

# Wheat Weekly Research Report

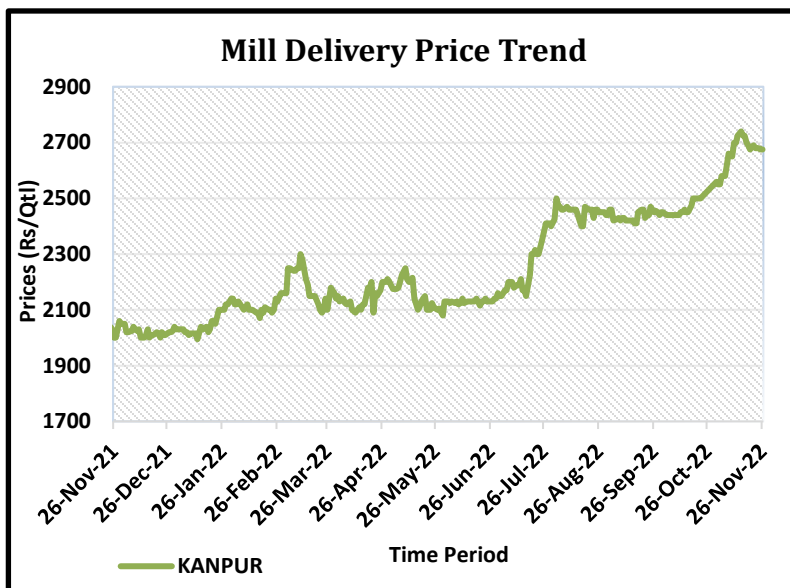
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## Wheat Domestic Market Fundamentals

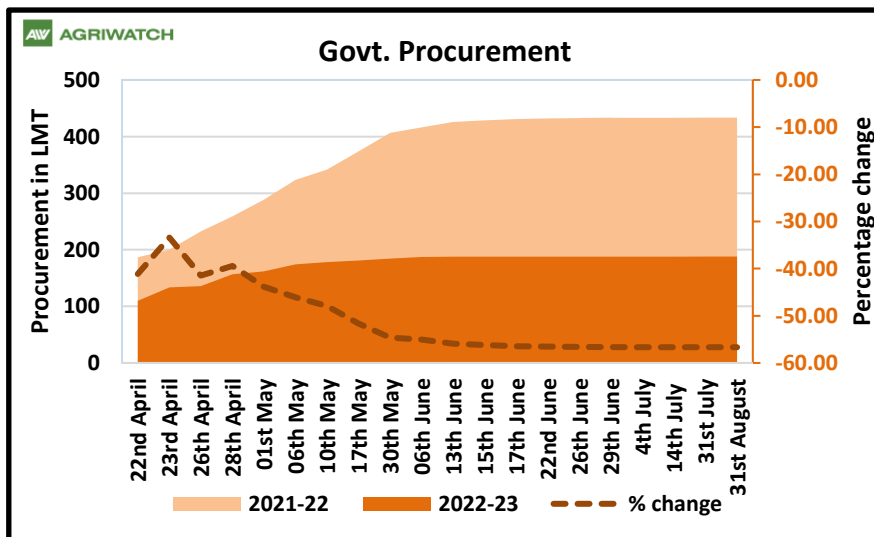
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Mixed sentiments were observed during week under review. In benchmark Kanpur market prices were on same pace as in previous week and traded at Rs.2675 per quintals. Good domestic demand keeps supporting the prices and restricting the prices to move further mainly because of fear between stockiest that Government may intervene. There is an uncertainty going on in the market about the release of stocks under OMSS. On other hand, considering if the prices of wheat continue to increase, then Government may think for other alternatives to control the price rise like stock declaration and imposition of stock limit and to reduce import duty.

