

Wheat Weekly Research Report

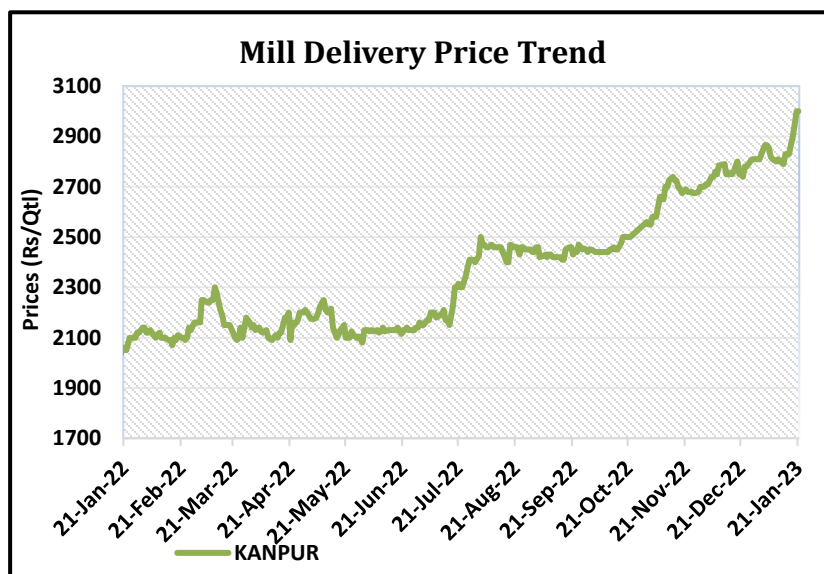
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Wheat Domestic Market Fundamentals

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Firm sentiments were observed in major Wheat cash markets during week under review. Delhi market touched all time high at Rs.3100 per quintals during the week under observation. In benchmark Kanpur market prices were on higher side and traded at Rs.3000 per quintals which is up by 6% as compared to previous week. Prices were supported by shortage of quality arrivals in domestic market and now as there is shortage demand from floor miller side increase which keeps prices on all time high. Market is currently 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 1.26% as compared to the same period the previous year. The total area sowed till 20/Jan/23 reached 341.13 lakh hectares which is up as compared to 339.87 lakh hectares in the previous year. The higher area is reported from Rajasthan (2.52 lakh ha), Bihar (1.49 lakh ha), Maharashtra (0.92 lakh ha), and Gujarat (0.48 lakh ha). Less area is reported from MP (4.15 lakh ha), Punjab (0.20 lakh ha), and Haryana (0.10 lakh ha).

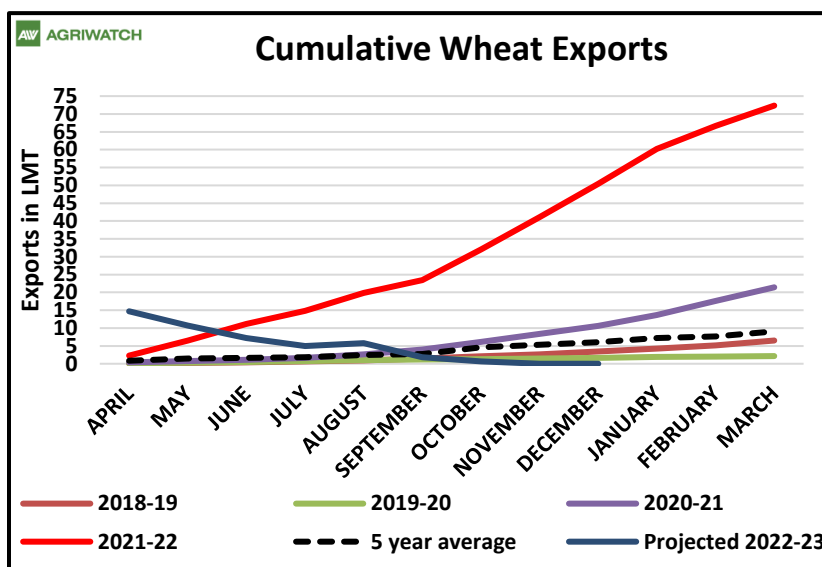
HAFED releases a tender for the sale of 0.24 LMT of Wheat commercially from Haryana and Madhya Pradesh during RMS 2022-23. The purchase would be held on 17-1-2023 from noon onwards at e-platforms. Out of total 0.23 LMT is of M.P Durum variety, and 0.01 LMT from Haryana.

