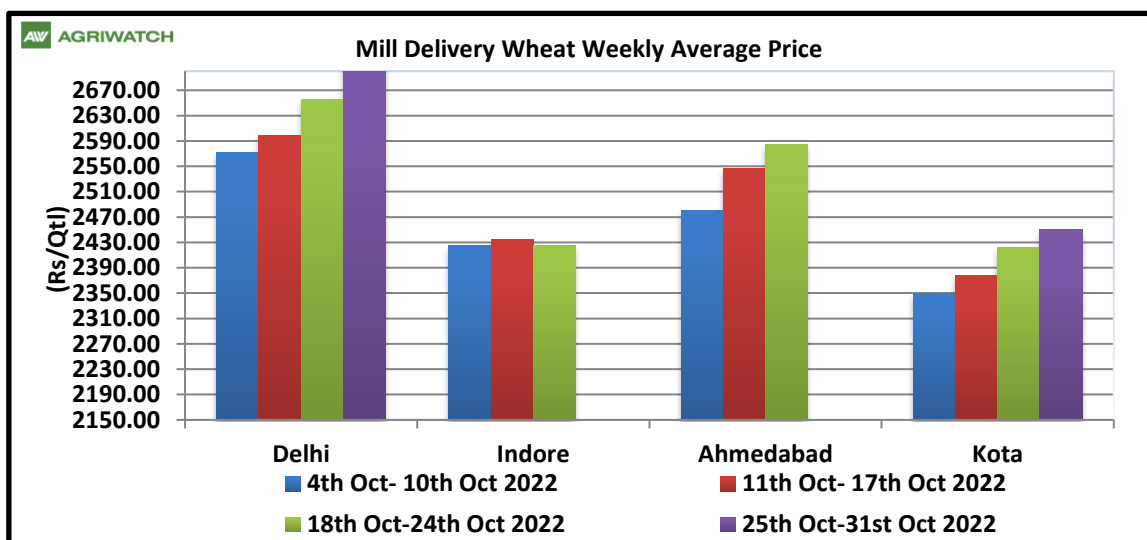
A week-on-week Exports	Quantity in MT	Average FOB (\$/TONNE)
01-08 September-2022	224642.75	331.06
9-15 September -2022	120657.15	343.29
16-23 September -2022	106847.85	350.15
24-31 September -2022	87483.08	333.17
Total	539630.84	340.70

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
[\(Back to Table of Contents\)](#)


Mill delivery prices were traded on higher side in major Wheat cash markets amid good demand due to ongoing festive season. While Indore and Ahmedabad markets were closed due to Diwali festival.

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:

On low export demand, strong currencies and supply concern impacting FOB prices at global level. Good weather conditions in US and Argentina have improved the crop conditions which pressurize the FOB prices by 0.78% and 2.55% respectively. While in France good winter sowing pace rose the FOB prices by 1.48% while in Australia appreciation of dollar increase its FOB prices by 2.32% during week under review.

Indicative FOB Quotes:					
Wheat FOB	Variety	Current Week	Week Ago	Month Ago	% Change over Prev. Week
		27-Oct-22	21-Oct-22	26-Sep-22	
USA (Chicago)	2srw	383	386	383	-0.78
France	FCW3	342	337	333	1.48
Argentina	ASW	420	431	402	-2.55
Russia	SRW	315	323	-	-2.48
India	FAQ	313.79	314.39	302.81	-0.19
Australia	ASW	359.68	351.54	-	2.32

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
	28-Oct-22	21-Oct-22	28-Sep-22	29-Oct-21		
Indore	-	2482	2407.45	2050	-	-
Delhi	2700	2643	2525.7	2154	25.35	2.16
Kanpur	2450	2520	2445	2020	21.29	-2.78
Rajkot	-	2450	2355.2	2120	-	-
Kota	-	2436	2324.85	2114	-	-

Due to Diwali festival, major markets like Indore, Rajkot and Kota were closed.

Domestic Market Weekly Outlook:

(Back to Table of Contents)

