

# Wheat Weekly Research Report

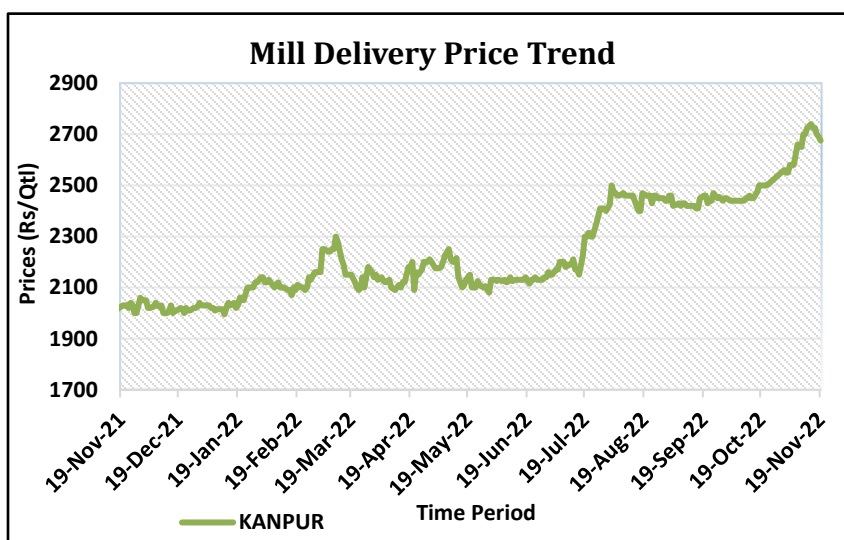
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Wheat Domestic Market Fundamentals

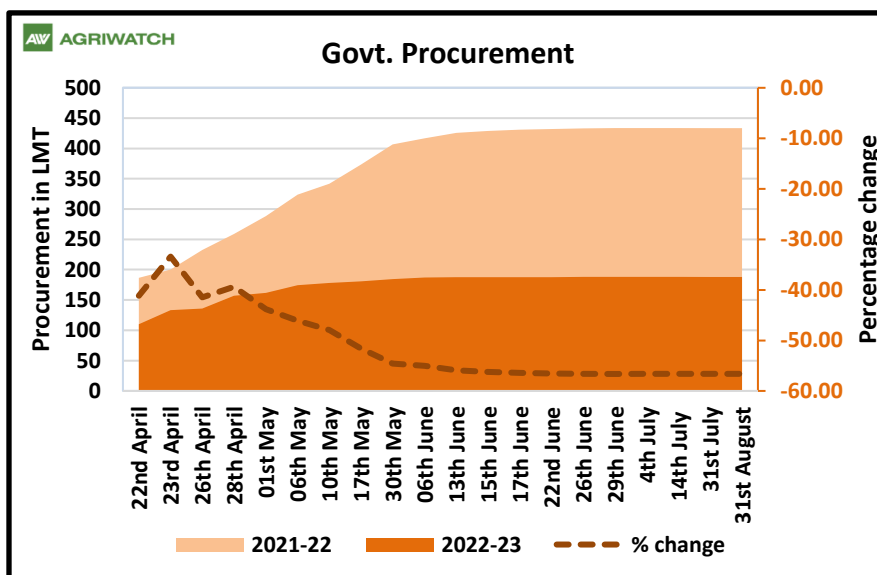
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During week under review prices continued their uptrend due to good seed demand and good domestic demand for Wheat also. In the benchmark, Kanpur market prices show little decline during week under review and traded at Rs.2675 per quintals due to arrival of low quality crop in the market. AgriWatch expects prices may follow the uptrend only until Government's intervention. 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. 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.