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. A total of about 1.57 LMT of Wheat stock is available at ports, out of a total of 0.79 LMT was reported at Kandla port and 0.78 LMT at Mundra port respectively.



Outlook & Recommendation: Agriwatch expects prices will follow 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 too support the prices. The prices will follow this trend 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

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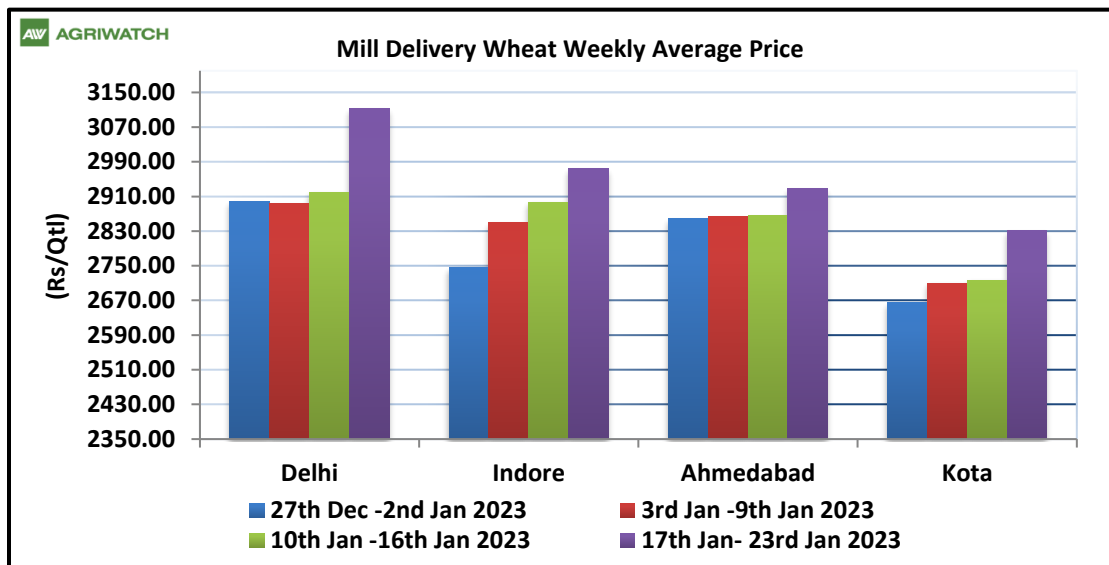
A week-on-week Exports	Quantity in MT	Average FOB (\$/TONNE)
01-08 October -2022	24975.94	231.05
09-15 October -2022	92085.91	338.87
16-23 October -2022	75354.68	179.34
24-31 October -2022	25	363.50
Total	192441.53	280.31

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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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 stocks coupled with high demand 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:

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
	21-Jan-23	16-Jan-23	22-Dec-22	21-Jan-22		
Indore	2852	2756	2734	2063	38.25	3.48
Delhi	3090	3049	2919	2224	38.94	1.34
Kanpur	3050	2975	2800	2062	47.91	2.52
Rajkot	2750	2650	2650	2082	32.08	3.77
Kota	2800	2700	2660	2115	32.39	3.70


