# Wheat Weekly Research Report

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## *Wheat Domestic Market Fundamentals*

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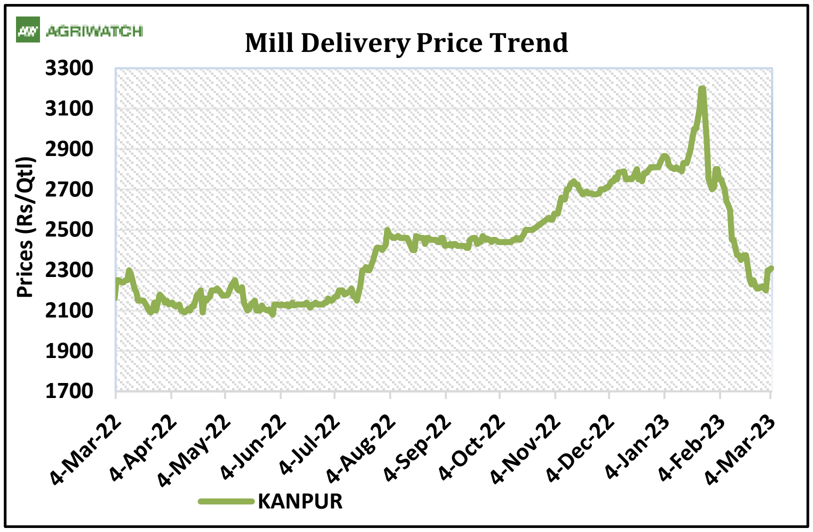



- During week under review, most of the markets remain closed due to Holi festival and mixed sentiments were observed in major Wheat cash markets.
- The fifth auction had been conducted by FCI on 9th March 2023 in which 11.88 LMT Wheat had been offered. Out of total only about 5.39 LMT has been sold on low bidders' interest and left the domestic prices on slight upper side, up by Rs.10 per quintals to Rs.2420 per quintals as compared to previous week in Lawrence Road market.
- The average selling price for all of India, calculated as a weighted average, was Rs. 2197.91 per quintal against the average reserve price of Rs. 2140.28 per quintal. With the latest auction, the cumulative quantity sold reached around 28.86 LMT, against overall allocation of 45 LMT.
- Kanpur benchmark market remain steady amid occasion of Holi in the country.
- Rainfall was witnessed in some parts of Eastern Rajasthan and Madhya Pradesh during the ongoing week. As per Agriwatch sources, this rainfall might affect the yield of rabi wheat crop which is currently in the harvesting stage. Some parts of Khargone, Chhatarpur in Madhya Pradesh along with Kota district of Rajasthan have reports of crop loss due to this untimely rainfall.

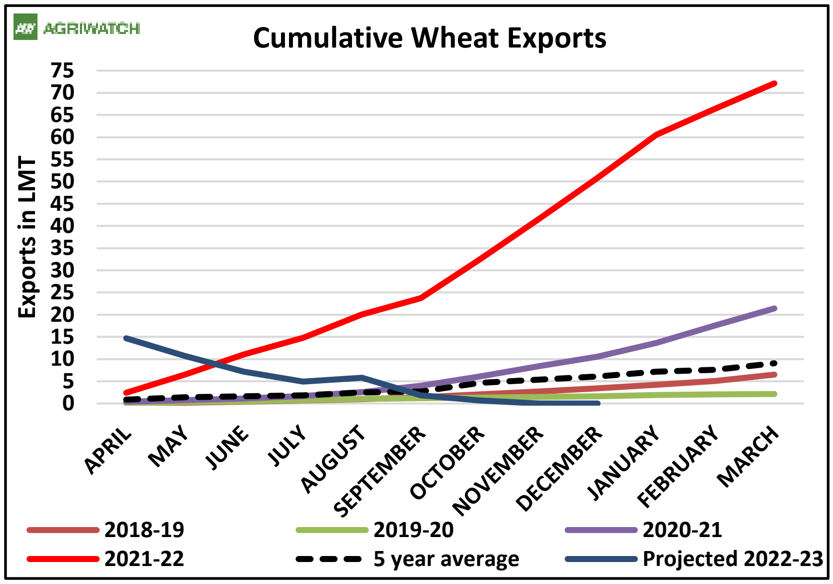
## *State-wise Procurement Progress 2022-23*

| 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*

## Export:

According to government data, between April and January, a total of approximately 46 lakh metric tonnes (LMT) of wheat had been exported. In January minute quantity of 75 MT had been exported. The estimated total wheat exports in the season is now 4.70 million metric tonnes (MMT), including the small quantities exported so far.




**Outlook:** Prices are likely to remain rangebound in coming days too but may go beyond the range if the unfavorable weather conditions (rainfall in Rajasthan and M.P.) persists further. While on global level prices are likely to follow downtrend due to good supply and competitive Black Sea region crop.

