

# Wheat Weekly Research Report

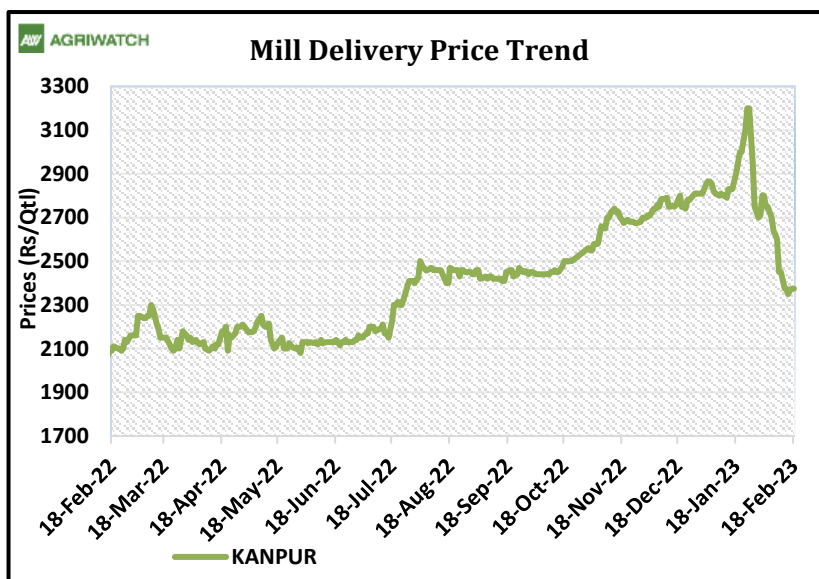
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### Wheat Domestic Market Fundamentals

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During week under review weak sentiments were observed in major Wheat cash markets. FCI sells 3.85 LMT Wheat in second e-auction along with this Government decline the reserve price for the next sale at Rs.2150 per quintals. These factors push the domestic prices on down side. Increase in new crop arrivals in major districts of Gujarat and M.P. too pressurize the prices. In benchmark Knapur market prices were traded at Rs.2375 per quintals down by Rs.75 per quintals as compared to previous week. AgriWatch expects that prices are likely to follow downtrend in coming weeks also amid new crop arrivals and OMSS release.



To check the inflationary trend in the food economy, the Department of Food and Public Distribution (DFPD) has decided to further reduce reserve prices up to 31st March 2023 as under:

The reserve price under Open Market Sale Scheme (Domestic) {OMSS (D)} has been fixed at Rs 2150/Qtl (Pan India) for wheat (FAQ) and Rs. 2125 Qtl (Pan India) for wheat (URS) of all crops including RMS 2023-24 for sale of wheat to private parties.

States may be allowed to purchase wheat from FCI for their scheme at the above-proposed reserve prices without participating in e-auction.

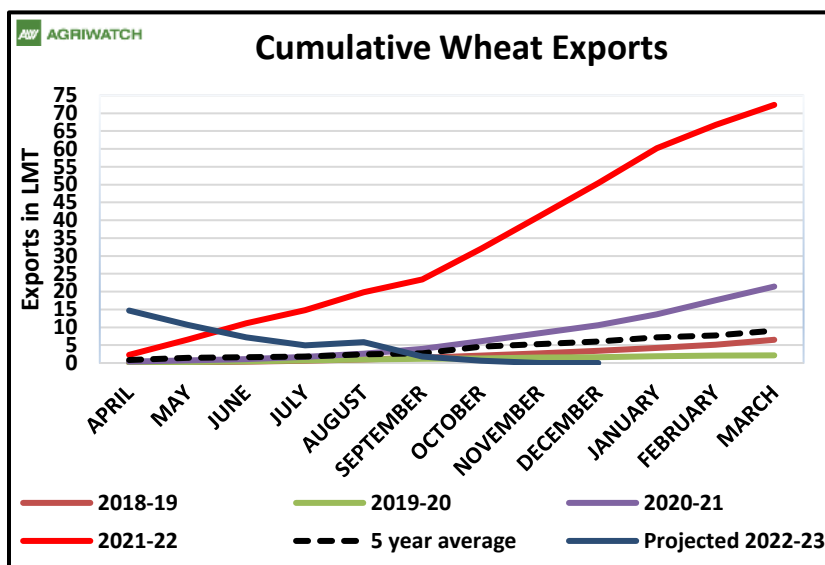
FCI will float the 3rd e-auction for the sale of wheat at these revised reserve prices on 17.02.2023 which will be opened on 22.02.2023.

