

Wheat Weekly Research Report

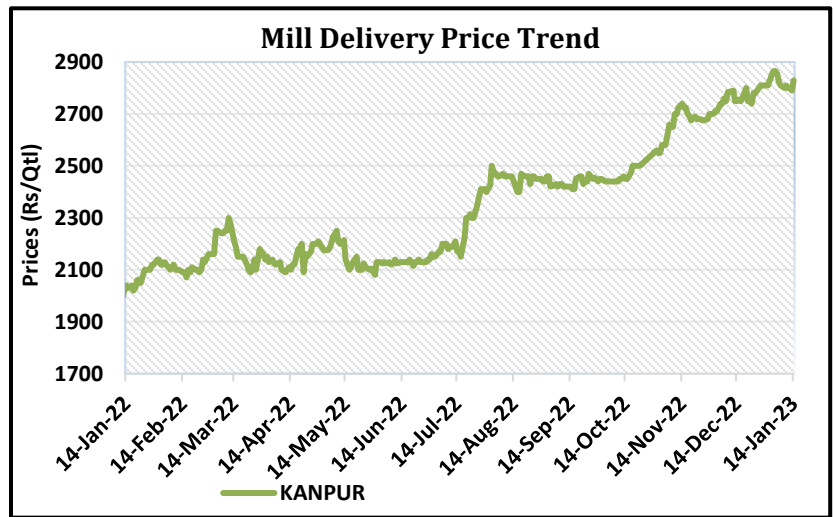
Table of Contents

- ❖ **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

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

Steady to slight 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.2830 per quintals which is up by 0.71% as compared to previous week. Prices were supported by shortage of quality arrivals in domestic market. HAFED releases another tender for the sale of Wheat commercially from Haryana and Madhya Pradesh. Market is in wait and watch situation. Price direction depends upon Government decision.



Agriwatch expects that prices are likely to follow steady to firm sentiments in coming days and are likely to go downward if Government release 20-30 LMT of Wheat in OMSS.

As per a recent update by the Agriculture Ministry, Wheat sowing is up by almost 4.66% as compared to the same period the previous year. The total area sowed till 13/Jan/22 reached 337.18 lakh hectares which is up as compared to 332.52 lakh hectares in the previous year. The higher area is reported from UP (2.92 lakh ha), Rajasthan (2.52 lakh ha), Maharashtra (1.01 lakh ha), and Gujarat (0.54 lakh ha). Less area is reported from MP (3.05 lakh ha), Punjab (0.20 lakh ha), and Haryana (0.19 lakh ha).

HAFED releases a tender for the sale of 0.39 LMT of Wheat commercially from Haryana and Madhya Pradesh during RMS 2022-23. The purchase would be held on 13-1-2023 from noon onwards at e-platforms. Out of total 0.34 LMT is of M.P Durum variety, 0.02 LMT of M.P Mill Quality and 0.02 LMT of Haryana.

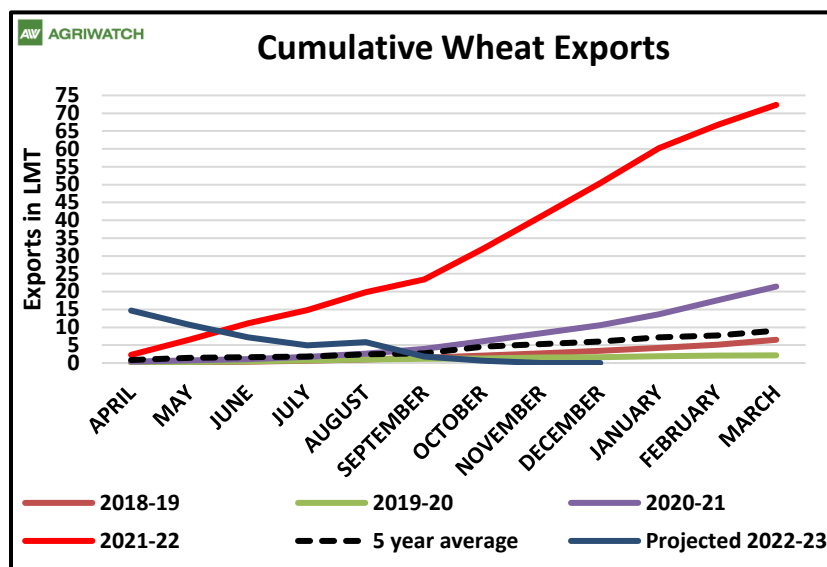
As per FCI, as of 1 January 2023 Wheat central pool stock stood at 171.70 LMT which is down by 47.99% as compared to the same period in the previous year. Last time this much dip in stocks was seen in 2017 when the quantity was 137.47 LMT only.

