

# Wheat Weekly Research Report

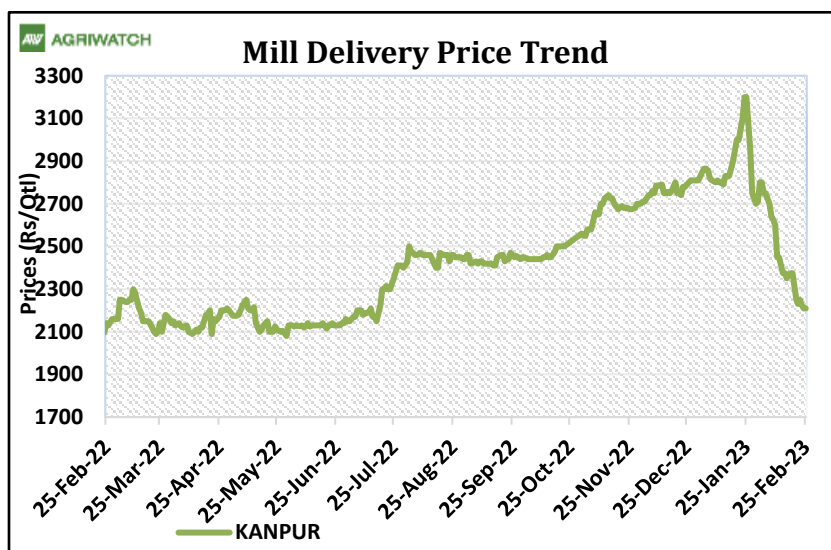
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### Wheat Domestic Market Fundamentals

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Weak sentiments were observed during week under review in major cash markets due to supply pressure build up by new crop arrivals in some districts of M.P. and Gujarat along with OMSS release by Government. Currently prices were trading in the range of Rs.2100 to 2400 per quintals. In benchmark Kanpur market mill delivery prices were traded at Rs.2210 per quintals down by 6.94% as compared to previous week. AgriWatch expects that prices are likely to downtrend in coming weeks also as Government has extended OMSS release



quantity further by 20 LMT. As per trade sources, reports of slight loss in the crop have been coming from districts of Rajasthan and Punjab due to above normal temperature, but it needs to be observed during the next 10-15 days for a clearer picture.

The total quantity of 11.79 LMT was offered while 5.07 LMT of Wheat was auctioned by FCI through the 3rd e-auction conducted on 22<sup>nd</sup> Feb, 2023 and an amount of Rs.1086.10 crores was received. The weighted average rate of Rs. 2172.08/Qtl was received by FCI in the auction. Sale through auction would continue once a week (Wednesday) till the 2nd week of March-2023. Out of the total quantity sold 1.39 LMT was sold from Haryana, Punjab, and Madhya Pradesh where the weighted average reserve price was Rs.2135.35 per quintal while the selling price was Rs.2148.32 per quintals. As observed from the quantity ranges it has been indicated that small and medium flour millers are actively participating in the auction. A total of about 1269 bidders participated in the auction.

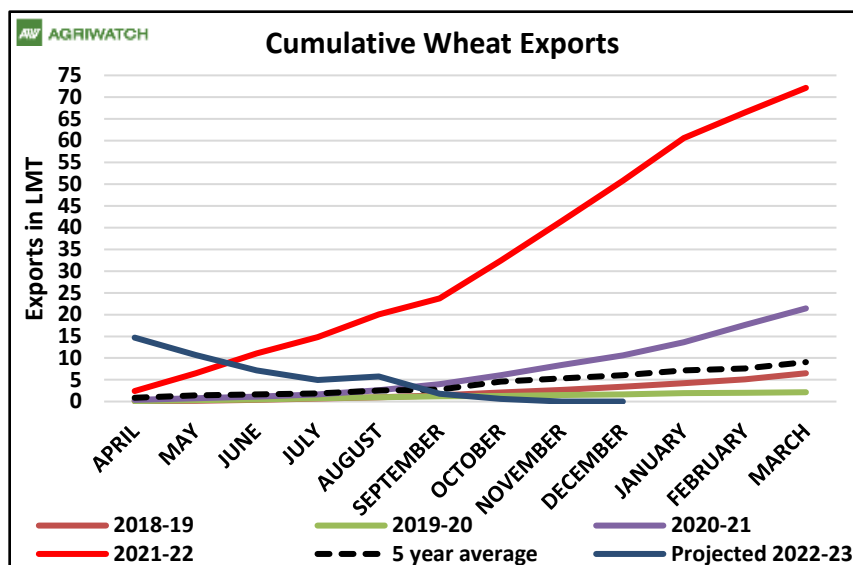
### State-wise Procurement Progress 2022-23