### 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 is likely to increase in coming weeks along with down renewal of reserve price by Government would put pressure on domestic prices. 3<sup>rd</sup> auction would be on 22<sup>nd</sup> Feb 23 by FCI via 650 depots across the country. For global estimate, if Russia-Ukraine corridor deal doesn't extend 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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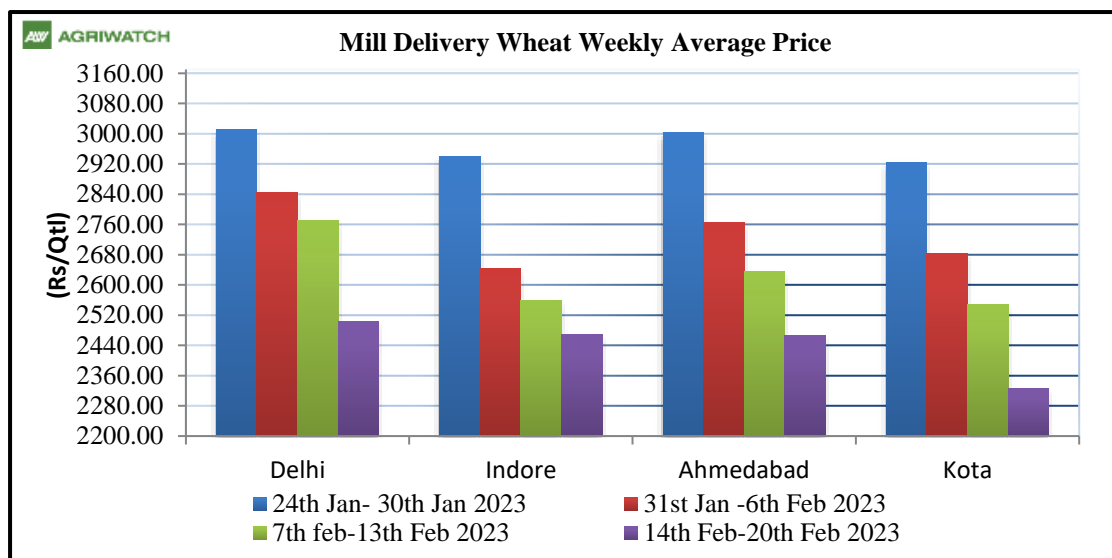
A week-on-week Exports	Quantity in MT	Average FOB (\$/TONNE)
01-08 October -2022	24975.94	231.05
09-15 October -2022	92085.91	338.87
16-23 October -2022	75354.68	179.34
24-31 October -2022	25	363.50
<b>Total</b>	<b>192441.53</b>	<b>280.31</b>

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



Weak sentiments were observed in mill delivery prices of Wheat cash markets for the consecutive third week. 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
	18-Feb-23	11-Feb-23	19-Jan-23	18-Feb-22		
Indore	2390	2550	2818	2050	16.59	-6.27
Delhi	2570	2800	3052	2252	14.12	-8.21
Kanpur	2450	2550	3005	2055	19.22	-3.92
Rajkot	2350	2650	2700	2060	14.08	-11.32
Kota	2512	2600	2775	2100	19.62	-3.38