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 November total of about 45.99 LMT of Wheat had been exported so far. In November only about 354 MT of Wheat had been exported while as trade sources, in December minute quantity of about 350 MT is likely to be exported. If the weather conditions remain favorable then there is possibility that in coming marketing year production is likely to be good which give hope that Government may reconsider Exports.



Outlook & Recommendation: AgriWatch expects prices will follow steady to firm trend in coming days as stockholders are in wait and watch situation whether to hold stocks or to release in market. Shortage of arrivals is likely to keep prices on higher side in coming days and delay in OMSS is also keep supporting the prices. The prices will this trend only till Government intervention. On global level, if the war going on in 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

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

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

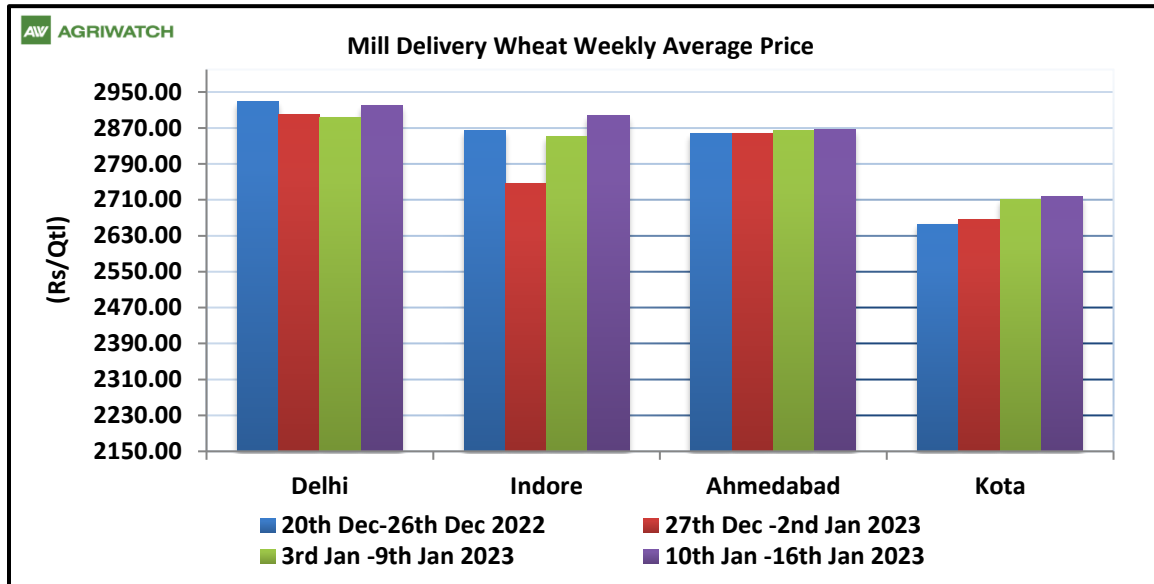
Source: Trade

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



Firm sentiments were observed in mill delivery prices of Wheat cash markets. The prices in most of the markets were on higher side amid shortage of arrivals in domestic market.

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

Spot Price at NCDEX Delivery Centers:

<u>Spot prices of wheat at NCDEX Delivery Centres</u>						
NCDEX SPOT	Current Week	Week Ago,	Month Ago,	Year Ago,	% Change over prev. Year	% Change over prev. Week
	14-Jan-23	9-Jan-23	15-Dec-22	14-Jan-22		
Indore	2749	2737	2709	2058	33.58	0.44
Delhi	2933	2903	2881	2194	33.68	1.03
Kanpur	2880	2810	2750	2110	36.49	2.49
Rajkot	2650	2650	2625	2071	27.96	-
Kota	2663	2650	2622	2100	26.81	0.49