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

\*Source- FCI

### Export:

As per latest data given by Government from April till December total of about 46 LMT of Wheat had been exported so far. In December only about 351 MT of Wheat had been exported while as per trade sources, in January minute quantity of about 350 MT is likely to be exported. There is a market rumor that the government would likely extend the restriction on wheat exports until June 23 because state stock reserves would be fulfilled prior to open exports.



**Outlook & Recommendation:** To lower domestic prices, FCI announces the release of an additional 20 LMT of wheat through OMSS on February 23rd. We anticipate that the government will most likely revise the reserve price once more in the upcoming week. In the upcoming weeks, the aforementioned aspects will further alleviate the supply side and push domestic prices on the downward trend, combined with an increase in arrivals. On the other hand, the corridor agreement between Russia and Ukraine is about to expire, which could raise prices due to supply concerns as would a lower crop due to unfavorable weather in the US and Argentina.

**Trade Call:** There is no NCDEX trading currently.

### Wheat Weekly Export

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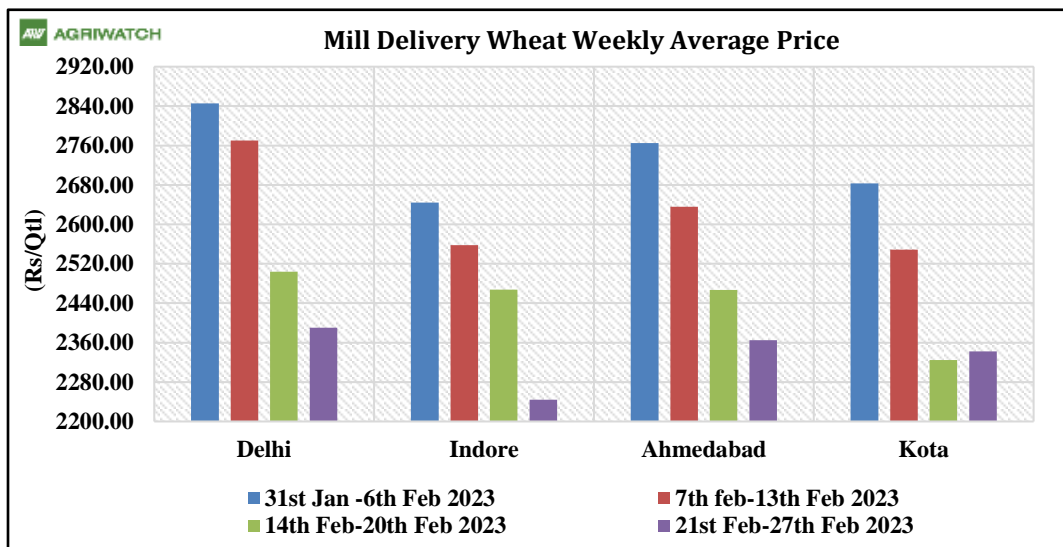
A week-on-week Exports	Quantity in MT	Average FOB (\$/TONNE)
01-08 October -2022	24975.94	231.05
09-15 October -2022	92085.91	338.87
16-23 October -2022	75354.68	179.34
24-31 October -2022	25	363.50
<b>Total</b>	<b>192441.53</b>	<b>280.31</b>

Source: Trade

### Wheat Import

Date	Origin	Port	Quantity in MT
April to Feb. 22	Australia, UK	Tuticorin	51.06
	Mexico, USA		3.00
	<b>Total</b>		<b>54.06</b>

Source: APEDA

Wheat Weekly Average Price Chart
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Mixed sentiments were observed in mill delivery prices of Wheat cash markets for the consecutive fourth week. OMSS release coupled with new crop arrivals in some major districts of M.P and Gujarat pressurize domestic prices. While slight increase in weekly prices were observed in Kota market amid reports of little damage of crop due to increase in temperature.

