

Wheat Weekly Research Report

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Wheat Domestic Market Fundamentals

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During the week of Oct 01 to Oct 08, 2021, the weekly average price in India increased by 10.74 percent to Rs. 2246.17 per quintal against Rs. 2028.26 per quintal in the previous week. Wheat average prices also increased by 20.72 percent from Rs. 1860.70 per quintal in last year during the same period of time. The price has increased compared to last week due to availability of lesser stocks and increased demands.

Authorities of FCI has approached district administration in Faridkot and Moga to take prompt action to liquidate wheat stock as the filled granaries are going to pose storage challenge in the coming rabi season. FCI has 1.73 lakh metric tonnes of wheat stock at two silos in Faridkot and Moga owned by private player. Since the Farmer's protest, the movement of food stock has been blocked. The private player has BOO (build, own, operate) agreement with FCI for providing storage space.

Wheat procurement for the Rabi marketing season 2021-22 is completed in India. Wheat was procured in excess of 433.32 LMT, a record high compared to 389.93 LMT in previous seasons. The current RMS procurement operations have already benefited over 49.20 lakh farmers with MSP value of Rs.85,603.57 crore.

The government has hiked the minimum support price for wheat by Rs 40 from Rs 1975 to Rs 2015 per quintal. According to officials, CCEA has approved increase in MSP's of six rabi crops for 2021-22 crop year (July-June) and 2022-2023 marketing year. The cost of production of wheat is estimated at Rs 1008 per quintal. The expected returns to farmers over their cost of production are estimated to be highest for wheat and mustard.

As on 15th September 2021, 56.53% of foodgrains have been lifted in the country under PMGKAY phase IV. A total 112.39 LMT of foodgrains is lifted against 198.78 LMT allocated, as per Ministry of consumer affairs, food & public distribution. In wheat, 49.53 LMT is lifted against allocated 97.09 LMT making lifting percentage as 51.01%. Andaman & Nicobar tops the country for lifting highest percentage of foodgrains with 93%. The PMGKAY is extended till November 2021.

Due to the impact of Covid-19 pandemic, Pradhan Mantri Garib Kalyan Anna Yojana (PMGKAY) which was announced in 2020 is being re-implemented by extending its time period till November 2021 to provide 5-kg additional food grains for free to PDS beneficiaries under the NFSA. This time, they are not providing pulses under this scheme.

Upto 1st September 2021, the total available stock of wheat in central pool of FCI is 51.78 million tonnes which is around 4.7 million tonnes less than the previous months. The current availability is 3.95 million tonnes higher than the previous year availability of 47.83 million tonnes.

Outlook & Recommendation: According to traders the demand for the wheat is going to be on the lower side in the coming week due to fasting in Navratri festivals. Also FCI is providing higher quality and cheaper wheat to traders on tenders due to which the price is expected to trade steady to weak in the coming week.

Trade Call: There is no NCDEX trading currently.

Weather Outlook: Isolated heavy to very heavy falls very likely over Tamil Nadu, Kerala and Coastal & South Interior Karnataka during 04th-06th October, 2021. Isolated extremely heavy falls also very likely over Kerala on 05th October, 2021. Isolated heavy rainfall very likely over south Konkan & Goa and south Madhya Maharashtra during 04th-08th October, 2021.

Wheat Weekly Export

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A week-on-week Exports	Quantity in MT	Average FoB (\$/T)
01-08 Aug-2021	164329	280.51
9-15 Aug-2021	97112	244.88
16-23 Aug-2021	108626	300.26
24-31 Aug-2021	89666	293.11
Total	450839.399	245.00