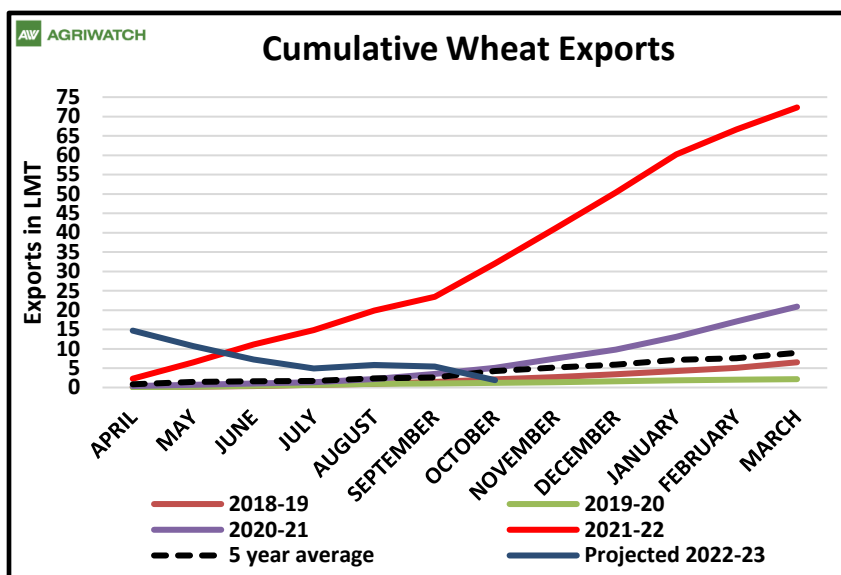


Meanwhile, according to the recent update from the Ministry of Agriculture, as of November 25th, 2022 the total sown area under wheat reached 15.3 million hectares up by 11% from same period last year. According to sources, in Punjab, Rajasthan, Gujarat, and Uttar Pradesh, farmers may shift some area of gram and other vegetable crop 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 and Haryana Wheat sowing is almost completed while in rest states it will be completed by end of this month and they are expecting increase of 10% area as compared to 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 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. AgriWatch expects that about 2 LMT is likely to export in November.



**Outlook & Recommendation:** AgriWatch expects prices to follow uptrend until there is any intervention from Government. There are some options available for Government like stock limit, cut import duty and avoid extension of welfare schemes if prices increase further. On global level, if unfavorable weather conditions persist further, it may affect the prices in coming weeks also.

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

### Wheat Weekly Export

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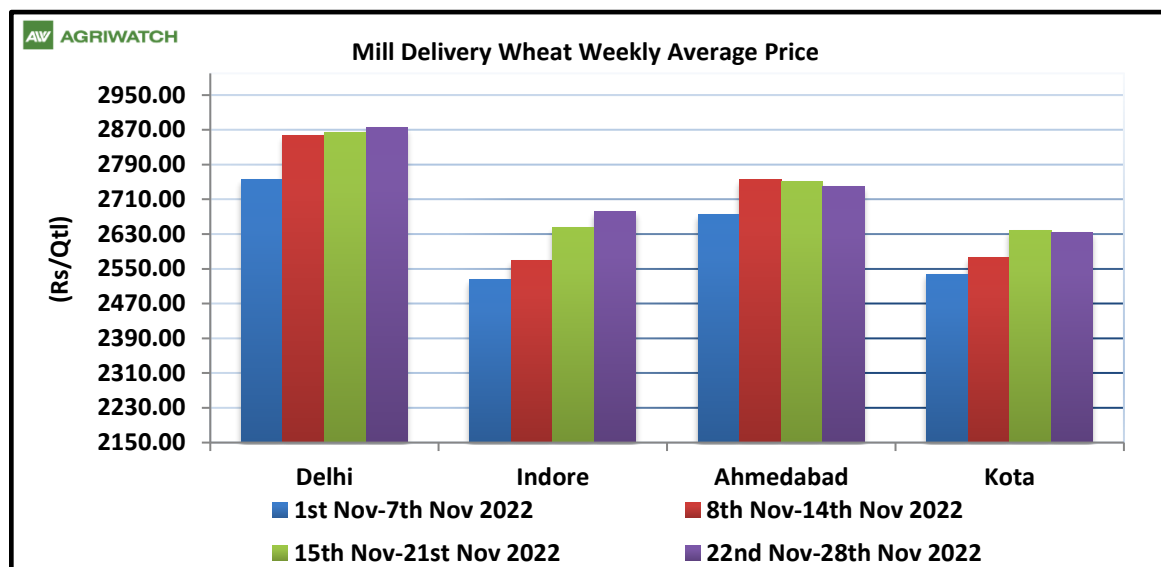
A week-on-week Exports	Quantity in MT	Average FOB (\$/TONNE)
01-08 October -2022	24975.94	231.05
09-15 October -2022	92085.91	338.87
16-23 October -2022	75354.68	179.34
24-31 October -2022	25	363.50
<b>Total</b>	<b>192441.53</b>	<b>280.31</b>