Spot Market Price:							
Centre	Market	Variety	Prices (Rs/Qtl)				
			Current	Yesterday	Week Ago,	Month Ago,	Year Ago,
			14-Jan-23	12-Jan-23	7-Jan-23	15-Dec-22	14-Jan-22
Delhi	Lawrence Road	Mill Delivery	2970	2910	2905	2880	2225
	Narella	Mill Quality Loose	2800	2780	2780	2700	2040
	Nazafgarh	Mill Quality Loose	-	-	-	2800	2050
Gujarat	Rajkot	Mill Delivery	Closed	2650	2630	2640	2075
	Ahmedabad	Mill Delivery	Closed	2870	2870	2800	2140
	Surat	Mill Delivery	Closed	2950	2950	2860	2230
	Dhrol	Mill Delivery	Closed	2880	2840	2805	-
M.P.	Indore	Mill Delivery	Closed	2900	2900	2800	2100
	Bhopal	Mill Quality Loose	Closed	2700	2650	2650	1900
Rajasthan	Kota	Mill Quality Loose	Closed	2550	2550	2490	1960
		Mill Delivery	Closed	2710	2700	2640	2110
U.P.	Kanpur	Mill Delivery	2830	2800	2810	2755	2040
	Mathura	Mill Quality Loose	2750	2750	-	2700	2030
	Kosi	Mill Quality Loose	2710	2700	2700	2680	2000
	Hathras	Mill Quality Loose	Closed	2750	2775	-	2040
	Aligarh	Mill Quality Loose	2790	2780	-	2720	2000
Punjab	Khanna	Mill Quality Loose	2560	2560	2600	2670	1950
	Ludhiana (Jagraon)	Mill Delivery	-	-	-	2650	-
Haryana	Sirsa	Mill Deliveryloose	2600	2565	2560	2575	2010
	Hodal	Mill Delivery	-	-	-	-	-
	Bhiwani	Mill Quality Loose	2730	2740	2740	2670	2050
	Karnal	Mill Delivery	-	-	-	-	-
	Panipat	Mill Quality Loose	2800	2750	2721	2751	-
Tamil Nadu	Chennai	Mill Quality	Closed	3100	3100	3100	2450
	Madurai	Mill Quality	Closed	3200	3200	3200	2550
	Coimbatore	Mill Quality	Closed	3250	3250	3250	2600
Bihar	Khagariya	Mill Delivery	2700	2600	2600	2750	2050
	Muzaffarpur	Mill Delivery	2900	2800	2800	2725	-

	At Kandla
Mill delivery (Rajkot)	26500
Freight charge	550
Misc. Charges (port handling)	650
FOB (at Kandla Rs/T)	27700
FOB value in \$ for FAQ	341.60
Freight Charges (US \$/ton) to Dubai	35
Insurance @ 0.1% (\$/MT)	0.34
CIF to Dubai (value in \$ for SRW)	376.60

(INR value: 81.09 as on 12.1.2023)

International Weekly Outlook:

During week under review, Wheat prices were traded on downside globally except in France and India. In Russia FOB prices were on down side by 0.97% good production estimate by USDA. Due to little depreciation in currency FOB prices were on down side in US during week under review. While in India little appreciation coupled with good demand keeps FOB on higher side. Good production estimate for Australian Wheat keeps FOB on down side.

Indicative FOB Quotes:							
Wheat FOB	Variety	Current Week	Week Ago	Month Ago	Year Ago	% Change over Prev. Year	% Change over Prev. Week
		12-Jan-23	5-Jan-23	15-Dec-22	12-Jan-22		
USA (Chicago)	2srw	328	330	337	330	-0.61	-0.61
France	FCW3	330	326	330	321	2.80	1.23
Argentina	ASW	365	373	404	300	21.67	-2.14
Russia	SRW	307	310	314	333	-7.81	-0.97
India	FAQ	342	332	333	295	15.87	2.84
Australia	ASW	326	328	335	-	-	-0.60
Ukraine	SRW	273	283	275	332	-17.77	-3.53

International Market Update:

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

On 6th January 2023 Egypt GASC had released tender for the purchase of 0.30-0.60 LMT of Wheat. Deadline for bids was 10th January 2023. Shipment for the purchase is expected to be around February 10th to 25th. Following are offers and most from Russian origin as they offer reasonable prices as compared to others:

Supplier	Quantity (in KMT)	Origin	Price
Aston Agro Industrial SA	60	Russian	\$337
The Andersons	30	Russian	\$339.79
Grain Flower	40	Russian	\$343
Tiryaki	60	Russian	\$343.30
ME Solaris Commodities	60	Russian	\$343.36
Cargill	50	Russian	\$345
Agrochirnogi	60	Romania	\$350.19
Soufflet	60	France	\$351.82

The latest WASDE report is for increased supplies, higher domestic use, higher exports, and lower ending stocks. Global supplies have risen by 1.3 MMT to 1058.10 MMT due to higher production estimates for Ukraine and the EU. Consumption is also on the higher side and up by 0.2 MMT to 789.70 MMT amid higher feed and residual use for the US. Trade is on the higher side due to higher exports for the EU and Ukraine While India is on the lower side. Exports are expected to be raised by 0.5 MMT for both EU and Ukraine to 36.50 MMT and 13 MMT respectively.