Spot Market Price:							
Centre	Market	Variety	Prices (Rs/Qtl)				
			Current Week	Yesterday	Week Ago,	Month Ago,	Year Ago,
			29-Oct-22	27-Oct-22	22-Oct-22	28-Sep-22	30-Oct-21
Delhi	Lawrence Road	Mill Delivery	2710	2725	2700	2555	2180
	Narella	Mill Quality Loose	2525	2500	2500	Closed	1980
	Nazafgarh	Mill Quality Loose	2500	2480	2475	Closed	2000
Gujarat	Rajkot	Mill Delivery	Closed	Closed	2470	2355	2085
	Ahmedabad	Mill Delivery	Closed	Closed	2630	2510	2130
	Surat	Mill Delivery	Closed	Closed	2690	2560	-
	Dhrol	Mill Delivery	2405	-	-	2385	-
M.P.	Indore	Mill Delivery	Closed	Closed	Closed	2375	2075
	Bhopal	Mill Quality Loose	2350	2350	Closed	2225	1940
Rajasthan	Kota	Mill Quality Loose	2350	Closed	Closed	2215	1980
		Mill Delivery	2500	Closed	Closed	2365	2130
U.P.	Kanpur	Mill Delivery	Closed	Closed	2500	2450	2020
	Mathura	Mill Quality Loose	2430	2440	2435	2360	1960
	Kosi	Mill Quality Loose	2490	2480	2400	2330	1925
	Hathras	Mill Quality Loose	2500	closed	Closed	2500	1965
	Aligarh	Mill Quality Loose	2430	2420	2410	2390	1970
Punjab	Khanna	Mill Quality Loose	Closed	Closed	Closed	2250	1780
	Ludhiana (Jagraon)	Mill Delivery	2300	2300	2300	2200	-
Haryana	Sirsa	Mill Delivery loose	2450	2450	2400	2240	1950
	Hodal	Mill Delivery	Closed	Closed	Closed	-	-
	Bhiwani	Mill Quality Loose	2515	2480	Closed	2300	2050
	Karnal	Mill Delivery	-	Closed	-	-	-
	Panipat	Mill Quality Loose	2615	2600	Closed	2410	-
Tamil Nadu	Chennai	Mill Quality	2850	Closed	Closed	2700	2400
	Madurai	Mill Quality	2907	Closed	Closed	2800	2600
	Coimbatore	Mill Quality	2907	Closed	Closed	2850	2650
Bihar	Khagariya	Mill Delivery	2625	2625	2600	2550	1900
	Muzaffarpur	Mill Delivery	2530	2530	2500	2500	1950

International Market Update:

(Back to Table of Contents)

Russia Wheat prices are down on lower demand for Russian Wheat coupled with talks regarding the extension of the grain export deal. Currently, FOB prices for 12.5% protein content were at \$323 per tonne at the end of last week, down by \$10 per tonne as compared to a week earlier.

Pakistan releases tenders to purchase 5 LMT Wheat. A Government agency in Pakistan has released a new tender to import 5 LMT of Wheat. And the lowest offer in the tender was believed to be \$373 per tonne C&F. eight trading houses are believed to be participating in the tender. But TCP is still considering the offers and till now no purchase has been reported.

CBOT rose on Wednesday (26-Oct-2022) by 0.4% amid slow exports from Black Sea region due to Russia- Ukraine war which raises concern over global supplies. Ukraine's farm ministry showed data which show that shipments have slowed over the previous 10 days.

Most awaited rains have improved the conditions of the 2022-23 Wheat crop in Argentina where previously the persistent drought has generated losses and ultimately cut areas, as per the Buenos Aires Grains Exchange. They further added that between Tuesday and Wednesday about 20- and 100 millimeters of rain were received.

Zimbabwe expecting largest ever Wheat harvests this year. They are expecting produce of about 3.80 LMT increase by 0.80 LMT as compared to previous year. During this year their government request small farmers to come together and grow good Wheat because due to Russia-Ukraine war their supply side got affected. Furthermore, they provide fertilizers also.

IGC Wheat Global Balance Sheet:

(Back to Table of Contents)

IGC Forecast (Fig-In MMT)	2019-20	2020-21 est.	2021-22 F'cast	2022-23 Proj	
				22.09.22	20.10.22
Production	761	774	781	792	792
Trade	185	190	196	193	192
Consumptions	745	771	778	785	784
Carryover stocks	276	279	282	286	286
Y-O-Y change	16	3	3	6	8
Major Export	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
	28-Oct-22	21-Oct-22	28-Sep-22	28-Jul-22	29-Apr-22	28-Oct-21	
Dec-22	304.67	312.57	331.85	306.87	388.80	287.67	5.91
Mar-23	311.92	319.45	336.17	312.84	388.53	288.23	8.22
May-23	315.96	323.13	338.19	315.50	386.05	284.64	11.00
Jul-23	316.52	322.58	332.04	312.84	371.81	-	-
Sep-23	318.81	323.77	330.02	312.66	367.86	-	-
Dec-23	321.75	326.25	330.29	313.48	212.45	-	-
Mar-24	321.93	326.25	328.00	311.10	-	-	-
May-24	319.00	322.76	323.50	-	-	-	-