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

## Wheat and Rice Stocking Norms

| Wheat Stock Norms | | | | | | |
|---|---|---|---|---|---|---|
| Fig. In Lakh Tonne | Operational Stock | | | Strategic Reserve | | Grand Total |
| As on | Rice | Wheat | Total | Rice | Wheat | |
| 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 | | | | | | |

## *Wheat Weekly Average Price Chart*

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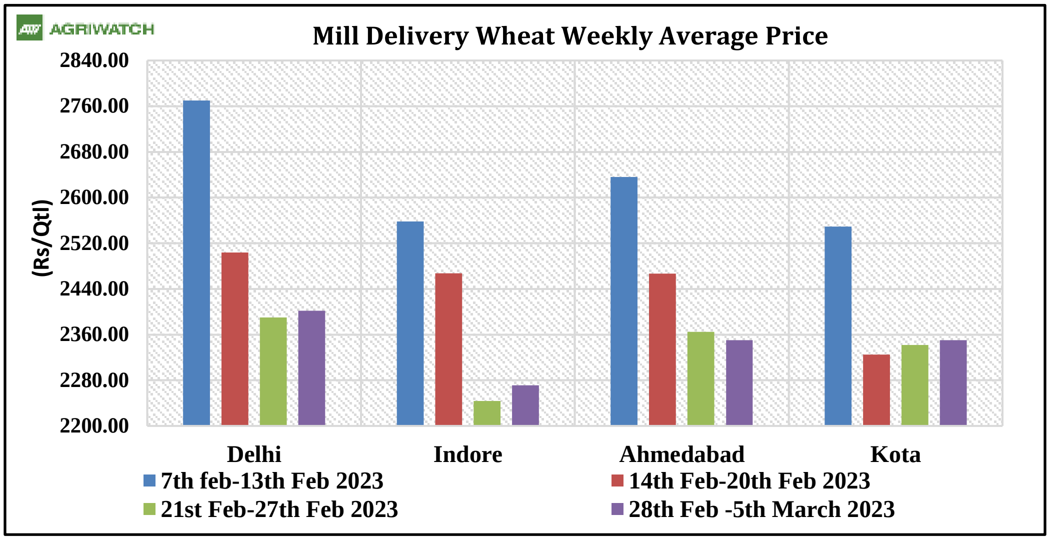


Mixed sentiments were observed in mill delivery prices of Wheat cash markets. Good quality arrivals in Indore and Kota markets keeps prices on slightly higher side.

## *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 |
| | 10-Mar-23 | 3-Mar-23 | 8-Feb-23 | 10-Mar-22 | | |
| **Indore** | 2184 | 2212 | 2588 | 2306 | -5.29 | -1.27 |
| **Delhi** | 2431 | 2417 | 2802 | 2369 | 2.62 | 0.58 |
| **Kanpur** | 2300 | 2300 | 2622 | 2300 | 0.00 | 0.00 |
| **Rajkot** | 2275 | 2237 | 2650 | 2450 | -7.14 | 1.70 |
| **Kota** | 2375 | 2442 | 2637 | 2331 | 1.89 | -2.74 |

## *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-Mar-23 | 10-Mar-23 | 4-Mar-23 | 8-Feb-23 | 12-Mar-22 |
| **Delhi** | Lawrence Road | Mill Delivery | 2435 | 2420 | 2410 | 2820 | 2390 |
| | Narella | Mill Quality | 2400 | 2400 | 2400 | Closed | 2250 |
| | Nazafgarh | Mill Quality | - | - | - | Closed | 2250 |
| **Gujarat** | Rajkot | Mill Delivery | 2200 | 2180 | 2150 | 2650 | 2420 |
| | Ahmedabad | Mill Delivery | 2350 | 2380 | 2350 | 2800 | 2430 |
| | Surat | Mill Delivery | 2400 | 2420 | 2425 | 2850 | 2500 |
| | Dhrol | Mill Delivery | 2415 | 2330 | 2410 | 3100 | 2300 |
| **M.P.** | Indore | Mill Delivery | 2150 | 2200 | 2280 | 2570 | 2275 |

