

# Wheat Weekly Research Report

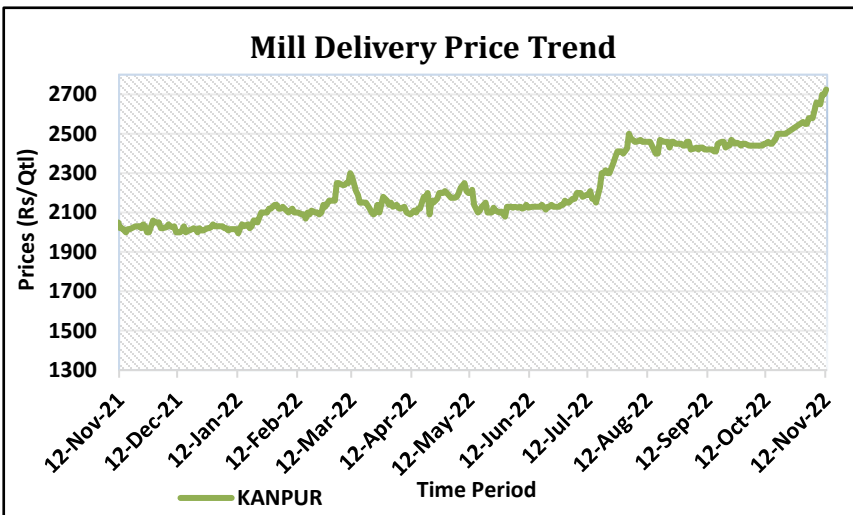
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## Wheat Domestic Market Fundamentals

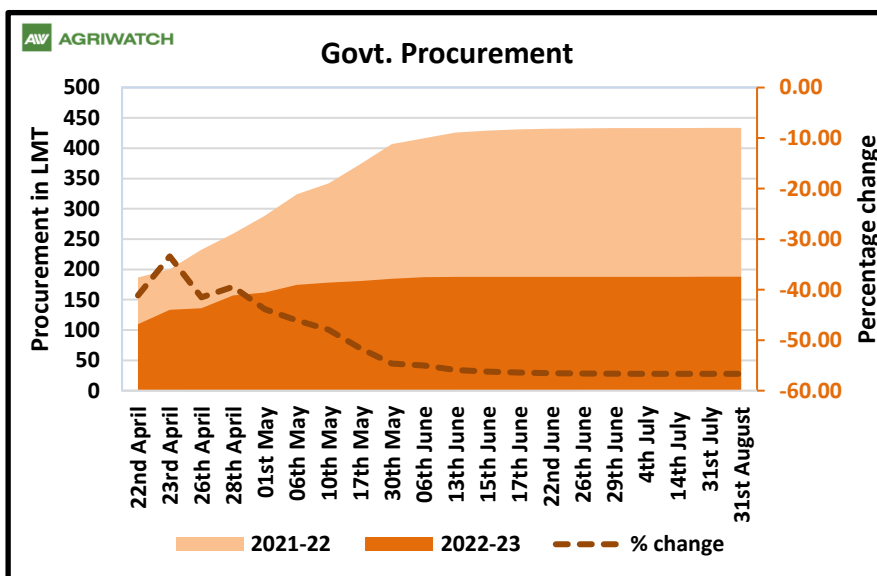
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Wheat cash markets remained firm during the week under review as there is good demand in the domestic market for Wheat and Wheat products coupled with good seed demand for Rabi sowing. In the benchmark, Kanpur market prices increased by Rs.145 to Rs.2725 per quintal as compared to the previous week. In the coming weeks, AgriWatch expects prices to remain on the higher side till Government's intervention. Sensing firm inner tone, they may prefer to hold balance stocks till Dec-Jan. By then the sowing status and new crop condition would be clear.