Domestic Market Weekly Outlook:
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Spot Market Price:							
Centre	Market	Variety	Prices (Rs/Qtl)				
			Current	Yesterday	Week Ago,	Month Ago,	Year Ago,
			21-Jan-23	19-Jan-23	14-Jan-23	22-Dec-22	21-Jan-22
Delhi	Lawrence Road	Mill Delivery	3170	3050	2970	2940	2250
	Narella	Mill Quality Loose	2950	2900	2800	2800	2050
	Nazafgarh	Mill Quality Loose	-	-	-	-	2060
Gujarat	Rajkot	Mill Delivery	2780	2750	Closed	2700	2110
	Ahmedabad	Mill Delivery	2900	2950	Closed	2870	2170
	Surat	Mill Delivery	3030	3050	Closed	2940	2260
	Dhrol	Mill Delivery	2960	2920	Closed	2820	2180
M.P.	Indore	Mill Delivery	Closed	3000	Closed	2880	2125
	Bhopal	Mill Quality Loose	Closed	2850	Closed	2650	1925
Rajasthan	Kota	Mill Quality Loose	2740	2610	Closed	2500	2000
		Mill Delivery	2900	2760	Closed	2650	2150
U.P.	Kanpur	Mill Delivery	3000	2950	2830	2740	2060
	Mathura	Mill Quality Loose	2900	2900	2800	2750	2080
	Kosi	Mill Quality Loose	2840	2780	2730	2700	2060
	Hathras	Mill Quality Loose	2950	3000	Closed	2800	2050
	Aligarh	Mill Quality Loose	2850	2900	2790	2740	2000
Punjab	Khanna	Mill Quality Loose	2625	2600	2560	2600	1960
	Ludhiana (Jagraon)	Mill Delivery	-	-	-	-	-
Haryana	Sirsa	Mill Delivery loose	2756	2700	2600	2620	2025
	Hodal	Mill Delivery	-	-	-	-	-
	Bhiwani	Mill Quality Loose	2900	2870	2730	2700	2090
	Karnal	Mill Delivery	-	-	-	-	-
	Panipat	Mill Quality Loose	3000	2981	2800	2731	-
Tamil Nadu	Chennai	Mill Quality	3100	3100	Closed	3100	2500
	Madurai	Mill Quality	3157	3200	Closed	3200	2600
	Coimbatore	Mill Quality	3157	3250	Closed	3250	2650
Bihar	Khagariya	Mill Delivery	3000	2850	2700	2700	2100
	Muzaffarpur	Mill Delivery	3000	2900	2900	2800	-

FOB & CIF Quote for Wheat at Kandla
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	At Kandla
Mill delivery (Rajkot)	27500
Freight charge	550
Misc. Charges (port handling)	650
FOB (at Kandla Rs/T)	28700
FOB value in \$ for FAQ	353.23
Freight Charges (US \$/ton) to Dubai	40
Insurance @ 0.1% (\$/MT)	0.35
CIF to Dubai (value in \$ for SRW)	393.23

(INR value: 80.97 as on 21.1.2023)

International Weekly Outlook:

During week under review, Wheat prices were traded on downside globally except in Argentina and India. Due to competition from other countries FOB prices of France and US were on downside by 3.03% and 1.52% respectively. While due to higher production estimate for Australian Wheat, FOB prices were down by 1.06%. Appreciation of currency and good domestic prices keeps FOB prices of India on higher side by 3.41%.

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	323	328	337	340	-5.00	-1.52
France	FCW3	320	330	331	319	0.31	-3.03
Argentina	ASW	377	365	387	301	25.25	3.29
Russia	SRW	307	307	311	332	-7.53	-
India	FAQ	353	342	340	296	19.19	3.41
Australia	ASW	322	326	335	0	-	-1.06
Ukraine	SRW	271	273	277	331	-18.13	-0.73

International Market Update:
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On Wednesday, Egypt's Prime Minister set its Wheat Procurement price at 1,250 Egyptian pounds per ardeb (150 kg) for the ongoing procurement season. The current price is up by 40% as compared to the previous year while 25% higher than the initial prices which were set in August 2022. The government has provided bread to more than 70 million of its 104 million citizens through subsidies.

Tunisia purchased about 1.25 LMT durum Wheat in a tender which had closed on Thursday. It was said to bought in three consignments, first consignment from trading house Casillo at an estimate \$489.49, \$492.68, and \$494. One from Viterro at \$493.09 per tonnes and one from Amber at \$492.29 per tonnes.