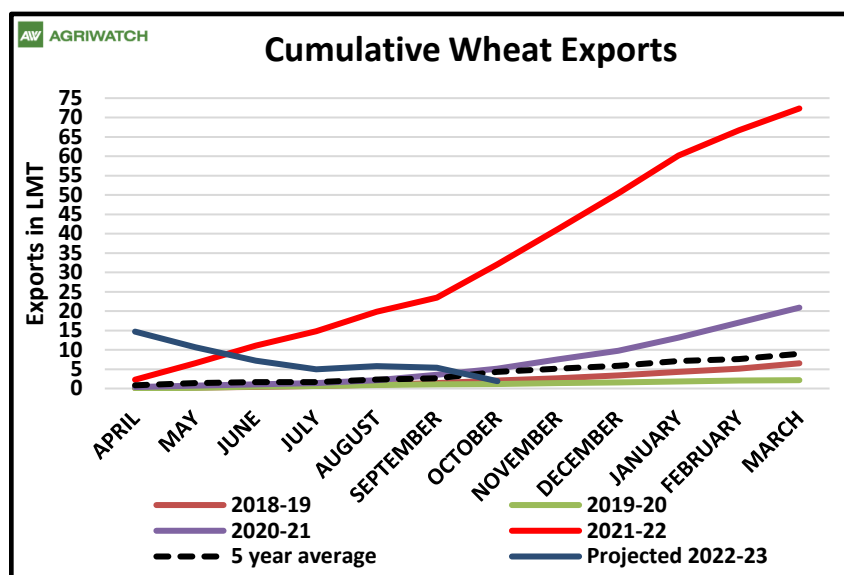


According to a recent update from the Ministry of Agriculture, Wheat is being sown more vigorously in Rabi season. Wheat has been sown over 10.14 million hectares since November 18th, 2022, an increase of more than 15% from the same period last year. According to sources, in Punjab, Rajasthan, Gujarat, and Uttar Pradesh, farmers may convert from competing for crops like gram and other vegetable crops to wheat. Given the higher prices of wheat this season and at the moment, farmers are being encouraged to plant more acres in wheat during Rabi 2022. In Punjab, nearly 95% of the sowing has already been finished, and the remaining will probably be done by the end of November.

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 to Bhutan only from the 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 intervention of Government by releasing stock in OMSS. On the other hand, on global level on extension of export deal ease the supply side and may keep a check on FOB prices. While in Argentina and US unfavorable weather conditions is likely to keep prices on higher side.

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

### Wheat Weekly Export

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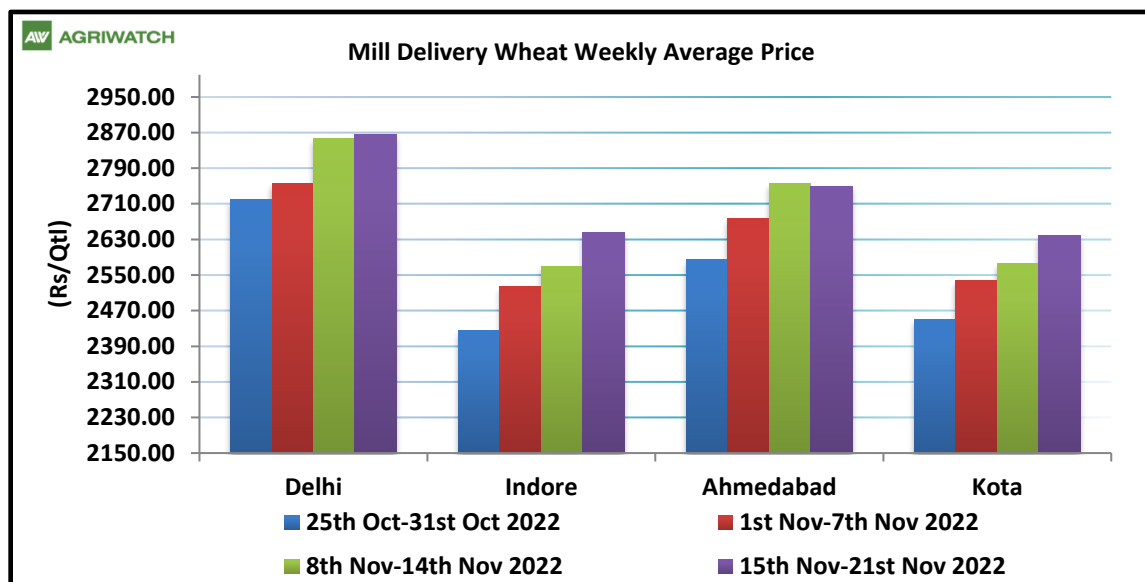
A week-on-week Exports	Quantity in MT	Average FOB (\$/TONNE)
01-08 October -2022	24975.94	231.05
09-15 October -2022	92085.91	338.87
16-23 October -2022	75354.68	179.34
24-31 October -2022	25	363.50
<b>Total</b>	<b>192441.53</b>	<b>280.31</b>