**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
			18-Feb-23	17-Feb-23	11-Feb-23	18-Jan-23	19-Feb-22
<b>Delhi</b>	Lawrence Road	Mill Delivery	2300	2550	2700	3080	2280
	Narella	Mill Quality	2350	2550	2750	Closed	2100
	Nazafgarh	Mill Quality	-	-	-	Closed	2120
<b>Gujarat</b>	Rajkot	Mill Delivery	Closed	2400	2600	2750	2080
	Ahmedabad	Mill Delivery	Closed	2450	2700	2960	2180
	Surat	Mill Delivery	Closed	2500	2780	3050	2250
	Dhrol	Mill Delivery	Closed	2770	3100	2925	2315
<b>M.P.</b>	Indore	Mill Delivery	Closed	2420	2525	2950	2070
	Bhopal	Mill Quality	Closed	2300	Closed	2800	1925
<b>Rajasthan</b>	Kota	Mill Quality	Closed	2250	2400	2710	1975
		Mill Delivery	Closed	2325	2470	2850	2125
<b>U.P.</b>	Kanpur	Mill Delivery	2375	2375	2450	2900	2110
	Mathura	Mill Quality	2360	2375	2650	2900	2060
	Kosi	Mill Quality	2340	2350	2580	2800	2050
	Hathras	Mill Quality	2400	2400	2700	2900	2030
	Aligarh	Mill Quality	2360	2360	2600	2930	2090
<b>Punjab</b>	Khanna	Mill Quality	2300	2300	2400	2610	2000
	Ludhiana (Jagraon)	Mill Delivery	2700	2700	2700	-	-
<b>Haryana</b>	Sirsa	Mill Delivery	2100	2300	2450	2740	2070
	Hodal	Mill Delivery	Closed	-	-	-	-
	Bhiwani	Mill Quality	Closed	2400	2650	2900	2300
	Karnal	Mill Delivery	-	-	-	-	-
	Panipat	Mill Quality	2450	2450	2600	2910	-
<b>Tamil Nadu</b>	Chennai	Mill Quality	Closed	3100	3100	3100	2450
	Madurai	Mill Quality	Closed	3200	3200	3200	2550
	Coimbatore	Mill Quality	Closed	3250	3250	3250	2600
<b>Bihar</b>	Khagariya	Mill Delivery	Closed	2500	2700	2780	2100
	Muzaffarpur	Mill Delivery	Closed	2300	2650	2900	-



	At Kandla
Mill delivery (Rajkot)	23000
Freight charge	550
Misc. Charges (port handling)	650
FOB (at Kandla Rs/T)	24200
FOB value in \$ for FAQ	292.59
Freight Charges (US \$/ton) to Dubai	42
Insurance @ 0.1% (\$/MT)	0.29
CIF to Dubai (value in \$ for SRW)	334.59

(INR value: 82.71 as on 16.2.2023)

International Weekly Outlook:

During week under review, Wheat prices were traded mixed globally. Persisting dry conditions in Argentina keeps FOB on higher side by 0.55% as compared to previous week. While in India due to low domestic prices export prices were down by 12.81%. Firm dollar keeps export prices on higher side by 0.91%.

Indicative FOB Quotes:							
Wheat FOB	Variety	Current Week	Week Ago	Month Ago	Year Ago	% Change over Prev. Year	% Change over Prev. Week
		16-Feb-23	9-Feb-23	19-Jan-23	18-Feb-22		
USA (Chicago)	2srw	331	328	323	348	5.00	0.91
France	FCW3	325	326	320	315	3.17	-0.31
Argentina	ASW	365	363	377	313	16.61	0.55
Russia	SRW	305	306	307	313	-2.56	-0.33
India	FAQ	293	336	353	290	0.78	-12.81
Australia	ASW	320	318	322	-	-	0.69
Ukraine	SRW	279	277	271	312	-10.58	0.72

International Market Update:[\(Back to Table of Contents\)](#)

**Philippines had released tender to buy 1.10 LMT animal feed Wheat which was closed on Friday.** Some of the traders are expecting that it might be of Australian origin while rumour of US origin has also there. Two consignments each of 0.55 LMT and expected to be shipped in June and July. Prices for the purchase should be around \$332 per tonnes C&F seller believed to be trading house CBH. Another at about \$335 per tonnes with seller believed to be trading house ETG.

**Ministry of Agriculture, Fisheries and Forestry (MAFF) of Japan has released a new tender for the purchase of 0.76 LMT Wheat from US, Canada and Australia.** Tender is likely to close on Thursday. Shipments is likely between Mar 21 and Apr 20, May 1 and 31. Details are as follows:

Country	U.S.	Canada	Australia
Type	Dark Northern Spring	Western Red Spring	West Australia (SW)
Quantity	0.22 LMT	0.31 LMT	0.23 LMT
Protein	Min. 14%	Min. 13.5%	-



Agriculture Ministry of France slightly increased its estimate for acreage of 2023. Winter Soft Wheat acreage estimated at 4.76 million hectares as compared to initial estimate of 4.75 million hectares.

