

Wheat Weekly Research Report

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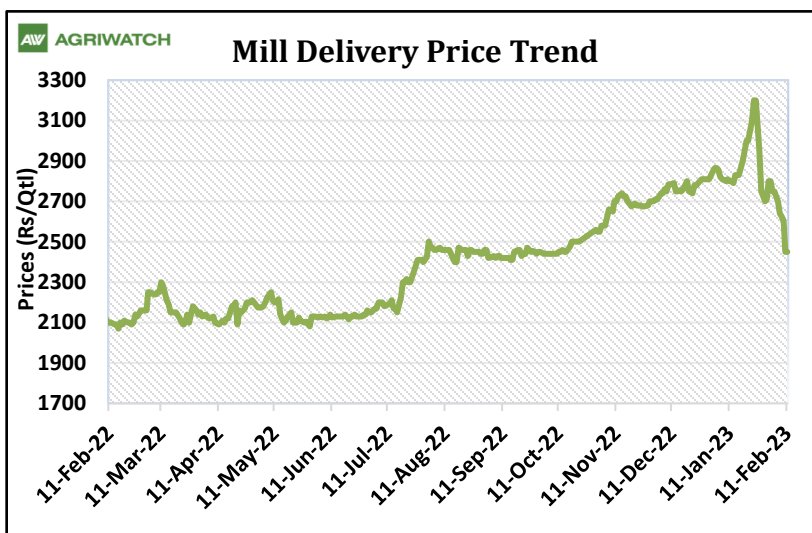
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Wheat Domestic Market Fundamentals
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Weak sentiments were observed in major Wheat cash markets during week under review. New arrivals had started in major districts of M.P and Gujarat which pushes the prices on down side. In benchmark Kanpur market prices were decline by Rs.300 per quintals traded at Rs.2450 per quintals. Under “One nation One price” center had fixed one reserve price at Rs.2350 per quintals with exemption of any frieght charge to cool down prices further. Center has reduced the rate of Wheat to Rs.2150 per quintal for sale to NCCF/

NAFED/ Kendriya Bhandar/ State Govt. Cooperatives/ Federations. The concessional rate for NCCF/ NAFED/ Kendriya Bhandar/ State Govt. Cooperatives/ Federations etc. applicable only if they convert wheat to atta and sell to the public at an MRP not exceeding Rs.2750 per quintal. The reserve price for the sale of wheat under OMSS will be Rs.2350/Qtl (Pan India) for FAQ and Rs. 2300/Qtl (Pan India) for URS wheat without any transportation cost component. This will help the supply of wheat to the general public in different parts of the country at a reasonable price.

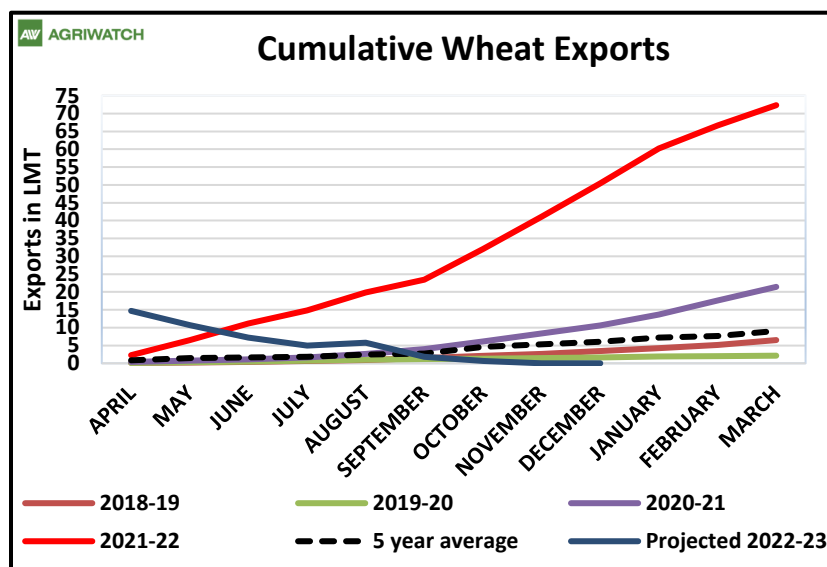
As per data given by the Agriculture Ministry, as of February 3rd, 2023 the total sown area under Wheat is up by 0.40 % from corresponding period last year to 343.23 lakh hectare. Major increase has been seen in Bihar, Maharashtra, Rajasthan, Gujarat and U.P. with an increase of 3 to 10% respectively. Higher prices during previous year encouraged farmers to plant more area under Wheat this year.