Source: Trade

Wheat Import

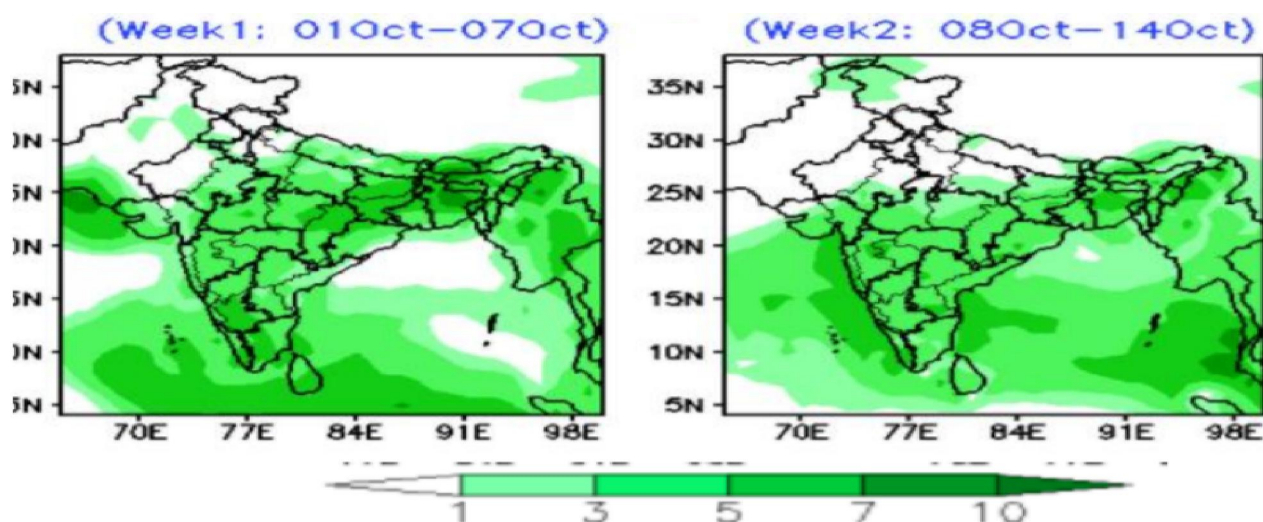
Date	Origin	Port	Quantity in MT
Oct-2021	Australia, UK	Tuticorin	4.0
	Mexico		2.3
	Total		6.38

Source: Traders
No Import so far.

Monsoon:-

Probability rainfall forecast:

Forecast:- October 2021



Source: IMD

Wheat Weekly Average Price Chart
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Wheat prices were almost steady at various trading centers in this week between September 28th to 04th October, 2021. In Indore market, the prices were down by 0.40% compared to last week while in Kota, the prices were up by 2.01%. In Delhi market, the prices were slightly weak by

0.53% and the prices were slightly up by 0.24% in Ahmedabad market. The price is expected to trade steady to very slightly firm in the coming week due to the upcoming Navratri festival season and lowered demand.