Source: Trade

### Wheat Import

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

Source: APEDA

Wheat Weekly Average Price Chart
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Mixed sentiments were observed in Mill delivery prices of major Wheat cash markets during week under review. In Delhi and Indore prices were traded on higher side while in Ahmedabad and Kota prices were traded on lower side. Arrival of good quality crop in domestic market keeps prices on higher side and vice versa.

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	
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
<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:

As little easiness has seen in Australian weather and depreciation of dollar pressurize the Australian FOB by 4.99% as compared to previous week. While in US and Argentina drought conditions persists and decline the prices by 3.58% and 1.19% respectively. Good export demand keeps Russian and France FOB up 0.63% and by 0.59% respectively as compared to previous week.

Wheat FOB	Variety	Indicative FOB Quotes:					
		Current Week	Week Ago	Month Ago	Year Ago	% Change over Prev. Year	% Change over Prev. Week
		24-Nov-22	17-Nov-22	27-Oct-22	26-Nov-21		
USA (Chicago)	2srw	350	363	383	357	-1.96	-3.58
France	FCW3	343	341	342	346	-0.87	0.59
Argentina	ASW	414	419	420	319	29.78	-1.19
Russia	SRW	320	318	315	345	-7.25	0.63
India	FAQ	331.78	333.62	313.79	294.60	12.62	-0.55
Australia	ASW	344.38	362.47	359.68	-	-	-4.99

### Spot Price at NCDEX Delivery Centers:

Spot prices of wheat at NCDEX Delivery Centres						
NCDEX SPOT	Current Week	Week Ago,	Month Ago,	Year Ago,	% Change over prev. Year	% Change over prev. Week
	26-Nov-22	21-Nov-22	27-Oct-22	27-Nov-21		
Indore	2700	2682	-	2037	32.55	0.67
Delhi	2875	2867	2700	2150	33.72	0.28
Kanpur	2710	2685	-	2000	35.50	0.93
Rajkot	2575	2600	-	2112	21.92	-0.96
Kota	2550	2600	-	2112	20.74	-1.92