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. Rumor is going on in the market that Government is likely to extend export ban on Wheat till June 23 as state reserves fulfilled before exports.



Outlook & Recommendation: For the upcoming weeks, AgriWatch expects prices to trade on lower side as the new crop arrivals had already there in market in M.P and Gujarat States. Along with this, the ongoing OMSS may also put pressure on prices whose second e-auction is on 15/Feb/2023. For global estimate, if Russia-Ukraine war worsens then it may affect the global supply and prices would follow upward direction. On the other hand, if weather remain suitable in Argentina and US due to good production estimate prices may follow downtrend.

Trade Call: There is no NCDEX trading currently.

Wheat Weekly Export

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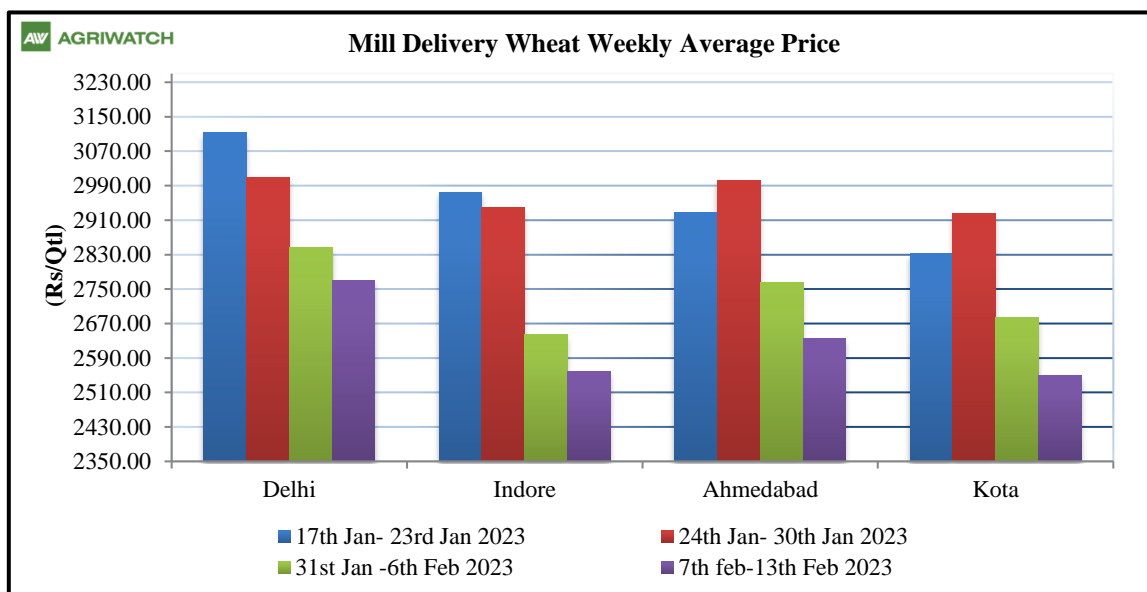
A week-on-week Exports	Quantity in MT	Average FOB (\$/TONNE)
01-08 October -2022	24975.94	231.05
09-15 October -2022	92085.91	338.87
16-23 October -2022	75354.68	179.34
24-31 October -2022	25	363.50
Total	192441.53	280.31

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



Weak sentiments were observed in mill delivery prices of Wheat cash markets. OMSS release coupled with new crop arrivals in some major districts of M.P and Gujarat pressurize domestic prices.