| | | | | | | | |
|---|---|---|---|---|---|---|---|
| | Bhopal | Mill Quality | Closed | 2100 | 2150 | 2500 | 2200 |
| Rajasthan | Kota | Mill Quality | 2250 | 2250 | 2250 | 2450 | 2230 |
| | | Mill Delivery | 2350 | 2350 | 2350 | 2575 | 2380 |
| U.P. | Kanpur | Mill Delivery | Closed | Closed | 2310 | 2625 | 2280 |
| | Mathura | Mill Quality | 2250 | 2225 | 2300 | 2700 | 2200 |
| | Kosi | Mill Quality | 2400 | 2400 | 2230 | 2640 | 2190 |
| | Hathras | Mill Quality | 2350 | 2350 | 2350 | 2650 | 2150 |
| | Aligarh | Mill Quality | 2250 | 2250 | 2250 | 2650 | 2080 |
| Punjab | Khanna | Mill Quality | 2170 | 2200 | 2150 | 2550 | 2100 |
| | Ludhiana (Jagraon) | Mill Delivery | 2300 | 2300 | 2300 | 2700 | - |
| Haryana | Sirsa | Mill Delivery | 2160 | 2160 | 2150 | 2550 | 2210 |
| | Hodal | Mill Delivery | - | - | - | - | - |
| | Bhiwani | Mill Quality | 2300 | 2300 | 2300 | 2650 | 2300 |
| | Karnal | Mill Delivery | - | - | - | - | - |
| | Panipat | Mill Quality | 2380 | 2380 | 2350 | 2600 | - |
| Tamil Nadu | Chennai | Mill Quality | 3100 | 3100 | 3100 | 3100 | 2550 |
| | Madurai | Mill Quality | 3157 | 3200 | 3200 | 3200 | 2650 |
| | Coimbatore | Mill Quality | 3157 | 3250 | 3250 | 3250 | 2700 |
| Bihar | Khagariya | Mill Delivery | Closed | Closed | Closed | 2700 | 2200 |
| | Muzaffarpur | Mill Delivery | Closed | Closed | 2100 | 2600 | - |

## *FOB & CIF Quote for Wheat at Kandla*

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| | At Kandla |
|---|---|
| **Mill delivery (Rajkot)** | 21750 |
| **Freight charge** | 550 |
| **Misc. Charges (port handling)** | 650 |
| **FOB (at Kandla Rs/T)** | 22950 |
| **FOB value in $ for FAQ** | 279.64 |
| **Freight Charges (US $/ton) to Dubai** | 44 |
| **Insurance @ 0.1% ($/MT)** | 0.28 |
| **CIF to Dubai (value in $ for SRW)** | 323.64 |

**(INR value: 82.07 as on 09.03.2023)**

## *International Weekly Outlook:*

Weak sentiments were observed during week under review in all the major Wheat producing countries. In March WASDE report, USDA has increased the production estimate for Australia which should increases by 7.62% to 39 MMT supply and pressurize the global prices going forward. While slight appreciation of rupee and slightly higher domestic prices increased Indian Fob prices by 1.73% 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** |
| | | **9-Mar-23** | **2-Mar-23** | **9-Feb-23** | **9-Mar-22** | | |
| USA (Chicago) | 2srw | 291 | 307 | 328 | 495 | **5.00** | **-5.21** |
| France | FCW3 | 287 | 301 | 326 | 450 | **-36.22** | **-4.65** |
| Argentina | ASW | 350 | 358 | 363 | 421 | **-16.86** | **-2.23** |
| Russia | SRW | 293 | 298 | 306 | 440 | **-33.41** | **-1.68** |
| India | FAQ | 280 | 276 | 336 | 331 | **-15.17** | **1.73** |
| Australia | ASW | 307 | 313 | 318 | - | **-** | **-1.93** |
| Ukraine | SRW | 275 | 273 | 277 | 436 | **-36.93** | **0.73** |

## *International Market Update:*

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- **The state grains agency OAIC of Algeria has recently acquired 2 LMT of durum wheat** through an international tender. The purchase was made at an approximate price range of $440 to $442 per tonne C&F, and the wheat is expected to be transported in large Panamax-sized carriers. The shipment is estimated to take place between April 1-15 and 16-30.
- **Japan have released a new international tender to buy 0.80 LMT Wheat to be originated from US** and Canada. Shipment would be between April 21st and May 20th. Details are as follows:

| **Country** | US | US | US | Canada |
|---|---|---|---|---|
| **Type** | HRW (Semi hard) | Dark Northern Spring | HRW | Western Red Spring |
| **Quantity** | 13,210 | 10,540 | 27,220 | 29,600 |
| **Protein Content** | - | Min. 14% | - | Min. 13.5% |

- **Sovecon has decline the 2022-23 Russian Wheat exports to 44.10 MMT. This mainly occurs because of** less exports in February due to stormy weather.
- **ABARES has raised its 2022-23 Wheat production estimate from 36.6 MMT (estimated in** December 2022) to 39.20 MMT. With this they have increase its export number to 28 MMT higher as compared to 27.5 MMT on previous year.

