Wheat Weekly Research Report

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Wheat Domestic Market Fundamentals

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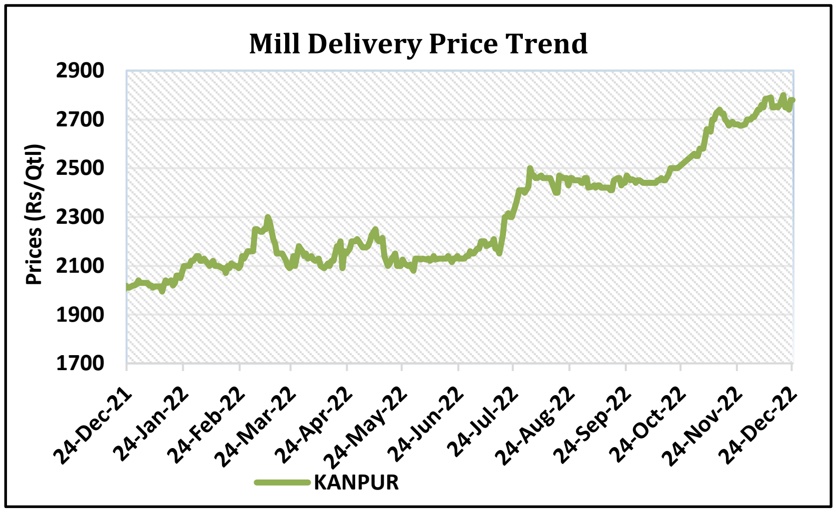


Firm sentiments were observed in major Wheat cash markets during week under review. In benchmark Kanpur market prices were on higher side and traded at Rs.2780 per quintals during the period which is down by 0.72% from Rs.2760 per quintals in previous week. In a Cabinet meeting which was held on Friday (23/12/22) the Central Government decided to merge the PMGKAY and NFSA schemes. Previously, beneficiaries had to pay Rs.3 per kg for rice, Rs.2 per kg for Wheat, and Rs.1 per kg for coarse grains. But now the cabinet has decided that the beneficiaries will now receive the food grains free of cost. The Centre will spend more than Rs.2 lakh crore during this period to remove the financial burden of poor and needy people. After this announcement, it would be interesting to see the quantity for the OMSS, that might be released for the first quarter of the new year. Market expects 2 to 3 MMT of Wheat release through OMSS. The direction of cash market would depend on govt.'s move.

As per a recent update by the Agriculture Ministry, Wheat sowing is up by almost 3.18% as compared to the same period the previous year. The total area sowed till 23-Dec-22 reached 312.26 lakh hectares which is up as compared to 302.61 lakh hectares in the previous year. In Gujarat due to better weather conditions from the last few days, sowing has started again and farmers have completed sowing to around 80% and acreage is expected to be on the higher side by 25-30% as compared to the same period last year.

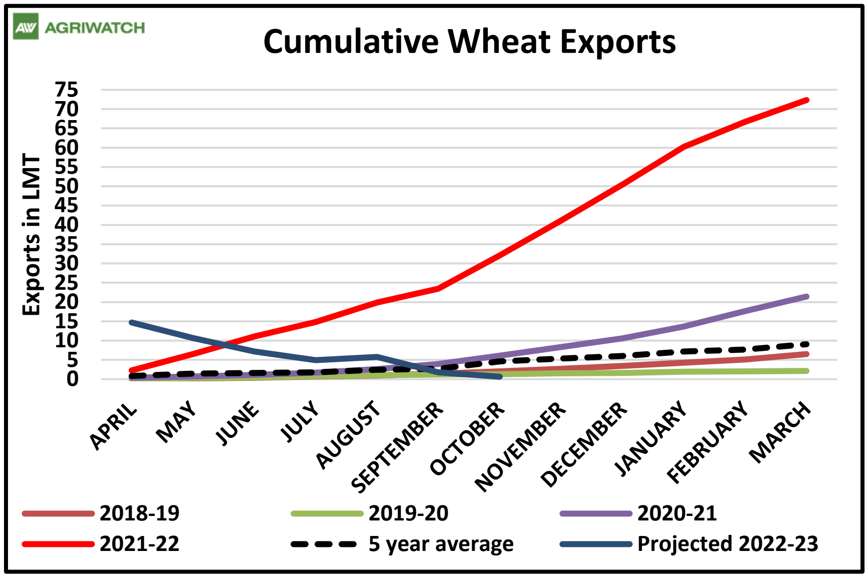
Meanwhile, as per trade sources, there are some concerns due to higher day temperature in Central India only. Reportedly wheat is in germination stage, while higher day temperature is adversely affecting the tillering and sprouting of crop and due to the given conditions crop is prone to turn to yellowish color.