Wheat and Rice Stocking Norms

Wheat Stock Norms						
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
	11-Feb-23	4-Feb-23	12-Jan-23	11-Feb-22		
Indore	2550	2599	2754	2050	24.39	-1.89
Delhi	2800	2800	2917	2260	23.89	-
Kanpur	2550	2700	2842	2120	20.28	-5.56
Rajkot	2650	2650	2650	2056	28.89	-
Kota	2600	2650	2687	2120	22.64	-1.89



Domestic Market Weekly Outlook:

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Spot Market Price:							
Centre	Market	Variety	Prices (Rs/Qtl)				
			Current	Previous	Week Ago	Month Ago	Year Ago
			11-Feb-23	10-Feb-23	4-Feb-23	11-Jan-23	12-Feb-22
Delhi	Lawrence Road	Mill Delivery	2700	2780	2800	2900	2280
	Narella	Mill Quality	2750	2750	2750	Closed	2080
	Nazafgarh	Mill Quality	-	-	-	Closed	2100
Gujarat	Rajkot	Mill Delivery	2600	2630	2650	2650	2070
	Ahmedabad	Mill Delivery	2700	2730	2760	2840	2160
	Surat	Mill Delivery	2780	2800	2820	2930	2225
	Dhrol	Mill Delivery	3100	3130	3000	2850	2325
M.P.	Indore	Mill Delivery	2525	2570	2600	2900	2080
	Bhopal	Mill Quality	Closed	2350	2350	2650	1940
Rajasthan	Kota	Mill Quality	2400	2450	2500	2550	2000
		Mill Delivery	2470	2550	2650	2710	2150
U.P.	Kanpur	Mill Delivery	2450	2450	2750	2800	2100
	Mathura	Mill Quality	2650	2675	2700	2740	Closed
	Kosi	Mill Quality	2580	2640	2640	2750	2100
	Hathras	Mill Quality	2700	2725	2825	2825	2140
	Aligarh	Mill Quality	2600	2650	2800	2770	Closed
Punjab	Khanna	Mill Quality	2400	2425	2600	Closed	2020
	Ludhiana (Jagraon)	Mill Delivery	2700	2700	2700	-	-
Haryana	Sirsa	Mill Delivery	2450	2550	2450	2560	2070
	Hodal	Mill Delivery	-	-	-	-	-
	Bhiwani	Mill Quality	2650	2650	2750	2730	2270
	Karnal	Mill Delivery	-	-	-	-	-
	Panipat	Mill Quality	2600	2600	2650	2750	-
Tamil Nadu	Chennai	Mill Quality	3100	3100	3100	3100	2450
	Madurai	Mill Quality	3157	3200	3200	3200	2550
	Coimbatore	Mill Quality	3157	3250	3250	3250	2600
Bihar	Khagariya	Mill Delivery	2700	2700	2700	2600	2100
	Muzaffarpur	Mill Delivery	2650	2650	2700	2800	-

FOB & CIF Quote for Wheat at Kandla
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	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	335.59
Freight Charges (US \$/ton) to Dubai	42
Insurance @ 0.1% (\$/MT)	0.34
CIF to Dubai (value in \$ for SRW)	377.59

(INR value: 82.54 as on 9.2.2023)

International Weekly Outlook:

During week under review, Wheat prices were traded mixed globally. Rainfall in US increase concern for development of crop keeps FOB prices on down side. While depreciation of Australian dollar pressurizes the FOB prices of Australian Wheat. Higher production estimate for Australian and Russian Wheat by USDA keeps the prices 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
		9-Feb-23	2-Feb-23	12-Jan-23	11-Feb-22		
USA (Chicago)	2srw	328	331	328	346	5.00	-0.91
France	FCW3	326	323	330	312	4.49	0.93
Argentina	ASW	363	376	365	313	15.97	-3.46
Russia	SRW	306	309	307	317	-3.47	-0.97
India	FAQ	336	335	342	285	17.74	0.30
Australia	ASW	318	324	326	-	-	-1.97
Ukraine	SRW	277	277	273	315	-12.06	-

International Market Update:
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USDA revise production estimate for Russian and Australian Wheat 2022-23 in their latest WASDE report. Overall global supplies increased by 2.4 MMT to 1060.50 MMT mainly because of higher production estimate for Australian and Russian. Australian production is likely to increase by 1.4 MMT to 38 MMT while in case of Russia increase of 1 MMT to 92 MMT amid large spring Wheat harvested area. Global consumption has also increased by 1.4 MMT to 791.20 MMT because of large use of feed and residual by Canada, EU and Russia. On trade side also increase of 1.3 MMT to 212.90 MMT due to higher exports from Australia, Ukraine, EU, and Russia while on the other hand reduction for Canada expected. Ending stocks are on higher side by 0.9 MMT to 269.30 MMT amid increase for Australia and China while reduced for Ukraine. Still ending stocks remain lowest since 2016-17.