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
	24-Feb-23	17-Feb-23	25-Jan-23	24-Feb-22		
Indore	2300	2424	2992	2080	10.58	-5.12
Delhi	2405	2566	3217	2253	6.75	-6.27
Kanpur	2275	2400	3162.5	2110	7.82	-5.21
Rajkot	2225	2350	2900	2102	5.85	-5.32
Kota	2405	2462	2948	2100	14.52	-2.32

[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
			25-Feb-23	24-Feb-23	18-Feb-23	25-Jan-23	26-Feb-22
Delhi	Lawrence Road	Mill Delivery	2400	2400	2300	3250	2275
	Narella	Mill Quality	2400	2400	2350	Closed	2100
	Nazafgarh	Mill Quality	-	-	-	Closed	2125
Gujarat	Rajkot	Mill Delivery	2150	2150	Closed	2870	2140
	Ahmedabad	Mill Delivery	2350	2400	Closed	3110	2200
	Surat	Mill Delivery	2450	2450	Closed	3200	2275
	Dhrol	Mill Delivery	2640	2450	Closed	3135	2205
M.P.	Indore	Mill Delivery	2200	2225	Closed	3100	2185
	Bhopal	Mill Quality	Closed	2250	Closed	2900	1990
Rajasthan	Kota	Mill Quality	2250	2250	Closed	2900	1980
		Mill Delivery	2350	2350	Closed	3050	2130
U.P.	Kanpur	Mill Delivery	2220	2210	2375	3200	2130
	Mathura	Mill Quality	2250	2300	2360	2940	2050
	Kosi	Mill Quality	2225	2250	2340	2960	2050
	Hathras	Mill Quality	2380	2350	2400	3000	2030
	Aligarh	Mill Quality	2200	2235	2360	3100	2100
Punjab	Khanna	Mill Quality	2260	2220	2300	2625	2040
	Ludhiana (Jagraon)	Mill Delivery	2350	2350	2700	-	-
Haryana	Sirsa	Mill Delivery	2150	2150	2100	2940	2070
	Hodal	Mill Delivery	-	-	-	-	-
	Bhiwani	Mill Quality	2250	2225	Closed	3000	2325
	Karnal	Mill Delivery	-	-	-	-	-
	Panipat	Mill Quality	2300	2300	2450	3080	-
Tamil Nadu	Chennai	Mill Quality	3100	3100	Closed	3100	2450
	Madurai	Mill Quality	3157	3200	Closed	3200	2550
	Coimbatore	Mill Quality	3157	3250	Closed	3250	2600
Bihar	Khagariya	Mill Delivery	2600	2600	Closed	3000	2200
	Muzaffarpur	Mill Delivery	2100	2100	Closed	3150	-

**FOB & CIF Quote for Wheat at Kandla**
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	At Kandla
Mill delivery (Rajkot)	21600
Freight charge	550
Misc. Charges (port handling)	650
FOB (at Kandla Rs/T)	22800
FOB value in \$ for FAQ	275.93
Freight Charges (US \$/ton) to Dubai	42
Insurance @ 0.1% (\$/MT)	0.28
CIF to Dubai (value in \$ for SRW)	317.93

(INR value: 82.93 as on 25.2.2023)

**International Weekly Outlook:**

On week-o-week basis FOB prices were on down side in mostly all major countries except for Australia. Good export demand for Australian Wheat keeps prices on higher side by 6.79% as compared to previous week. Due to export competition from Russia, FOB prices of other countries decline as compared to previous week.

Indicative FOB Quotes:							
Wheat FOB	Variety	Current Week	Week Ago	Month Ago	Year Ago	% Change over Prev. Year	% Change over Prev. Week
		23-Feb-23	16-Feb-23	26-Jan-23	25-Feb-22		
USA (Chicago)	2srw	321	331	326	365	5.00	-3.02
France	FCW3	311	325	324	336	-7.44	-4.31
Argentina	ASW	359	365	378	360	-0.28	-1.64
Russia	SRW	300	305	307	316	-5.06	-1.64
India	FAQ	276	293	367	295	-6.55	-5.69
Australia	ASW	342	320	321	-	-	6.79
Ukraine	SRW	277	279	277	311	-11.09	-0.90

**International Market Update:**
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**Egypt is likely to receive 2.40 LMT of Russian Wheat by April. The World bank funded the amount** for this import. GASC (General Authority for Supply Commodities) of Egypt will purchase 2.40 LMT of Russian Wheat, as announced by the Ministry of Supply and Internal Trade.