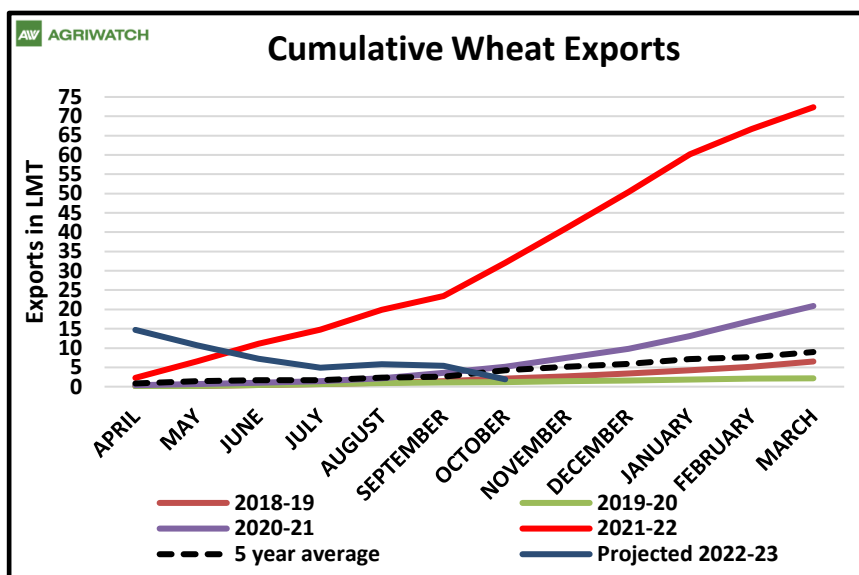


According to a recent update by the Ministry of Agriculture, wheat is sown more actively this Rabi season. As of November 11th, 2022 Wheat is sown under 4.5 million hectares, up by over 10% from the corresponding period last year. According to sources, farmers in Rajasthan, Gujarat, and Uttar Pradesh may switch from rival crops like Gram and some vegetable crops to Wheat. This season given the higher prices of Wheat throughout the season and currently also, motivating farmers to bring more acres under Wheat cultivation this Rabi 2022. In Punjab and Chhattisgarh, sowing is up by 30% and 43% respectively during the same period in the previous year.

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 trade sources, in October total of about 1.92 LMT Wheat is exported to other countries on G-2-G basis. Most of the Wheat has exported Bhutan only from Jaigaon port of country. Till now from April to October around 50.64 LMT of Wheat had exported. At ports, about 4.20 LMT of Wheat stock is present out of which companies want to sell only 0.78 LMT at the prevailing prices.



**Outlook & Recommendation:** AgriWatch expects prices to rise in coming weeks due to good demand for Wheat and Wheat products coupled good seed demand. The prices will remain in this trend till the Government doesn't intervene. On the other hand, on global level prices are likely to rise as the supply side got affected as Russia suspends Black Sea exports. While in US, France and Argentina good weather conditions keep check on prices over there.

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

### Wheat Weekly Export

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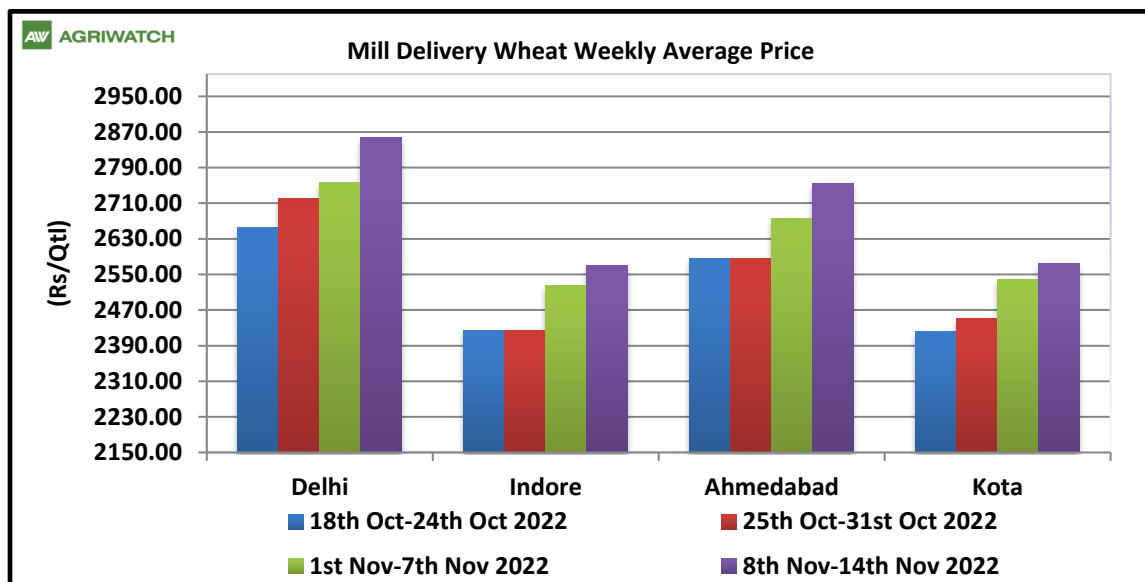
A week-on-week Exports	Quantity in MT	Average FOB (\$/TONNE)
01-08 October -2022	24975.94	231.05
9-15 October -2022	92085.91	338.87
16- October -2022	75354.68	179.34
24-31 October -2022	25	363.50
<b>Total</b>	<b>192441.53</b>	<b>280.31</b>

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 major Wheat cash markets amid good demand due to good domestic demand coupled with good seed demand.