Agriculture consultancy of Europe Strategie Grains has increased the Wheat crop forecast for second month in a row amid good growing conditions so far. This French firm now expecting EU soft

production about 129.7 MMT for 2023-24 season which up from previous month forecast of 129.30 and initial given in December of 128.70 MMT. This total is more than 3% higher than previous year production of 125.60 MMT.

Taiwan Flour Mills Association had bought an estimated 0.48 LMT milling Wheat likely to be sourced from the U.S. It involves 0.30 LMT of U.S. dark northern spring Wheat with minimum 14.5% protein content at a FOB of \$390.58 per tonne, 0.09 LMT of HRW having minimum 12.5% protein content at \$397.56 per tonnes and 0.08 LMT of SRW with minimum 8.5% protein content at \$324.44 per tonnes FOB. Additional freight charges of \$34.95 per tonne for ocean shipping from the U.S. Pacific Northwest coast to Taiwan. Trading house CHS was likely to be the seller of this purchase.

Egypt wants to import Wheat of around 1 MMT from Serbia to tackle its grain supply shortage. War in Ukraine disrupts Wheat purchases by Egypt. The Government is in talks with countries including Argentina and the U.S., it includes an agreement to buy from India also.

IGC Wheat Global Balance Sheet:

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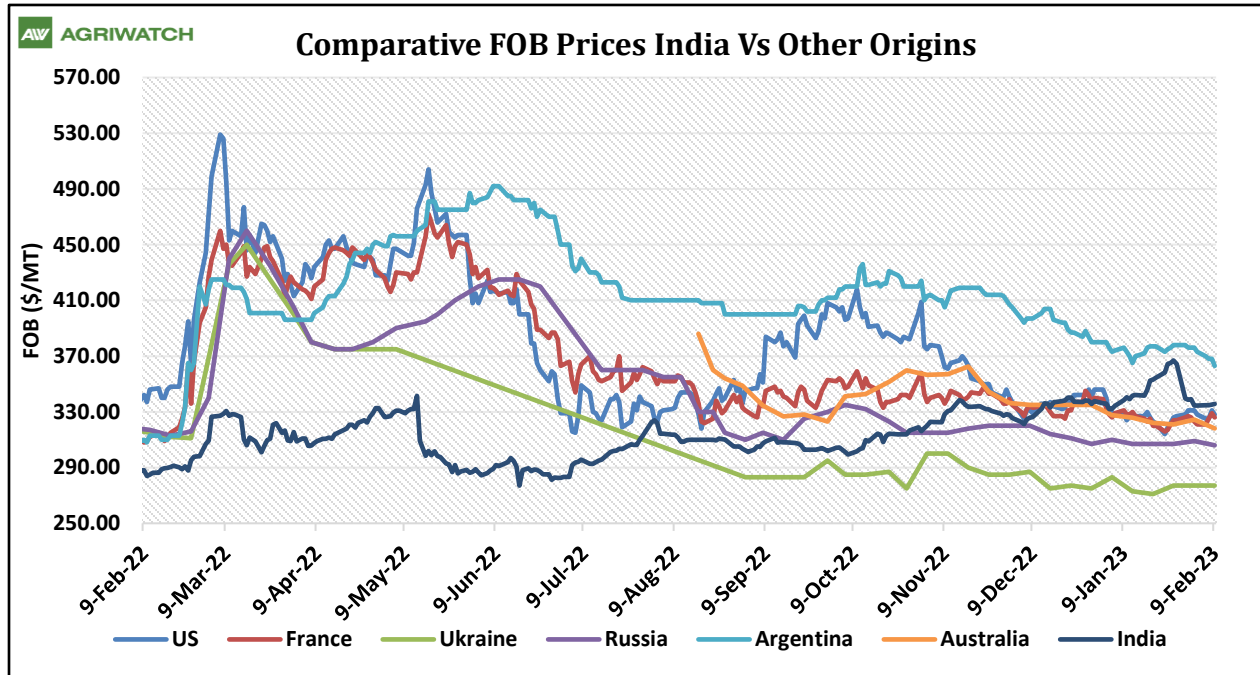
IGC Forecast (Fig-In MMT)	2019-20	2020-21	2021-22 est.	2022-23 F'cast	
				17.11.22	12.01.23
Production	761	774	781	791	796
Trade	185	190	197	192	194
Consumptions	745	771	784	784	789
Carryover stocks	276	279	274	282	281
Y-O-Y change	16	3	-3	7	7
Major Export	62	60	58	66	65