Sovecon estimated Russian Wheat exports for January at around 3.7 MMT, which is down from its December 2022 (3.7 MMT). This decline in number is mainly because of low sales which occur due

to high export taxes, low business activities, and non-suitable weather conditions. As per the USDA total, exports would be around 43 MMT but there would be revision if Russia decided to restrict Wheat exports, to put restrictions on Wheat exports which is indicated by a recent statement given by Putin regarding concern about the pace of food exports.

Japan Ministry of Agriculture, Forestry and Fisheries has released a tender to buy 0.77 LMT food quality Wheat to be originated from US and Canada which is likely to close on Thursday (19/01/23). Shipments is likely to be expected between Feb. 21st, 2023, and Mar 20th, 2023.

Country (Origin)	US	Canada	Canada
Type	HRW	WRS (Protein Content-13.5%)	WRS (Protein Content-13.5%)
Quantity	27,550	24,063	26,150

IGC Wheat Global Balance Sheet:

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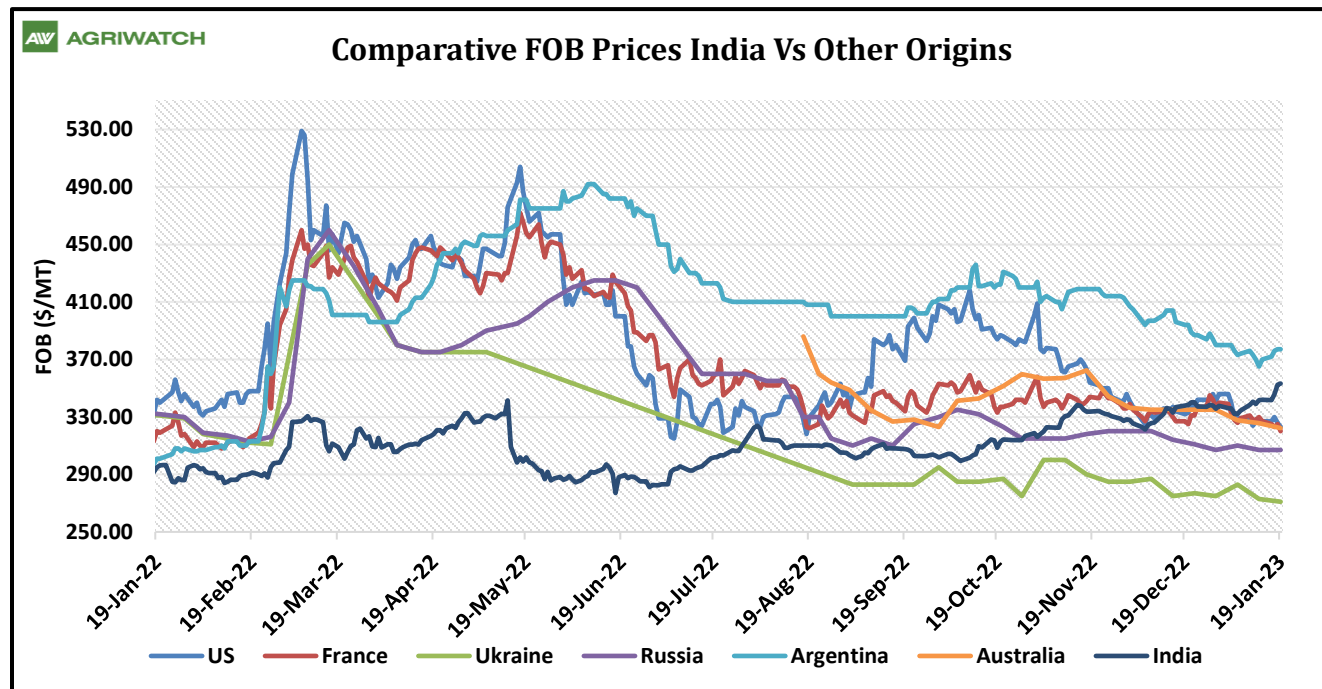
IGC Forecast (Fig-In MMT)	2019-20	2020-21	2021-22 est.	2022-23 F'cast	
				17.11.22	12.01.23
Production	761	774	781	791	796
Trade	185	190	197	192	194
Consumptions	745	771	784	784	789
Carryover stocks	276	279	274	282	281
Y-O-Y change	16	3	-3	7	7
Major Export	62	60	58	66	65