**Ukraine Grain Shipments slow down as corridor deal is about to end soon. Grain exports have slowed** down slightly from Ukraine as the end date of the deal is arriving. This results in increased global prices as shipping delays. About 3 MMT of grains and oilseeds were shipped down from 3.7 MMT which was shipped in December, as per data given by a vessel tracker from U.N. Black Sea Grain Initiative.

**Ample supply declined CBOT prices on 22<sup>nd</sup> Feb. 23.** As per a recent report given by USDA, Global production of the grains is likely to be around 783.80 MMT in the 2022-23. Russia is likely to produce 92 MMT of the grains which is up as compared to 75.2 MMT during last year.

**FranceAgriMer has reduced their estimate for French Soft Wheat export by 1.50 LMT to 10.45 LMT** for ongoing season amid low demand since the competitive Black Supplies especially to North Africa.

**Jordan bought an estimate of 0.60 LMT Wheat in a tender.** It is believed that the trading house is Grain Flower and bought at an estimate of \$333 per tonnes C&F with shipment in the first half of July.

**In its weekly report, USDA has reported that about 3.73 LMT of Wheat has been exported during the week ended 16/2/23,** it was 2 LMT down as compared to the same week during previous year. They further mentioned that 1.05 LMT was HRS and 1.01 LMT was white Wheat with 0.84 LMT of HRW.

### 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

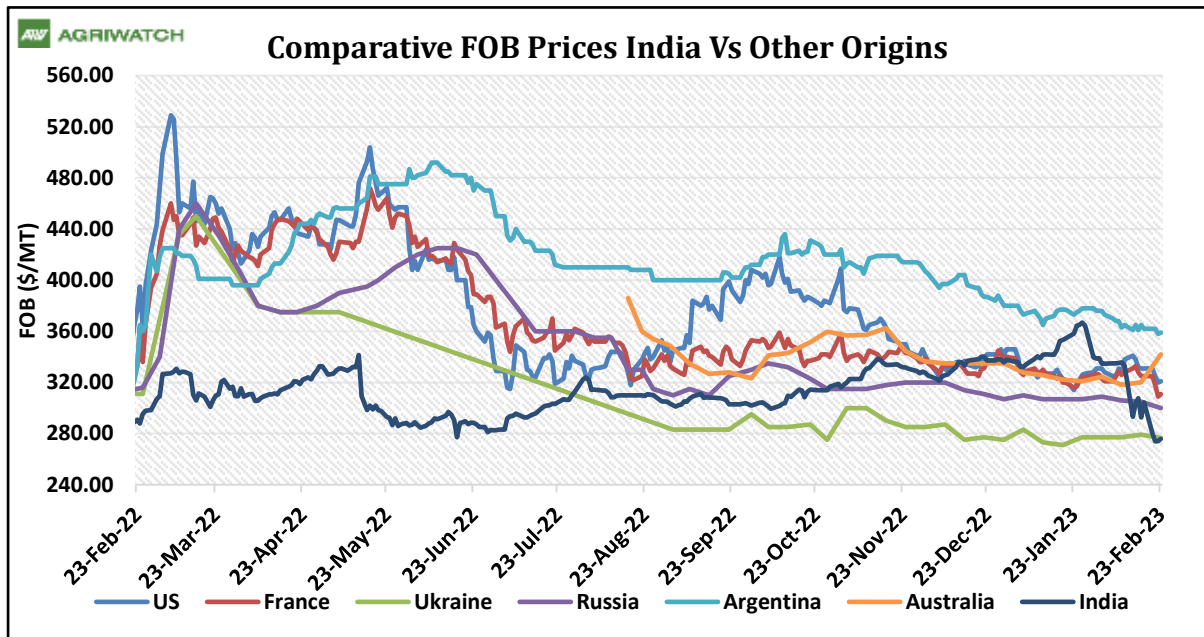
- IGC has up the projected 2022-23 global wheat production at 796 MMT at same pace as in previous estimate.
- The trade projection for 2022-23 is 197 MMT up as compared to previous estimate.
- Consumption is at same pace up as in previous estimate of 789 MMT.
- Carryout for 2022-23 is projected at 282 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
	24-Feb-23	16-Feb-23	25-Jan-23	23-Nov-22	25-Aug-22	24-Feb-22	
<b>Mar-23</b>	260.21	281.06	272.34	298.88	295.57	369.51	-7.42
<b>May-23</b>	265.17	285.19	275.18	302.46	298.97	-	-7.02
<b>Jul-23</b>	267.93	286.85	275.73	303.38	299.06	-	-6.60
<b>Sep-23</b>	271.42	289.88	278.03	305.49	300.90	-	-6.37
<b>Dec-23</b>	276.84	292.82	282.99	308.71	-	-	-5.46
<b>Mar-24</b>	280.42	295.67	286.11	-	-	-	-5.16