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:

US Wheat shows fair condition of crop as little improvement in weather conditions which push down its FOB by 3.73%. While in India and Australia little appreciation in currencies push up the FOB prices by 3.33% and 0.15% respectively. While in case France good export demand increase its FOB by 0.15% and 0.89% respectively.

Wheat FOB	Variety	Indicative FOB Quotes:					
		Current Week	Week Ago	Month Ago	Year Ago	% Change over Prev. Year	% Change over Prev. Week
		10-Nov-22	3-Nov-22	13-Oct-22	10-Nov-21		
USA (Chicago)	2srw	361	375	401	348	3.74	-3.73
France	FCW3	340	337	354	338	0.59	0.89
Argentina	ASW	411	413	421	288	42.71	-0.48
Russia	SRW	315	315	332	334	-5.69	-
India	FAQ	330.64	319.98	309.72	299.15	10.53	3.33
Australia	ASW	357.12	356.58	342.86	-	-	0.15

### 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
	12-Nov-22	7-Nov-22	13-Oct-22	13-Nov-21		
Indore	2637	2600	2450	2053	28.45	1.42
Delhi	2846	2765	2554	2160	31.76	2.93
Kanpur	2700	2650	2485	2002	34.87	1.89
Rajkot	2585	2525	2410	2122	21.82	2.38
Kota	2595	2570	2362	2130	21.83	0.97

**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,
			12-Nov-22	10-Nov-22	5-Nov-22	13-Oct-22	13-Nov-21
Delhi	Lawrence Road	Mill Delivery	2875	2860	2800	2585	2180
	Narella	Mill Quality Loose	2650	2650	2600	2400	2050
	Nazafgarh	Mill Quality Loose	2700	2700	2620	2425	2050
Gujarat	Rajkot	Mill Delivery	2550	2540	2525	2425	2130
	Ahmedabad	Mill Delivery	2750	2750	2685	2565	2180
	Surat	Mill Delivery	2835	2830	2755	2610	2250
	Dhrol	Mill Delivery	2690	2800	2560	2370	2040
M.P.	Indore	Mill Delivery	2600	2600	2525	2475	2060
	Bhopal	Mill Quality Loose	Closed	2500	2400	2250	1930
Rajasthan	Kota	Mill Quality Loose	2475	2425	2400	2240	2030
		Mill Delivery	2625	2575	2550	2390	2180
U.P.	Kanpur	Mill Delivery	2725	2700	2580	2460	2020
	Mathura	Mill Quality Loose	-	2480	2460	2340	1925
	Kosi	Mill Quality Loose	2590	2600	2550	2300	1950
	Hathras	Mill Quality Loose	2750	2700	2650	2450	1940
	Aligarh	Mill Quality Loose	-	-	2460	2430	1900
Punjab	Khanna	Mill Quality Loose	2550	2450	2450	2290	1980
	Ludhiana (Jagraon)	Mill Delivery	2400	2300	2300	2250	-
Haryana	Sirsa	Mill Delivery loose	2600	2565	2515	2280	1950
	Hodal	Mill Delivery	-	-	-	-	-
	Bhiwani	Mill Quality Loose	2600	2600	-	2400	2050
	Karnal	Mill Delivery	-	-	-	-	-
	Panipat	Mill Quality Loose	2735	2735	2625	2430	-
Tamil Nadu	Chennai	Mill Quality	3000	2900	2925	2740	2400
	Madurai	Mill Quality	3057	3000	3025	2850	2600
	Coimbatore	Mill Quality	3057	3050	3075	2900	2650
Bihar	Khagariya	Mill Delivery	2800	2750	2650	2450	1925
	Muzaffarpur	Mill Delivery	2650	2600	2525	2500	1960

**International Market Update:**

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**Saudi Arabia's grain state agency (SAGO) issues international tender to purchase around 5.95 LMT of Wheat.** Deadline for submission of bids is Friday, Nov.11. The tender seeks hard Wheat with 12.5% protein content in a consecutive series of 0.60 LMT and 0.55 LMT consignments. About of 1.80 LMT is expected to arrive in each of three ports of Jeddah, Yanbu and Damman between time period April to June.