**4.50 LMT of Russian Wheat is likely to arrive at Gwadar port in March. Another deal for import of 10 LMT Wheat is likely to be finalized in July.**

Sovecon update export forecast for Russia's Wheat by 0.10 LMT to 44.20 MMT which is up as compared to 39.10 MMT in previous year.

In their Weekly report US has reported Wheat sales at 2,09,800 tonnes up by 60% as compared to previous week but down as compared to four-week average.

### IGC Wheat Global Balance Sheet:

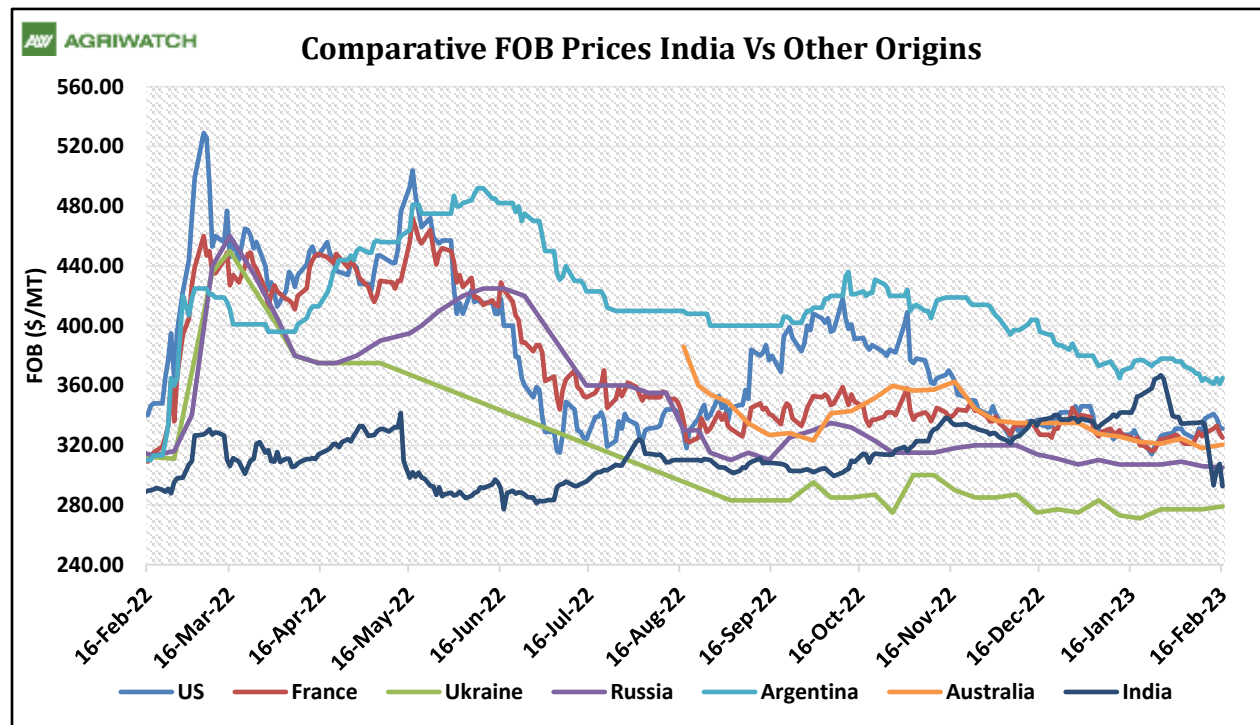
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IGC Forecast (Fig-In MMT)	2019-20	2020-21	2021-22 est.	2022-23 F'cast	
				12.01.23	16.02.23
<b>Production</b>	761	774	781	796	796
<b>Trade</b>	185	190	197	194	197
<b>Consumptions</b>	745	771	784	789	789
<b>Carryover stocks</b>	276	279	274	281	282
<b>Y-O-Y change</b>	16	3	-3	7	7
<b>Major Export</b>	62	60	58	65	64