**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,
			26-Nov-22	24-Nov-22	19-Nov-22	27-Oct-22	27-Nov-21
Delhi	Lawrence Road	Mill Delivery	2840	2890	2875	2725	2190
	Narella	Mill Quality Loose	2700	2800	2700	2500	2060
	Nazafgarh	Mill Quality Loose	2700	2700	2700	2480	2040
Gujarat	Rajkot	Mill Delivery	2570	2590	2610	Closed	2120
	Ahmedabad	Mill Delivery	2720	2730	2765	Closed	2170
	Surat	Mill Delivery	2780	2780	2810	Closed	2230
	Dhrol	Mill Delivery	2610	2720	2765	-	1900
M.P.	Indore	Mill Delivery	2700	2700	2625	Closed	2160
	Bhopal	Mill Quality Loose	Closed	2550	2600	2350	1940
Rajasthan	Kota	Mill Quality Loose	2475	2475	2500	Closed	2050
		Mill Delivery	2625	2625	2650	Closed	2200
U.P.	Kanpur	Mill Delivery	2675	2680	2675	Closed	2000
	Mathura	Mill Quality Loose	2730	2690	2650	2440	1980
	Kosi	Mill Quality Loose	2615	2610	2600	2480	1920
	Hathras	Mill Quality Loose	2700	2700	2750	closed	1930
	Aligarh	Mill Quality Loose	2700	2670	2670	2420	1940
Punjab	Khanna	Mill Quality Loose	2600	2600	2650	Closed	1910
	Ludhiana (Jagraon)	Mill Delivery	2550	2400	2400	2300	-
Haryana	Sirsa	Mill Delivery loose	2575	2610	2600	2450	1940
	Hodal	Mill Delivery	-	-	-	Closed	-
	Bhiwani	Mill Quality Loose	2620	2630	2600	2480	2070
	Karnal	Mill Delivery	-	-	-	Closed	-
	Panipat	Mill Quality Loose	2725	2740	2735	2600	-
Tamil Nadu	Chennai	Mill Quality	3050	3000	3000	Closed	2500
	Madurai	Mill Quality	3107	3100	3100	Closed	2600
	Coimbatore	Mill Quality	3107	3150	3150	Closed	2650
Bihar	Khagariya	Mill Delivery	2900	2900	2900	2625	2100
	Muzaffarpur	Mill Delivery	2800	2800	2750	2530	2050

**International Market Update:**

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**Ukraine is expecting to export 13 MMT of Wheat in the 2022-23 July-June season, Ukrainian grain traders' union (UGA).** Due to Russia's invasion grain output is likely to fall sharply to 51 MMT as compared to 86 MMT in the previous year.

**As per FranceAgriMer, France winter crop condition is 98% Good rest 2% is in Fair condition. Soft Wheat is sown 98% and 93% is already emerged.**

**China has imported 4.97 MMT of Australian Wheat till October this year which is accounted for 63% of China's imports while it was just 28% in 2021 and merely 15% in 2022 which means that this year is the highest ever in data.** Australia is expected to export 27 MMT of Wheat to global markets in 2022-23 which slight down from an estimate 28 MMT in 2021-22, as per FAS Canberra.

**In the recent progress report, USDA added that 87% of the winter crop has already emerged.** They further added that 32% of the crop is in good/excellent condition which is the same as compared to last week. 35% is rated as in fair condition while 33% is in poor/very poor which is up by 1% as compared to last week. In the previous year during the same period, about 44% of the crop was in good/excellent condition which shows that the crop is in bad condition in the current year.

**GASC had booked 1.15 LMT of Wheat through direct negotiations. Traders gave the following breakdown of the purchase:**

<b>Supplier</b>	Grain Flower	Grain Flower (GTCS)	CHS
<b>Quantity (MT)</b>	40,000	40,000	35,000
<b>C&amp;F Price (\$ per tonne)</b>	\$361	\$361	\$361
<b>Origin</b>	Russian	Russian	Ukrainian
<b>Shipment</b>	1-31 Dec.	1-15 January 2023	16-31 January 2023

There is possibility of further 60,000 MT of Russian origin Wheat by supplier Solaris.