- 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
	10-Feb-23	2-Feb-23	11-Jan-23	9-Nov-22	11-Aug-22	10-Feb-22	
Mar-23	288.78	279.59	271.88	304.12	309.08	287.95	3.29
May-23	292.36	283.63	274.91	308.34	312.57	286.20	3.08
Jul-23	293.55	284.92	276.38	310.36	311.92	277.48	3.03
Sep-23	296.22	287.77	279.32	313.21	312.75	-	2.94
Dec-23	300.81	292.54	284.28	316.61	314.31	-	2.83
Mar-24	303.75	295.85	287.31	317.62	-	-	2.67
May-24	303.29	295.85	287.58	315.23	-	-	2.51
Jul-24	295.57	289.79	281.06	-	-	-	2.00

International FOB Weekly Price Movement



The Indian wheat FOB prices quoted at \$335.59 per MT. Little appreciation keeps prices on slight upward direction.

US Wheat Futures Dec -22

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1st Support: 745

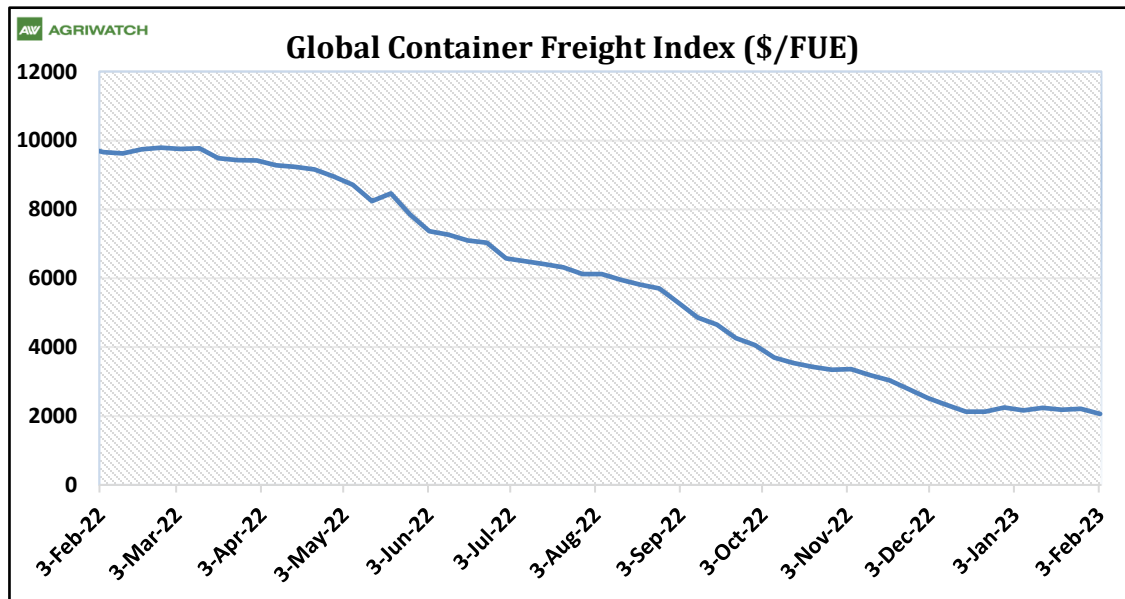
2nd Support: 705

1st Resistance: 1323

2nd Resistance: 1286(\$ per tonne)

US wheat futures Mar23 expiry were at high by 0.90% to 756.75, during the week made low at 742, high at 776.50. 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 to slight down from past few weeks. Global freight charges were down by 6.87% to \$2062/FEU as compared to previous week. Due to destruction caused by earthquake in Turkey and Syria, disturb the transportation and results in shut down the southern Turkish port of Iskenderum till further notice. Railways also got disturbed mostly linked with northern Turkey. Fall in Asia-Europe volumes had contribute in falling prices as carriers increase the number of blank sailings.

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