State-wise Procurement Progress 2022-23

State/UTs	2021-22	2022-23	Change (Y-O-Y)
Punjab	132.22	96.45	**-27.05**
Haryana	84.93	41.86	**-50.71**
Uttar Pradesh	56.41	3.36	**-94.04**
Madhya Pradesh	128.16	46.03	**-64.08**
Rajasthan	23.4	0.10	**-99.57**
Others	8.32	0.12	**-98.56**
All-India	**433.44**	**187.92**	**-56.64**

**Source- FCI*

As per latest data given by Government from April till October total of about 45.99 LMT of Wheat had been exported so far. In October only about 0.64 LMT of Wheat had been exported while as trade sources, in November minute quantity of about 350 MT is likely to be exported.



Outlook & Recommendation: AgriWatch expects prices will follow steady to firm trend in coming days as there are chances of OMSS after HAFED release tender for 0.67 LMT of Wheat in open market. There are rumors going on in the market that about 2-3 MMT is likely to be release by Government. On global level, if the war going on Russia-Ukraine worsens further may impact the global prices in coming days. Weather conditions are also not in favor of crop in international market.

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
Total	**192441.53**	**280.31**

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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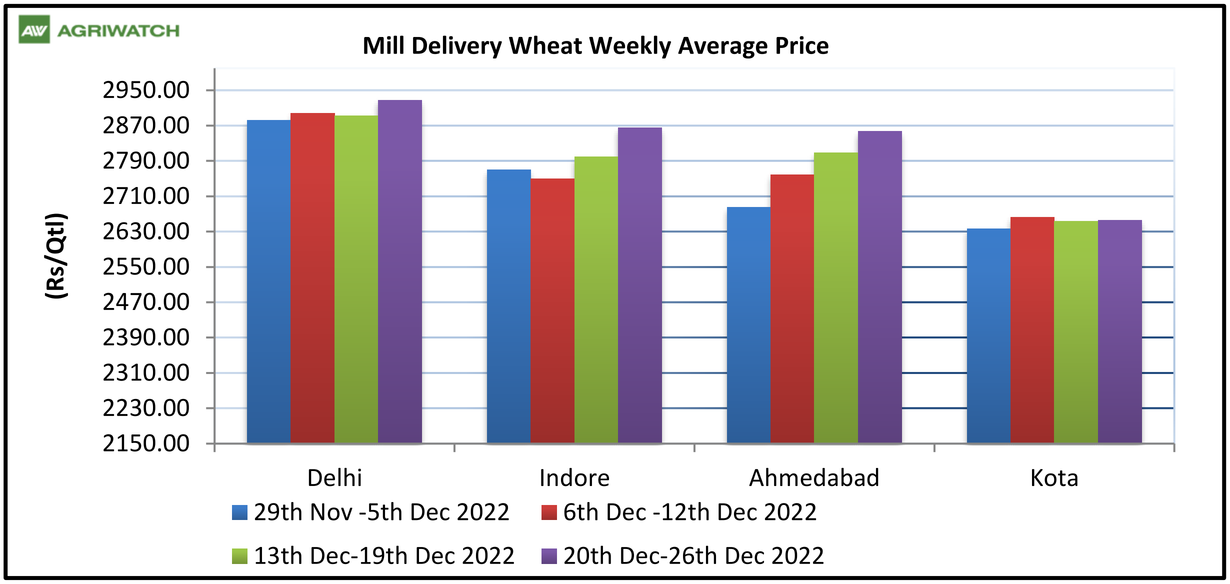

Good domestic demand coupled with shortage of arrivals in the market keeps mill delivery prices on higher side in almost all the domestic markets.