**IGC Wheat Global Balance Sheet:**

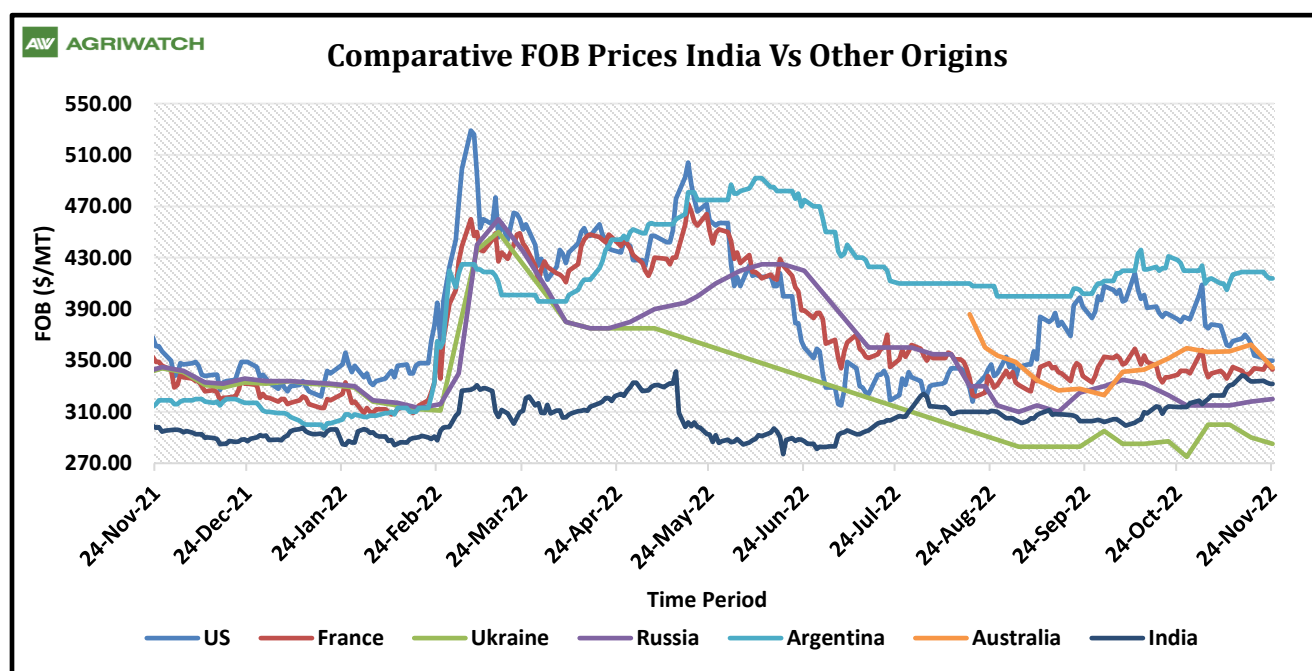
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<b>IGC Forecast (Fig-In MMT)</b>	<b>2019-20</b>	<b>2020-21 est.</b>	<b>2021-22 F'cast</b>	<b>2022-23 Proj</b>	
				<b>20.10.22</b>	<b>17.11.22</b>
<b>Production</b>	761	774	781	792	791
<b>Trade</b>	185	190	196	192	192
<b>Consumptions</b>	745	771	778	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	Current Week	Week Ago	Month Ago	3 Month Ago	6 Month Ago	Year Ago	% Change over prev. week
	25-Nov-22	18-Nov-22	26-Oct-22	25-Aug-22	27-May-22	25-Nov-21	
<b>Dec-22</b>	284.92	295.11	308.80	289.88	431.14	309.08	<b>-3.45</b>
<b>Mar-23</b>	292.82	302.00	315.78	295.57	432.34	309.26	<b>-3.04</b>
<b>May-23</b>	296.77	305.49	319.55	298.97	428.39	303.84	<b>-2.86</b>
<b>Jul-23</b>	298.24	306.87	319.27	299.06	412.22	-	<b>-2.81</b>
<b>Sep-23</b>	300.72	308.89	321.20	300.90	402.03	-	<b>-2.65</b>
<b>Dec-23</b>	304.30	312.01	323.95	303.75	-	-	<b>-2.47</b>
<b>Mar-24</b>	305.68	313.30	324.14	304.12	-	-	<b>-2.43</b>
<b>May-24</b>	303.84	311.46	321.29	-	-	-	<b>-2.45</b>

**International FOB Weekly Price Movement**


The Indian wheat FOB prices quoted at \$331.78 per MT. Depreciation of rupee coupled with low domestic prices keeps the FOB on lower side during the week under review.