**As per the recent WASDE report, 2022-23 wheat forecasted an increase in production,** consumption, trade, and ending stocks. Supply-side is projected up by 1.3 MMT to 1059 MMT as compared to the previous estimate. Production is raised by 1 MMT to 782.7 MMT as estimates for Australia, Kazakhstan and UK increased while there is a decline expected in Argentina and the EU. Global ending stocks are expected to increase by 0.3 MMT to 267.8 MMT with an increase in Australia and India.

**As per USDA Australian Wheat is expected to increase by 1.5 MMT to 34.5 MMT amid above** average rain over the past month had support the crop development and may boost the yield in coming months.

Egypt's state grain buyer General Authority for Supply Commodities (GASC) has purchased 2.80 LMT of Russian Wheat in a direct purchase.

**CBOT up on Friday (11-Nov-2022) on concern over global due to reduced export forecast by Buenos Aires Exchange for Argentina** Wheat 2022-23. They are expecting it is likely to be around 7 MMT only and further added that this year Wheat will be smallest in seven years.

**IGC Wheat Global Balance Sheet:**

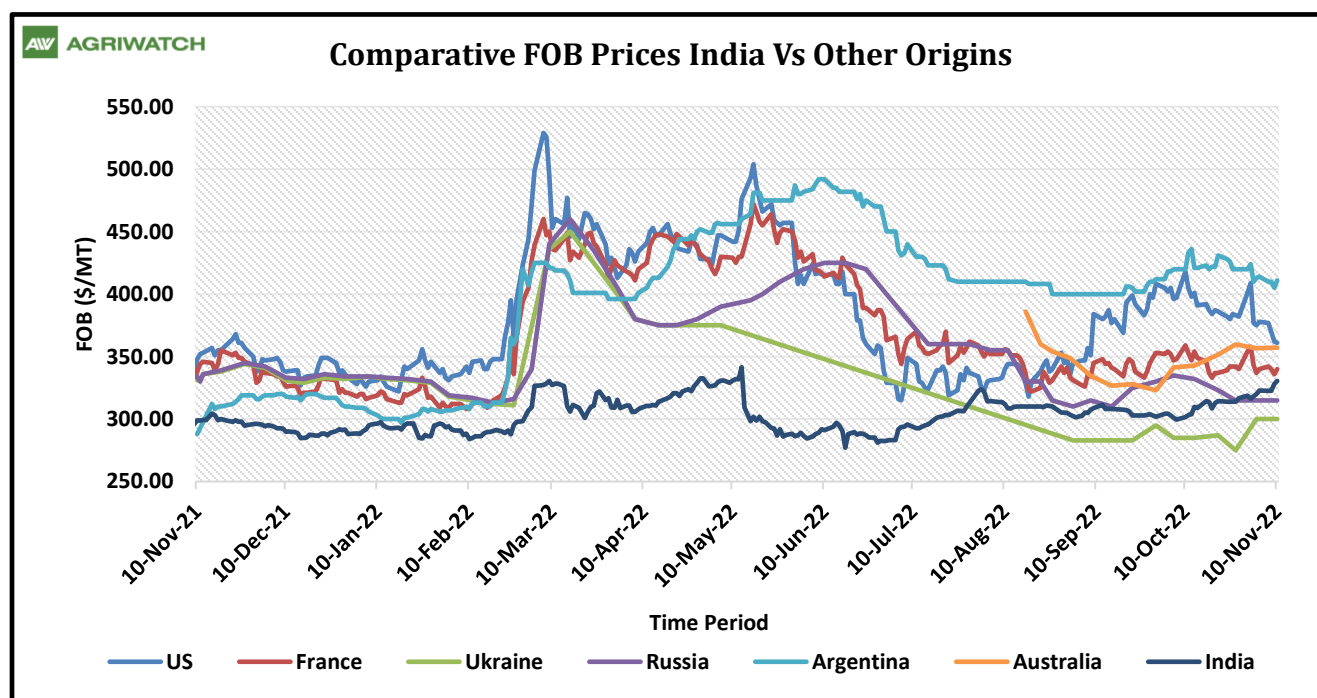
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IGC Forecast (Fig-In MMT)	2019-20	2020-21 est.	2021-22 F'cast	2022-23 Proj	
				22.09.22	20.10.22
<b>Production</b>	761	774	781	792	792
<b>Trade</b>	185	190	196	193	192
<b>Consumptions</b>	745	771	778	785	784
<b>Carryover stocks</b>	276	279	282	286	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
	12-Nov-22	5-Nov-22	12-Oct-22	12-Aug-22	14-May-22	13-Nov-21	
<b>Dec-22</b>	295.21	308.80	344.62	299.89	435.92	299.89	<b>-4.40</b>
<b>Mar-23</b>	303.38	315.87	349.58	305.95	436.01	300.17	<b>-3.95</b>
<b>May-23</b>	307.51	319.55	351.23	309.81	429.77	295.76	<b>-3.77</b>
<b>Jul-23</b>	309.81	320.10	345.45	309.63	406.44	-	<b>-3.21</b>
<b>Sep-23</b>	312.66	321.93	343.06	310.73	400.65	-	<b>-2.88</b>
<b>Dec-23</b>	316.42	324.32	342.97	-	-	-	<b>-2.44</b>
<b>Mar-24</b>	317.98	324.51	340.58	-	-	-	<b>-2.01</b>
<b>May-24</b>	316.24	321.48	334.98	-	-	-	<b>-1.63</b>