Wheat and Rice Stocking Norms

Wheat Stock Norms						
Fig. In Lakh Tonne	Operational Stock			Strategic Reserve		Grand Total
As on	Rice	Wheat	Total	Rice	Wheat	
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						

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
	24-Dec-22	19-Dec-22	24-Nov-22	25-Dec-21		
Indore	2735	2699	2686	2023	35.20	1.33
Delhi	2927	2902	2889	2180	34.27	0.86
Kanpur	2840	2780	2710	2020	40.59	2.16
Rajkot	2650	2650	2600	2097	26.37	-
Kota	2643	2647	2600	2100	25.86	-0.15

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,
			24-Dec-22	22-Dec-22	17-Dec-22	24-Nov-22	24-Dec-21
Delhi	Lawrence Road	Mill Delivery	2910	2940	2900	2890	2175
	Narella	Mill Quality Loose	2800	2800	2750	2800	2040
	Nazafgarh	Mill Quality Loose	-	-	2850	2700	2040
Gujarat	Rajkot	Mill Delivery	2670	2700	2675	2590	2060
	Ahmedabad	Mill Delivery	2850	2870	2815	2730	2160
	Surat	Mill Delivery	2920	2940	2870	2780	2240
	Dhrol	Mill Delivery	2740	2820	2775	2720	1995
M.P.	Indore	Mill Delivery	Closed	2880	2800	2700	2050
	Bhopal	Mill Quality Loose	Closed	2650	2650	2550	1910
Rajasthan	Kota	Mill Quality Loose	2550	2500	2490	2475	1960
		Mill Delivery	2700	2650	2640	2625	2110
U.P.	Kanpur	Mill Delivery	2780	2740	2760	2680	2010
	Mathura	Mill Quality Loose	2780	2750	2760	2690	1955
	Kosi	Mill Quality Loose	2700	2700	2670	2610	1940
	Hathras	Mill Quality Loose	2750	2800	2800	2700	1950
	Aligarh	Mill Quality Loose	2760	2740	2720	2670	1930
Punjab	Khanna	Mill Quality Loose	2630	2600	2625	2600	1940
	Ludhiana (Jagraon)	Mill Delivery	-	-	2650	2400	-
Haryana	Sirsa	Mill Delivery loose	2610	2620	2575	2610	2000
	Hodal	Mill Delivery	Closed	-	-	-	-
	Bhiwani	Mill Quality Loose	2710	2700	2700	2630	2015
	Karnal	Mill Delivery	-	-	-	-	-
	Panipat	Mill Quality Loose	2741	2731	2755	2740	-
Tamil Nadu	Chennai	Mill Quality	3140	3100	3100	3000	2450
	Madurai	Mill Quality	3197	3200	3200	3100	2550
	Coimbatore	Mill Quality	3197	3250	3250	3150	2600
Bihar	Khagariya	Mill Delivery	2700	2700	2650	2900	2000
	Muzaffarpur	Mill Delivery	2800	2800	2750	2800	#REF!

FOB & CIF Quote for Wheat at Kandla

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	At Kandla
Mill delivery (Rajkot)	27000
Freight charge	550
Misc. Charges (port handling)	650
FOB (at Kandla Rs/T)	28200
FOB value in $ for FAQ	340.25
Freight Charges (US $/ton) to Dubai	35
Insurance @ 0.1% ($/MT)	0.34
CIF to Dubai (value in $ for SRW)	375.25

(INR value: 82.88 as on 22.12.2022)

International Weekly Outlook:

During week under review, Wheat prices were traded mixed globally. In Russia FOB prices were o down side by 0.96% decline in domestic demand from exporters side. While in India due to good domestic demand prices were traded on higher side by 2.15% as compared to previous week. In Australia, amid quality concerns prices were high by 1.49%.

Indicative FOB Quotes:							
Wheat FOB	Variety	Current Week	Week Ago	Month Ago	Year Ago	% Change over Prev. Year	% Change over Prev. Week
		22-Dec-22	15-Dec-22	24-Nov-22	24-Dec-21		
USA (Chicago)	2srw	337	337	350	349	-3.44	-
France	FCW3	331	330	343	332	-0.30	0.30
Argentina	ASW	387	404	414	317	22.08	-4.21
Russia	SRW	311	314	320	336	-7.44	-0.96
India	**FAQ**	340	333	332	287	18.54	2.15
Australia	ASW	340	335	344.38	-	-	1.49
Ukraine	SRW	275	275	285	333	-17.42	-

International Market Update:

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Egypt's Wheat inventories are enough for next 4.8 months, as per latest report given by ministry. They further added that about 3.78 MMT Wheat has been imported in 2022.