Source: Trade

### Wheat Import

Date	Origin	Port	Quantity in MT
April to Feb. 22	Australia, UK	Tuticorin	51.06
	Mexico, USA		3.00
	<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 major Wheat cash markets amid good domestic demand for Wheat coupled with good seed demand.

Wheat and Rice Stocking Norms

<b>Wheat Stock Norms</b>						
Fig. In Lakh Tonne	Operational Stock			Strategic Reserve		Grand Total
	Rice	Wheat	Total	Rice	Wheat	
<b>As on</b>						
<b>1st April</b>	115.80	44.60	160.40	20.00	30.00	210.40
<b>1st July</b>	115.40	245.80	361.20	20.00	30.00	411.20
<b>1st October</b>	82.50	175.20	257.70	20.00	30.00	307.70
<b>1st January</b>	56.10	108.00	164.10	20.00	30.00	214.10
<b>Buffer Norms w.e.f. 01.07.2017</b>						

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 good international demand and adverse weather conditions keeps the FOB prices on higher side for US Wheat as it increases by 0.55% as compared to previous week. IGC trimmed the production estimate of Argentina due to persisting drought conditions which rose the FOB prices by 1.95% on supply concern as compared to previous week. Strong dollar keeps Australian prices on higher side while high domestic prices in India keeps prices on upper side during week under review.

Indicative FOB Quotes:							
Wheat FOB	Variety	Current Week	Week Ago	Month Ago	Year Ago	% Change over Prev. Year	% Change over Prev. Week
		17-Nov-22	10-Nov-22	21-Oct-22	18-Nov-21		
USA (Chicago)	2srw	363	361	386	355	2.25	0.55
France	FCW3	341	340	337	355	-3.94	0.29
Argentina	ASW	419	411	431	310	35.16	1.95
Russia	SRW	318	315	323	339	-6.19	0.95
India	FAQ	333.62	330.64	314.39	300.04	11.19	0.90
Australia	ASW	362.47	357.12	351.54	-	-	1.50

### 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
	19-Nov-22	14-Nov-22	20-Oct-22	20-Nov-21		
Indore	2637	2700	2485	2058	28.13	-2.33
Delhi	2854	2848	2630	2163	31.95	0.21
Kanpur	2705	2685	2515	2025	33.58	0.74
Rajkot	2600	2600	2450	2130	22.07	-
Kota	2600	2600	2425	2125	22.35	-