As per the latest update by IGC, Global Wheat production is estimated to be around 796 MMT up as compared to the previous estimate of 781 MMT. This upward estimate is mainly because of increased estimates for Ukraine by 3.8 MMT to 25.2 MMT and Australia, up by 3.4 MMT to 38.5 MMT respectively. While the production estimate for Argentina is down by 1 MMT to 12 MMT due to the worst harvest results.

IGC Wheat Global Balance Sheet:

(Back to Table of Contents)

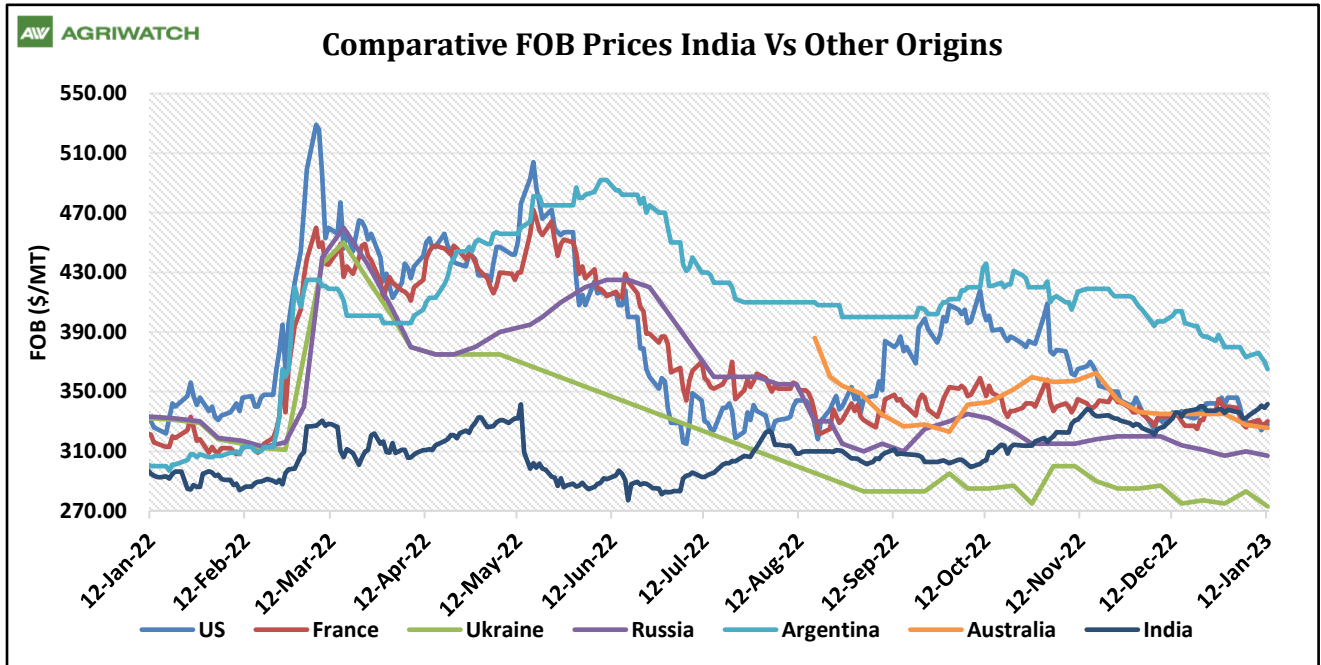
IGC Forecast (Fig-In MMT)	2019-20	2020-21	2021-22 est.	2022-23 F'cast	
				17.11.22	12.01.23
Production	761	774	781	791	796
Trade	185	190	197	192	194
Consumptions	745	771	784	784	789
Carryover stocks	276	279	274	282	281
Y-O-Y change	16	3	-3	7	7
Major Export	62	60	58	66	65