Argentina and Central US drought is likely to ease in 2023 as there are chances of La-Nina Weakening in coming year. This is forecasted by US National Oceanic and Atmospheric Administration (NOAA). This will improve weather conditions in Argentina, Uruguay and southern Brazil.

Russian Wheat FOB prices down as compared to last week amid decline in domestic demand from exporters side. Currently, prices were traded at $316 per tonnes down by $4 as compared to previous week. Due to low water level and ice in the Azov Sea coupled with storms in Black Sea, Sovecon expects that in December Russia's grain exports would be low.

Taiwan Flour Miller's Association had bought 0.56 LMT of milling Wheat which is expected to be of US- origin. It involves 0.35 LMT of U.S dark northern spring Wheat at a FOB of $411.52 per tonnes, 0.14 LMT of HRW wheat at $396 per tonnes FOB, and 0.06 LMT of SRW at $324.31 per tonnes. Additional freight of $33.85 per tonnes for the sake of ocean shipping has been included.

As per latest update by Canadian Statistical data, Canadian Wheat is likely to harvest around 33.8 MMT of Wheat during this marketing year which is up by 51.50% as compared to previous year. This increase is mainly because of improved weather conditions.

IGC Wheat Global Balance Sheet:

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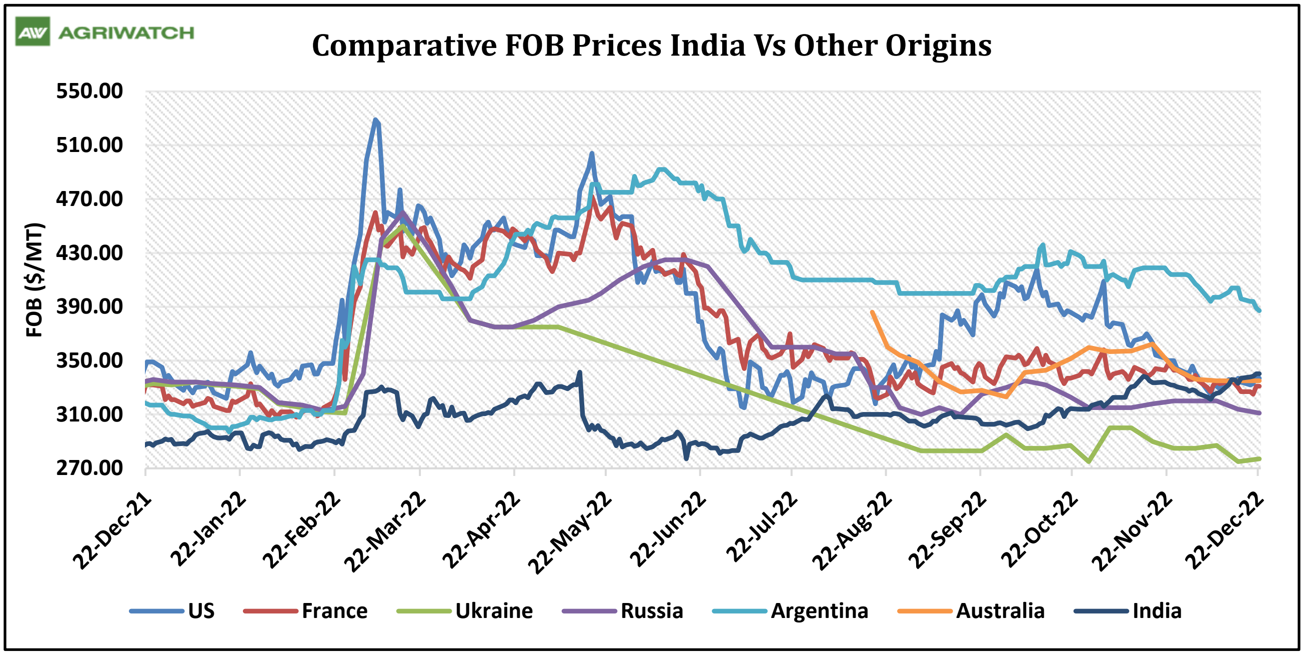
IGC Forecast (Fig-In MMT)	2019-20	2020-21 est.	2021-22 F'cast	2022-23 Proj	
				20.10.22	17.11.22
Production	761	774	781	792	791
Trade	185	190	196	192	192
Consumptions	745	771	778	784	784
Carryover stocks	276	279	282	286	282
Y-O-Y change	16	3	-3	8	7
Major Export	62	60	65	70	66