FOB & CIF Quote for Wheat at Kandla

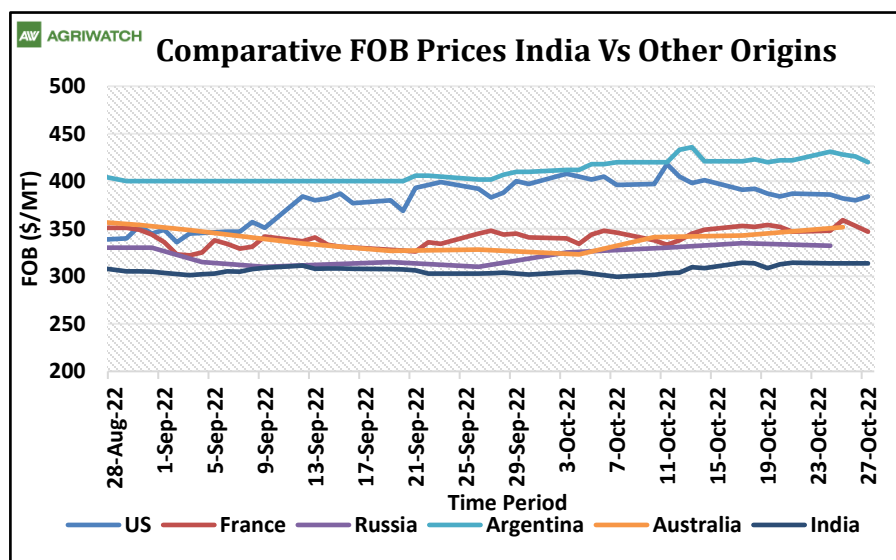
[\(Back to Table of Contents\)](#)

	At Kandla
Mill delivery (Rajkot)	24700
Freight charge	550
Misc. Charges (port handling)	650
FOB (at Kandla Rs/T)	25900
FOB value in \$ for FAQ	313.78
Freight Charges (US \$/ton) to Dubai	43
Insurance @ 0.1% (\$/MT)	0.31378
CIF to Dubai (value in \$ for SRW)	356.78

(INR value: 82.28 as on 30.10.2022)

International FOB Weekly Price Movement

The Indian wheat FOB prices quoted at \$313.78 per MT. With little depreciation in rupee FOB prices also decreases.



US Wheat Futures Dec -22

[\(Back to Table of Contents\)](#)



1st Support: 850

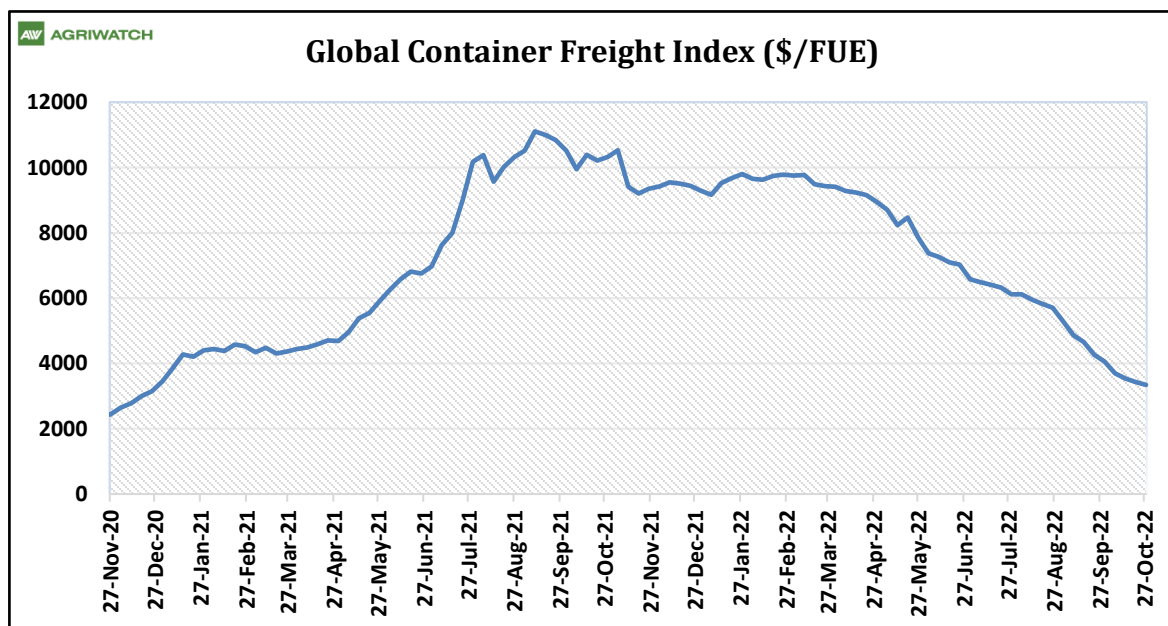
2nd Support: 800

1st Resistance: 950

2nd Resistance: 1000 (\$ per tonne)

US wheat futures Dec22 expiry extended previous week loss and went down by 2.53% to 829.25, during the week made low at 822.50, high at 875.80. Market is currently trading above 9,18,50 DMA, 100 DMA can be characterized as support. 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 2.60 percent compared to previous week to \$3340 per foot unit equivalent. Due to decrease in demand cancelled transpacific sailings increases by the carriers. Another indication of this fall in demand for ocean freight is that recently there is increase in the size of the inactive container ship fleet which is mainly used to measure the number of vessels which are currently not in use. In coming weeks there are speculation by Ocean carriers that market forces may push the ocean rates below 2019 levels.

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