**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,
			19-Nov-22	17-Nov-22	12-Nov-22	19-Oct-22	20-Nov-21
Delhi	Lawrence Road	Mill Delivery	2875	2865	2875	2640	2180
	Narella	Mill Quality Loose	2700	2700	2650	Closed	2030
	Nazafgarh	Mill Quality Loose	2700	2700	2700	Closed	2020
Gujarat	Rajkot	Mill Delivery	2610	2600	2550	2440	2125
	Ahmedabad	Mill Delivery	2765	2750	2750	2565	2190
	Surat	Mill Delivery	2810	2800	2835	2600	2250
	Dhrol	Mill Delivery	2765	2685	2690	2445	2100
M.P.	Indore	Mill Delivery	2625	2650	2600	2425	2060
	Bhopal	Mill Quality Loose	2600	2600	Closed	2350	1960
Rajasthan	Kota	Mill Quality Loose	2500	2500	2475	2280	2060
		Mill Delivery	2650	2650	2625	2430	2200
U.P.	Kanpur	Mill Delivery	2675	2700	2725	2500	2030
	Mathura	Mill Quality Loose	-	-	2550	2450	1920
	Kosi	Mill Quality Loose	2600	2590	2590	2380	1910
	Hathras	Mill Quality Loose	2750	2750	2750	2425	1930
	Aligarh	Mill Quality Loose	2670	2670	2540	2430	1900
Punjab	Khanna	Mill Quality Loose	2650	2650	2550	2320	2000
	Ludhiana (Jagraon)	Mill Delivery	2400	2400	2400	2300	-
Haryana	Sirsa	Mill Delivery loose	2600	2600	2600	2340	1950
	Hodal	Mill Delivery	-	-	-	-	-
	Bhiwani	Mill Quality Loose	2600	-	2660	2470	2070
	Karnal	Mill Delivery	-	-	-	-	-
	Panipat	Mill Quality Loose	2735	2745	2735	2535	-
Tamil Nadu	Chennai	Mill Quality	3025	3000	3000	2750	2400
	Madurai	Mill Quality	3082	3100	3100	2850	2600
	Coimbatore	Mill Quality	3082	3150	3150	2900	2650
Bihar	Khagariya	Mill Delivery	2900	2900	2800	2550	2100
	Muzaffarpur	Mill Delivery	2750	2750	2650	2500	2000

**International Market Update:**
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**IGC trimmed world production by 10 LMT to 7910 LMT amid the decline in global producer Argentina production forecast.** Due to persisting drought conditions in Argentina, its production estimate is 130 LMT decline from its previous estimate of 175 LMT.

**China imports around 1.20 LMT of French Wheat. Importers in China have bought two cargoes** of French origin Wheat whose shipment is expected between January and March, which is expected to be one of large sales this season. This may be comprised of two Panamax cargoes carrying around 0.60 LMT each.

**As per the USDA Crop Progress report, only about 27% of the U.S. Winter Wheat crop is in good** condition while the rest of it is in worst condition due to ongoing drought. In Kansas, Oklahoma, and Texas the percentage varies as 23%, 17%, and 15% respectively. They further added that 81% of the crop had emerged as on Nov.13 which is slight up as compared to same period during previous year.

**CBOT fell by almost 2.6% on Wednesday (16/11/2022) as U.N. confirmed the extension of the** Ukraine grain deal. The Ukrainian President confirmed by tweeting that it is likely to be extended further for 120 days. Moscow confirmation is still pending.

**As per agriculture consultancy, Russian Wheat FOB rose by almost \$2 per tonne to \$317 per tonne** as compared to the previous week amid the strong ruble. On the export front, the number is at the same pace as in the previous week which was 1 MMT. There were a lot of complaints from exporters and importers also due to the shortage of railcars. On the sowing front, farmers have already planted winter Wheat on 17.5 million hectares, down from 18.2 million hectares as compared to the previous year.

**As per France AgriMer, Wheat had planted on about 92% of the area which is up from 61%** during a year ago and also six days ahead of the average of past five years. While durum was 50% complete up from 36% a year ago.

Egypt's GASC purchase 3 LMT of Russian Wheat. As from their previous purchase this year Egypt is purchasing by private talks rather than via tenders.