International FOB Weekly Price Movement


The Indian wheat FOB prices quoted at \$330.64 per MT. With little appreciation in rupee and high domestic prices keeps FOB on higher side.



FOB & CIF Quote for Wheat at Kandla
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	At Kandla
Mill delivery (Rajkot)	25400
Freight charge	550
Misc. Charges (port handling)	650
FOB (at Kandla Rs/T)	26600
FOB value in \$ for FAQ	330.64
Freight Charges (US \$/ton) to Dubai	44
Insurance @ 0.1% (\$/MT)	0.33064
CIF to Dubai (value in \$ for SRW)	<b>374.98</b>

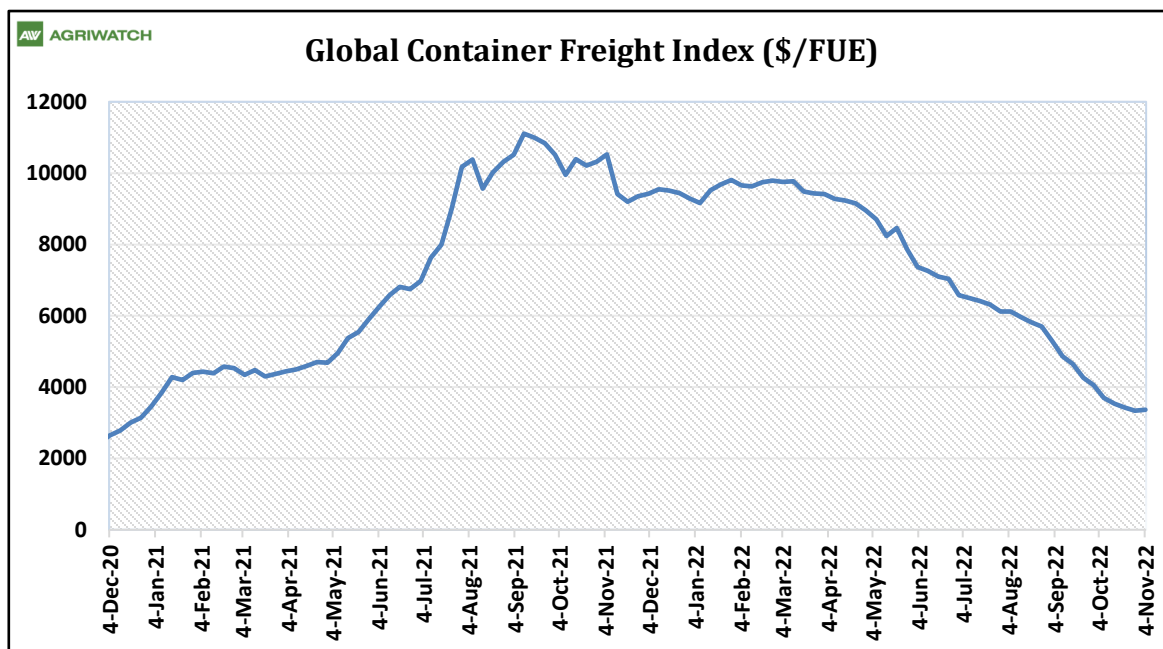
(INR value: 80.55 as on 12.11.2022)

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 up by 2.23% to 847.75, during the week made low at 827.75, high at 904.00. 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 weak bias in coming weeks.

### Container Freight Index



The global container freight index is up by 0.72 percent compared to the previous week to \$3364 per foot unit equivalent. Ocean rates out of Asia were almost stable while Asia to US Coast is on their upper side and level with early October as little reduction in capacity meet demand. But these are still above those were in 2019 which is probably due to relatively strong volumes which are coupled with congestion and reductions in capacity. Furthermore, Labor disputes are still there on the West Coast only while the US rail labor negotiations result in canceling the strike this week.

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