## *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 |
| **Production** | 761 | 774 | 781 | 796 | 796 |
| **Trade** | 185 | 190 | 197 | 194 | 197 |
| **Consumptions** | 745 | 771 | 784 | 789 | 789 |
| **Carryover stocks** | 276 | 279 | 274 | 281 | 282 |
| **Y-O-Y change** | 16 | 3 | -3 | 7 | 7 |
| **Major Export** | 62 | 60 | 58 | 65 | 64 |

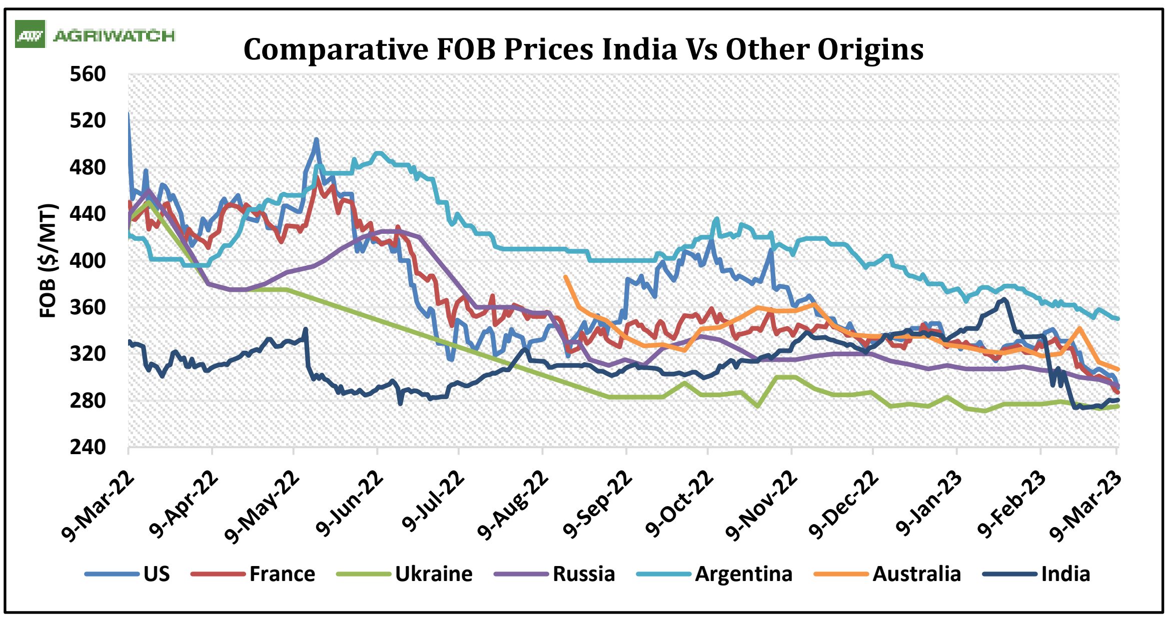
- IGC has up the projected 2022-23 global wheat production at 796 MMT at same pace as in previous estimate.

- 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 |
| | 10-Mar-23 | 2-Mar-23 | 8-Feb-23 | 7-Dec-22 | 8-Sep-22 | 10-Mar-22 | |
| Mar-23 | 244.96 | 257.64 | 280.97 | 275.37 | 309.99 | 345.72 | -4.92 |
| May-23 | 249.56 | 261.86 | 284.74 | 279.13 | 313.30 | 330.57 | -4.70 |
| Jul-23 | 253.51 | 264.44 | 286.48 | 280.60 | 312.11 | 306.41 | -4.13 |
| Sep-23 | 257.55 | 268.29 | 289.69 | 282.99 | 314.04 | - | -4.01 |
| Dec-23 | 263.52 | 274.17 | 294.47 | 286.48 | 317.34 | - | -3.89 |
| Mar-24 | 267.83 | 278.40 | 297.59 | 288.04 | - | - | -3.79 |
| May-24 | 269.49 | 279.50 | 297.59 | 287.49 | - | - | -3.58 |
| Jul-24 | 263.43 | 273.80 | 290.61 | - | - | - | -3.79 |

***International FOB Weekly Price Movement***




The Indian wheat FOB prices quoted at $279.63 per MT. Slightly higher domestic prices keeps export prices on higher side as in previous week.

## US Wheat Futures Mar -23

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**1st Support: 707**
**2nd Support: 657**

**1st Resistance: 800**
**2nd Resistance: 950** **(<u>$ per tonne</u>)**

US wheat futures Mar23 were down by 4.16% to 679.25, during the week made low at 661, high at 710.88. Market is currently trading below 9, 18, 50 and 100 DMA. Indicator MACD and Oscillator is indicating steady momentum. We expect prices to trade with weak bias in coming weeks.

## Kanpur-Technical Outlook:

**Technical Commentary:**

- Wheat Kanpur prices down from previous week low and make high at 2325, low at 2300 and closes at 2325.
- Market is currently trading below 9, 50 and 18 EMA, taking support from 100 EMA.
- 2239 is near term support and 2460 would be resistance.

## Container Freight Index

Global freight charges decreased by 9.78% to $1790/FEU as compared to previous week. The removal of disruptions coupled with decline in demand continue to push rates on downside.