**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	
				20.10.22	17.11.22
<b>Production</b>	761	774	781	792	791
<b>Trade</b>	185	190	196	192	192
<b>Consumptions</b>	745	771	778	784	784
<b>Carryover stocks</b>	276	279	282	286	282
<b>Y-O-Y change</b>	16	3	-3	8	7
<b>Major Export</b>	62	60	65	70	66

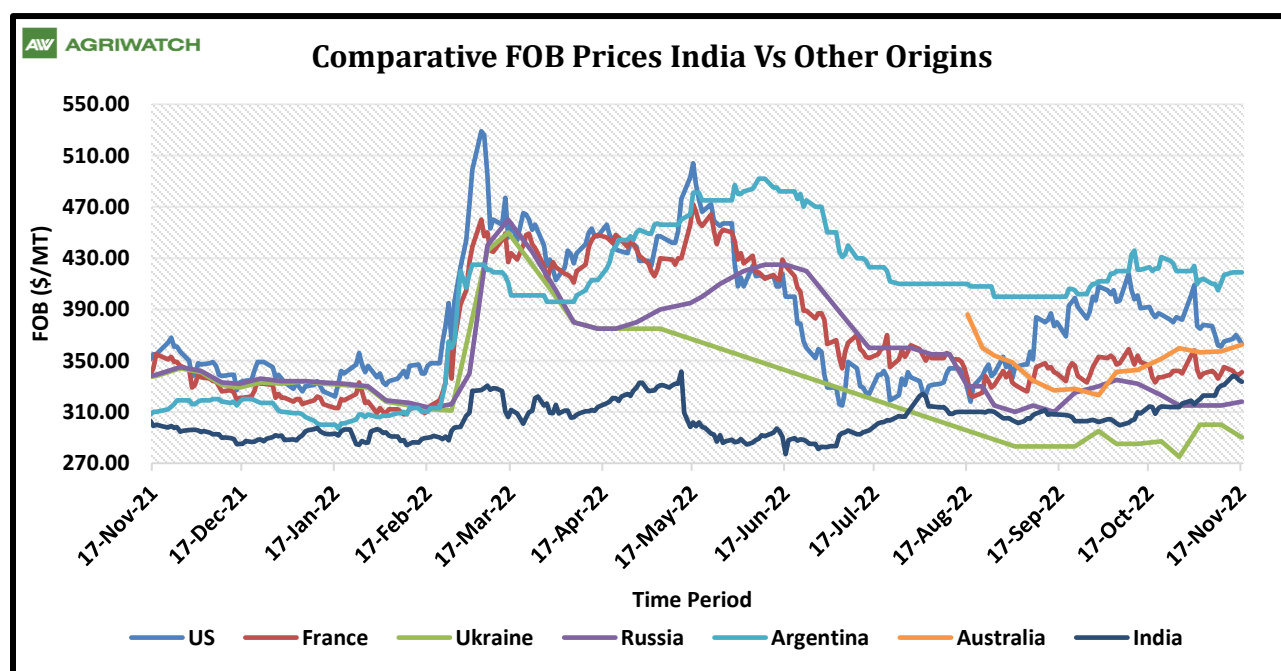
- IGC has trimmed the projected 2022-23 global wheat production at 791 down from previous estimate of 791 MMT in October mainly because of decline in Argentina's Wheat not so good production estimate due to persisting drought.
- The trade projection for 2022-23 is 192 MMT same as previous estimate.

- Consumption has been in same pace as in previous estimate of 785 MMT.
- Carryout for 2022-23 is projected at 282 MMT down by 4 MMT as compared to 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
	18-Nov-22	11-Nov-22	18-Oct-22	18-Aug-22	20-May-22	19-Nov-21	
Dec-22	295.11	298.97	312.11	275.18	433.53	305.03	-1.29
Mar-23	302.00	306.87	318.81	281.43	428.39	305.13	-1.59
May-23	305.49	311.00	322.12	285.38	405.98	299.89	-1.77
Jul-23	306.87	313.21	321.29	286.11	395.32	-	-2.02
Sep-23	308.89	316.06	321.75	287.77	392.84	-	-2.27
Dec-23	312.01	319.73	323.40	-	-	-	-2.41
Mar-24	313.30	321.20	322.85	-	-	-	-2.46
May-24	311.46	319.45	319.45	-	-	-	-2.50

### International FOB Weekly Price Movement



The Indian wheat FOB prices quoted at \$334.93 per MT. High domestic prices keeps FOB on higher side.