- 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
	23-Dec-22	16-Dec-22	23-Nov-22	22-Sep-22	24-Jun-22	23-Dec-21	
Mar-23	285.10	276.84	298.88	338.74	353.44	296.49	2.99
May-23	287.49	279.59	302.46	340.76	354.63	290.98	2.83
Jul-23	288.87	281.24	303.38	335.62	347.84	-	2.71
Sep-23	291.26	283.36	305.49	334.70	343.61	-	2.79
Dec-23	295.57	287.49	308.71	335.34	342.14	-	2.81
Mar-24	297.78	289.42	309.90	333.42	-	-	2.89
May-24	297.59	289.51	308.06	329.19	-	-	2.79
Jul-24	291.26	283.17	-	-	-	-	2.85

International FOB Weekly Price Movement



The Indian wheat FOB prices quoted at $340.25 per MT. Domestic prices are on upside which keeps FOB on higher side too.

US Wheat Futures Dec -22

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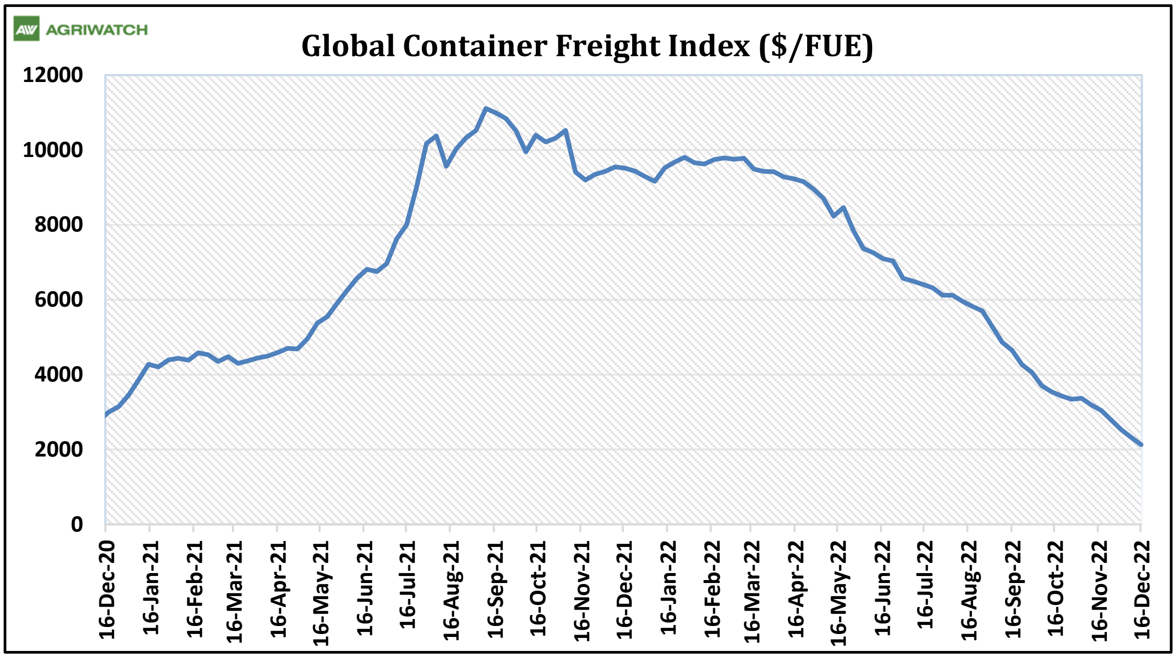
1st Support: 750
2nd Support: 700

1st Resistance: 800
2nd Resistance: 900 <u>($ per tonne)</u>

US wheat futures Mar23 expiry extended previous week gain and went up by 2.98% to 776, during the week made low at 738.75, high at 778. Market is currently trading below 9,18,50 and 100 DMA. Momentum indicator MACD and Oscillator is indicating weak momentum. We expect prices to trade with high bias in coming weeks.

Container Freight Index



Due to Christmas holidays, there will be no updates regarding prices fluctuation in the website.