- IGC has up the projected 2022-23 global wheat production at 796 MMT at same pace as in previous estimate.
- The trade projection for 2022-23 is 197 MMT up as compared to previous estimate.
- Consumption is at same pace up as in previous estimate of 789 MMT.
- Carryout for 2022-23 is projected at 282 MMT up 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
	17-Feb-23	9-Feb-23	18-Jan-23	16-Nov-22	18-Aug-22	17-Feb-22	
<b>Mar-23</b>	281.06	278.21	272.79	347.56	281.43	297.78	1.02
<b>May-23</b>	285.19	282.16	275.64	344.90	285.38	294.93	1.07
<b>Jul-23</b>	286.94	284.09	276.84	340.76	286.11	283.91	1.00
<b>Sep-23</b>	290.15	287.40	279.96	340.03	287.77	0.00	0.96
<b>Dec-23</b>	295.30	292.27	285.01	341.04	0.00	0.00	1.04
<b>Mar-24</b>	298.15	295.39	288.41	338.74			0.93
<b>May-24</b>	298.05	295.30	288.96	332.50			0.93
<b>Jul-24</b>	290.52	288.78	284.09	0.00			0.60

International FOB Weekly Price Movement


The Indian wheat FOB prices quoted at \$292.58 per MT. Low domestic prices keeps export prices on down side.

US Wheat Futures Dec -22

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**1<sup>st</sup> Support: 715.79**

**2<sup>nd</sup> Support: 675.51**

**1<sup>st</sup> Resistance: 1320**

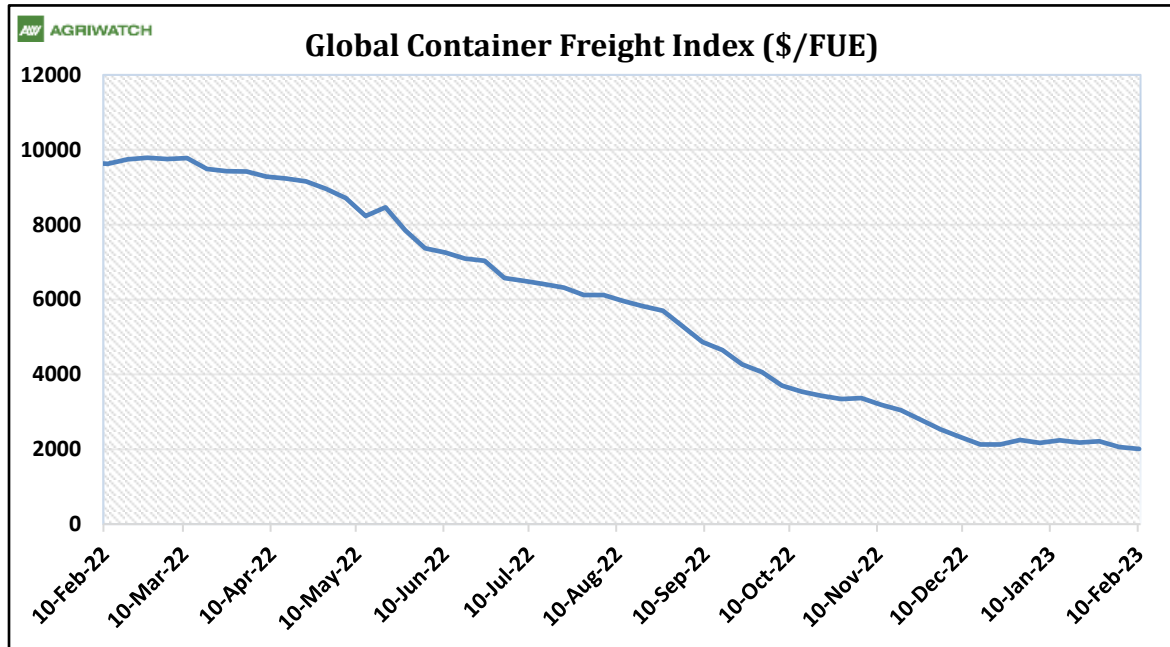
**2<sup>nd</sup> Resistance: 957.40(\$ per tonne)**





US wheat futures Mar23 expiry were at high by 1.15% to 765.50, during the week made low at 759.50, high at 797.50. Market is currently trading below 18, 50 and 100 DMA while getting support from 9 DMA. Momentum indicator MACD and Oscillator is indicating weak momentum. We expect prices to trade with weak 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 and traded at \$2005/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 contributed in falling prices as carriers increase the number of blank sailings.

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