### International FOB Weekly Price Movement



The Indian wheat FOB prices quoted at \$275.93 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: 700.31**

**2<sup>nd</sup> Support: 731.21**

**1<sup>st</sup> Resistance: 952.35**

**2<sup>nd</sup> Resistance: 1035.36 (\$ per tonne)**



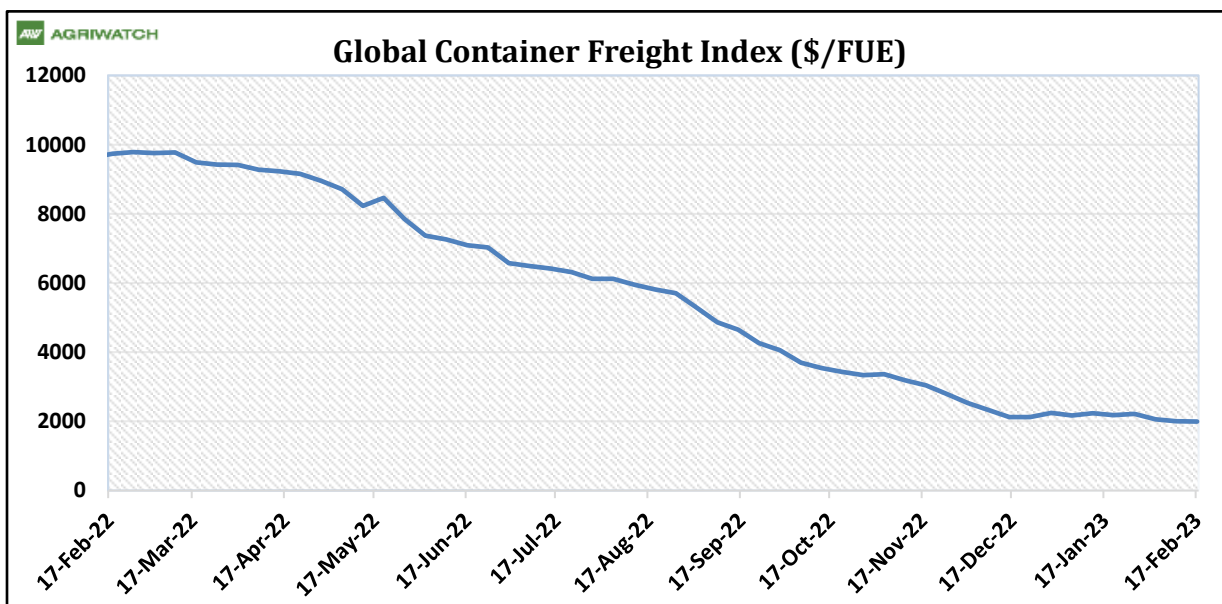
US wheat futures Mar23 were weak by 7.83% to 705.50, during the week made low at 703.75, high at 773.25. Market is currently trading below 9, 18, 50 and 100 DMA. Momentum indicator MACD and Oscillator is indicating weak momentum. We expect prices to trade with weak bias in coming weeks.

## Kanpur-Technical Outlook:



## Technical Commentary:

- Wheat Kanpur prices follow downtrend for consecutive fourth week and close at 2280. During the week under review, made low at 2250 and high at 2300.
- Market is currently trading below 9 and 18 DMA, taking support from 50 and 100 DMA. 23.6% Fibonacci retracement also characterized as support.
- 2110 is near term support and 2300-2400 would be resistance.

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 \$1991/FEU as compared to previous week. With decrease in demand freight charges too decline as compared to previous week. Despite decline in demand, number of new containers arrival has increased which results in demolition of older containers to reduce capacity. On the rates sides also, transpacific rates were decline to West Coast.

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