FOB & CIF Quote for Wheat at Kandla
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	At Kandla
Mill delivery (Rajkot)	25900
Freight charge	550
Misc. Charges (port handling)	650
FOB (at Kandla Rs/T)	27100
FOB value in \$ for FAQ	331.78
Freight Charges (US \$/ton) to Dubai	43
Insurance @ 0.1% (\$/MT)	0.33
CIF to Dubai (value in \$ for SRW)	374.78

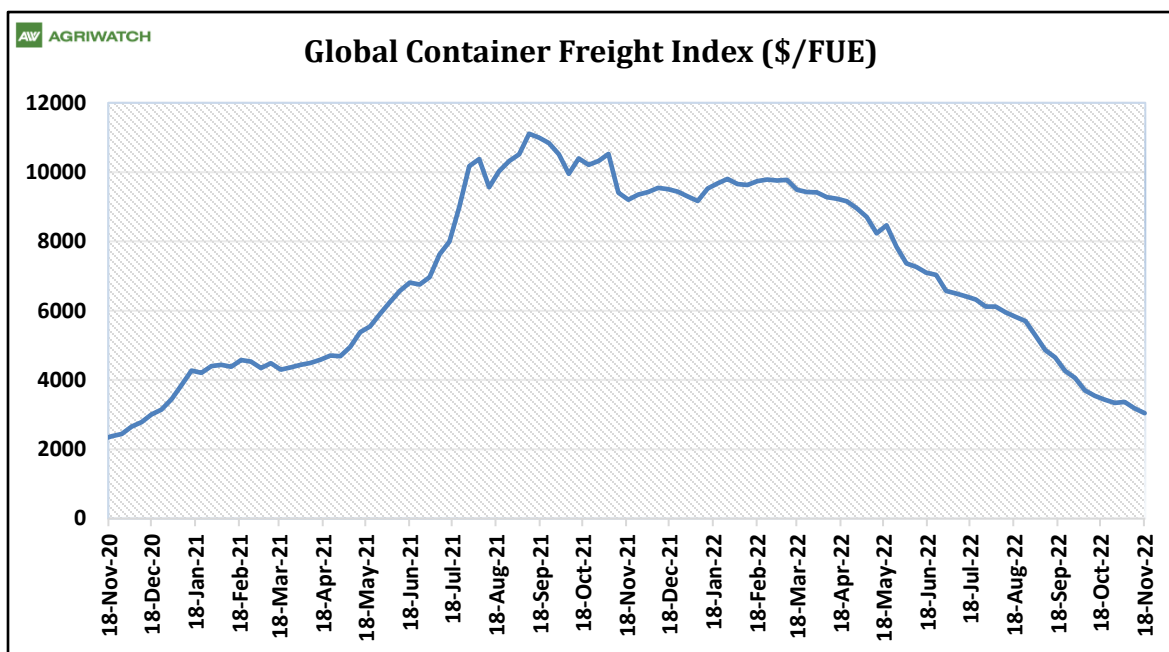
(INR value: 81.68 as on 24.11.2022)

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 3.45% to 775.50, during the week made low at 771, high at 808.75. Market is currently trading above 9,18,50 and 100 DMA. 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 4.55% compared to the previous week to \$3040 per foot unit equivalent. Whether there is inflation going on but demand for ocean freight is still following down trend. In order to stabilize rate levels, some carriers are agreed to renegotiate the long-term contracts with the shippers. Falling demand coupled with good efforts by the ports has push the congestion to normal at LA/LB and still there are delays for rail containers. Now, serious congestion is going on among South East and Gulf ports. Strike is still going on in the US as again the contract is rejected by laborers.

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