- 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
	20-Jan-23	13-Jan-23	21-Dec-22	20-Oct-22	22-Jul-22	20-Jan-22	
Mar-23	272.43	273.25	282.07	318.90	291.53	289.51	-0.30
May-23	275.18	276.28	284.83	322.58	294.65	287.03	-0.40
Jul-23	276.10	276.93	286.39	322.21	292.63	276.56	-0.30
Sep-23	279.22	279.50	288.78	323.40	292.82	-	-0.10
Dec-23	284.74	284.64	293.00	325.98	293.83	-	0.03
Mar-24	288.23	288.04	295.02	325.88	-	-	0.06
May-24	288.78	288.68	294.84	322.58	-	-	0.03
Jul-24	283.63	283.82	288.87	-	-	-	-0.06

International FOB Weekly Price Movement



The Indian wheat FOB prices quoted at \$352.49 per MT. Domestic prices are on higher side which keeps the FOB prices on higher side.

US Wheat Futures Dec -22

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1st Support: 722

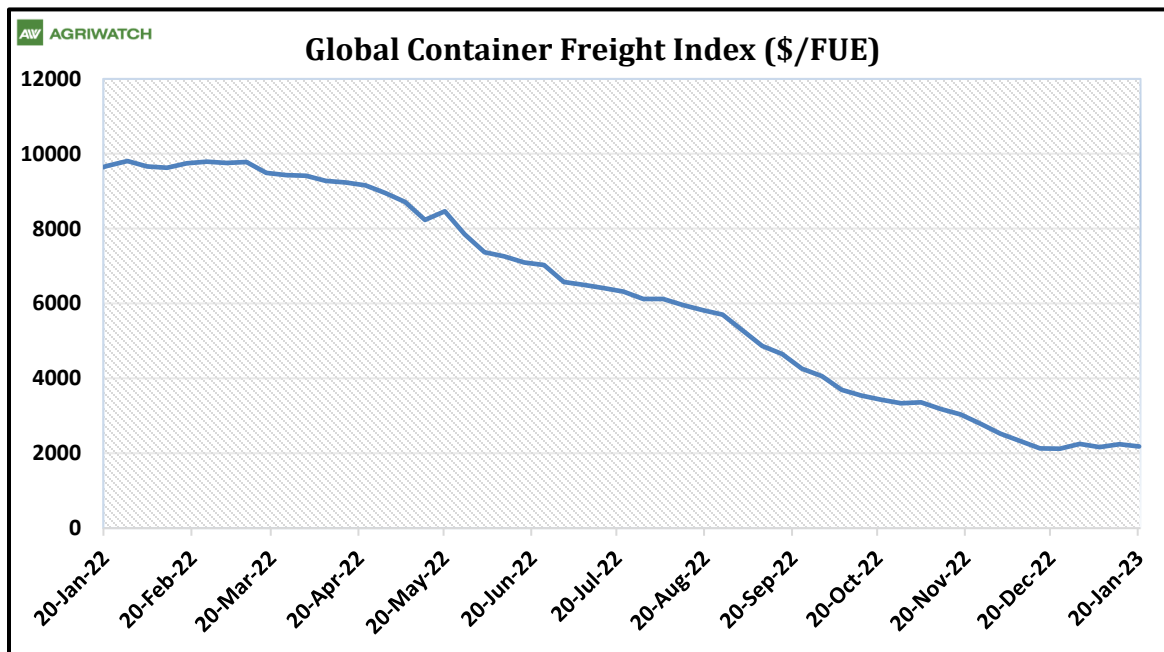
2nd Support: 692

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



As shown from the graph above, prices were steady from past few weeks. Global freight charges were down by 2.68% to \$2178 as compared to previous week. Falling demand and easiness in Congestion results in falling of transit times also. Upcoming Lunar New Year too decrease the demand. 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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