## FOB & CIF Quote for Wheat at Kandla

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	At Kandla
Mill delivery (Rajkot)	26100
Freight charge	550
Misc. Charges (port handling)	650
FOB (at Kandla Rs/T)	27300
FOB value in \$ for FAQ	<b>334.93</b>
Freight Charges (US \$/ton) to Dubai	43
Insurance @ 0.1% (\$/MT)	0.33
CIF to Dubai (value in \$ for SRW)	<b>377.93</b>

(INR value: 81.51 as on 19.11.2022)

## US Wheat Futures Dec -22

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

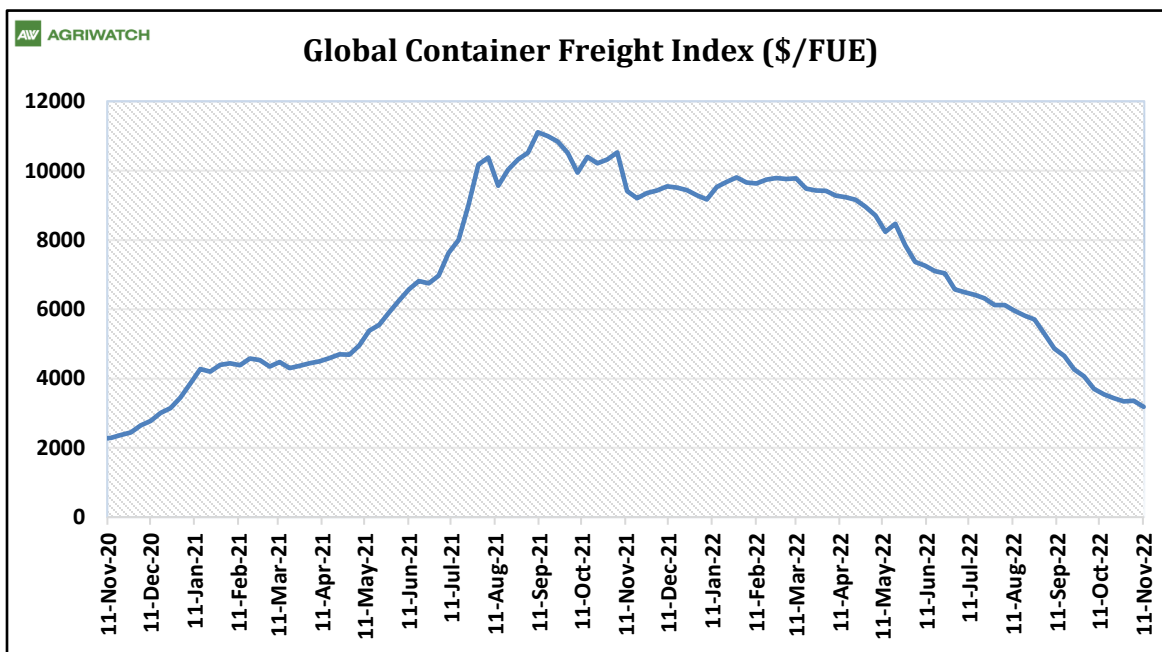
**2<sup>nd</sup> Support: 805**

**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 1.30% to 803.25, during the week made low at 793.75, high at 843.00. Market is currently trading above 9,18,50 DMA, 100 DMA can be characterized as support. Momentum indicator MACD and Oscillator is indicating weak momentum. We expect prices to trade with weak bias in coming weeks.

### Container Freight Index



The global container freight index is down by 5.32% compared to the previous week to \$3185 per foot unit equivalent. Whether blank sailings are there but still the transpacific ocean rates continued to decline during the week under review. There are speculations that rates are on its lower side because demand for freight has declined due to decline in consumer demand and inventory build ups as importers ordered earlier for Christmas this year and now slowdown have seen because of this. They also believe that the rates may rebound as soon as the inventories normalize and that carriers will start removing more capacity once the delays will improve. On the other hand, Importers continue to favor East Coast and Gulf destinations due to the persisting labor disruptions.

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