- IGC has up the projected 2022-23 global wheat production at 796 down from previous estimate of 791 MMT in November mainly because of good supply from Australia and Ukraine.
- The trade projection for 2022-23 is 194 MMT up as compared to previous estimate.
- Consumption is also up as compared to previous estimate of 784 MMT.
- Carryout for 2022-23 is projected at 281 MMT down by 1 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
	13-Jan-23	6-Jan-23	14-Dec-22	13-Oct-22	15-Jul-22	13-Jan-22	
Mar-23	273.25	273.16	275.27	333.78	300.72	277.75	0.03
May-23	276.28	276.10	278.76	336.35	297.59	276.28	0.07
Jul-23	276.93	277.85	280.69	333.14	296.22	268.20	-0.33
Sep-23	279.50	280.69	283.36	331.95	295.76	-	-0.43
Dec-23	284.64	285.47	287.67	332.50	292.91	-	-0.29
Mar-24	288.04	288.04	290.15	330.57	-	-	-5.03
May-24	288.68	-	290.15	326.07	-	-	-
Jul-24	283.82	-	-	-	-	-	-

International FOB Weekly Price Movement



The Indian wheat FOB prices quoted at \$341.59 per MT. Domestic prices are on higher side which pressurize the FOB prices also.

US Wheat Futures Dec -22

(Back to Table of Contents)

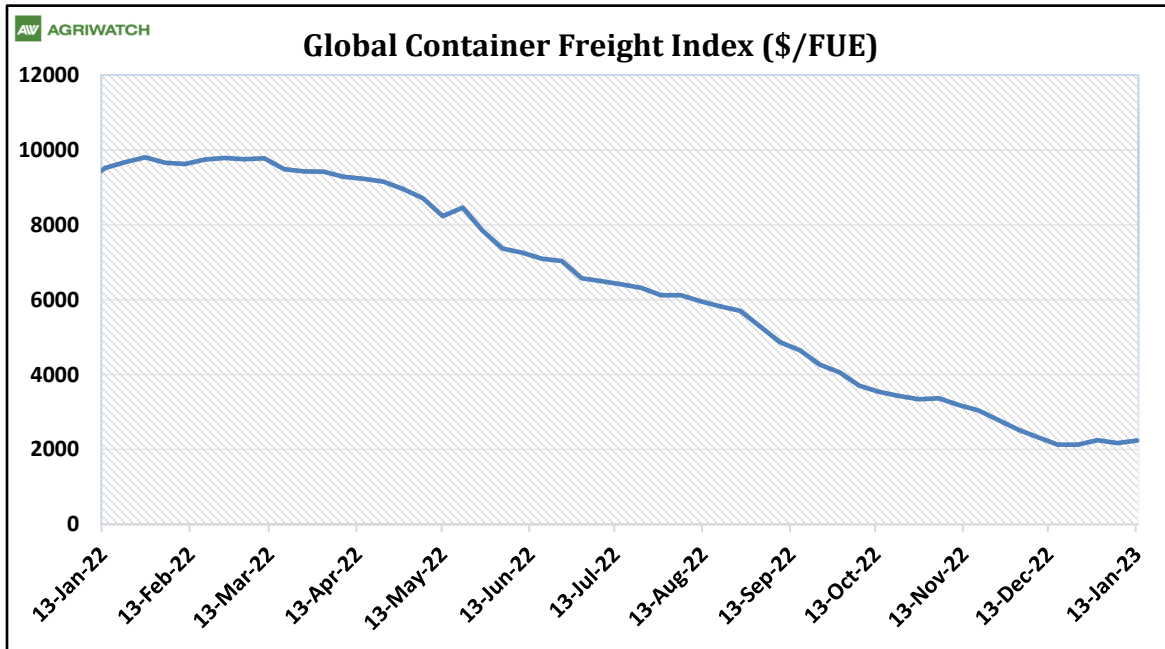


1st Support: 722
2nd Support: 692

1st Resistance: 850
2nd Resistance: 954 (\$ per tonne)

US wheat futures Mar23 expiry were at week loss and went down by 6.12% to 743.50, during the week made low at 736, high at 794.50. Market is currently trading below 9, 50 and 100 DMA while getting support from 18 DMA. Momentum indicator MACD and Oscillator is indicating weak momentum. We expect prices to trade with high bias in coming weeks.

Container Freight Index



Global freight charges were up by 3.23% to \$2238 as compared to previous week. Latest Retail Federation data on US ocean imports stated that December volumes were 10% lower as compared to same period in previous year. Ocean demand is coming to normalization again. NRF have projects that growth will come to normal in the second half of the year. Normalization in volumes and easiness in congestion are also leads to stabilizing the ocean rates.

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