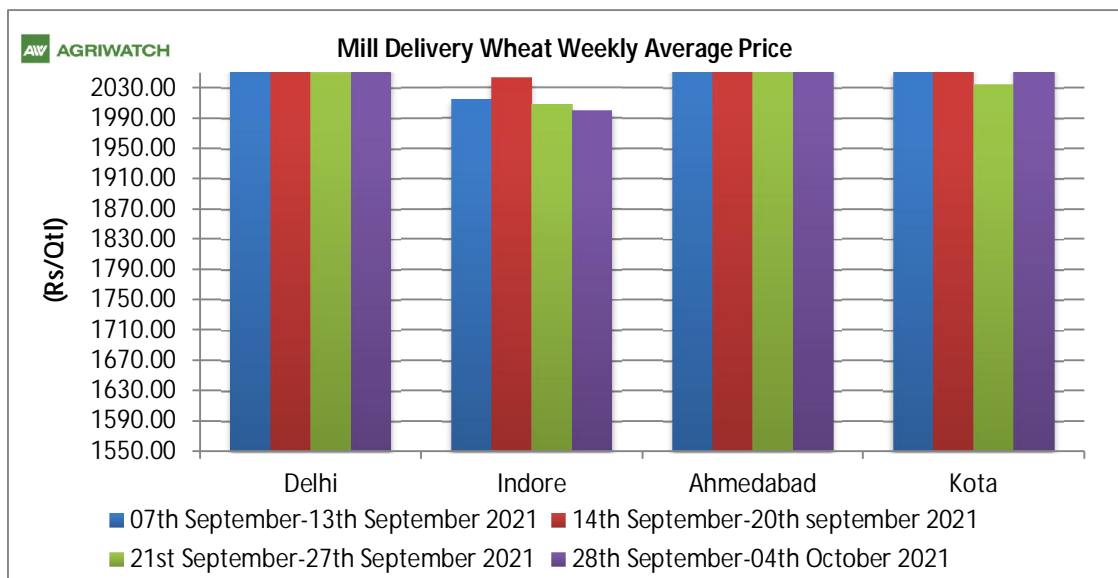

Wheat and Rice Stocking Norms
Wheat Stock Norms

Fig. In Lakh Tonne	Operational Stock			Strategic Reserve		
	Rice	Wheat	Total	Rice	Wheat	Grand Total
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

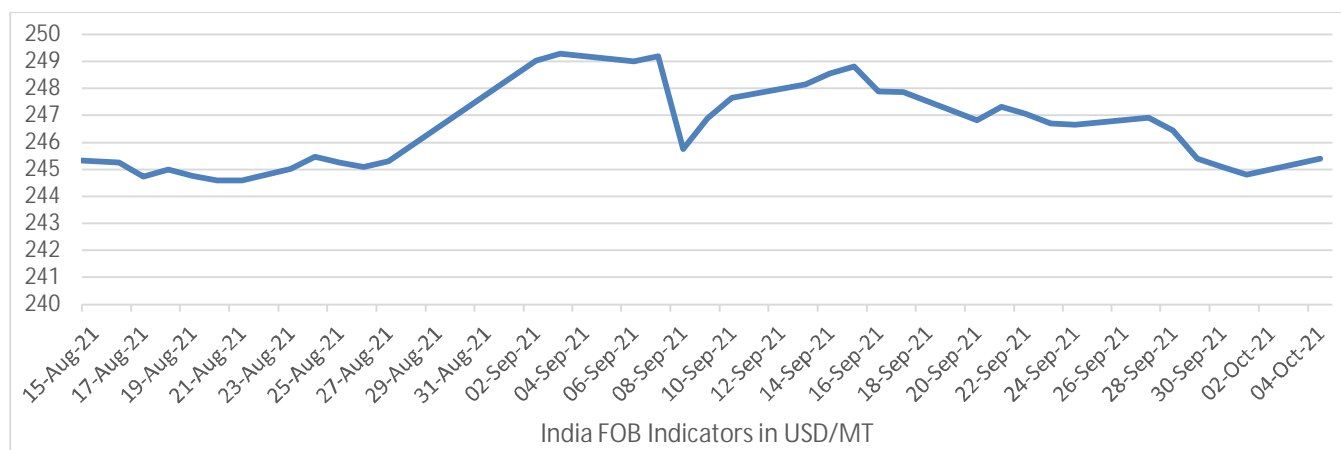
Procurement RMS 2021-22

State/UTs	Procurement as of 15 th Jul-2021 (Figures in LMT)		
	FCI (A)	State Agency (B)	Total (A+B)
Punjab	12.2	119.9	132.1
Haryana	6.94	77.99	84.93
Uttar Pradesh	1.39	55.02	56.41
Madhya Pradesh	0	128.16	128.16
Bihar	0	4.56	4.56

Rajasthan	16.56	6.84	23.4
Others	0.6	3.16	3.76
All-India	37.69	395.63	433.32

FOB Quote for Wheat at Kandla

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The wheat FoB quote in India showed slight weak to steady tone in the past week. Exports in wheat markets have decreased due to high shipping cost due to lack of containers. This has made Indian wheat less competitive in the international markets. Wheat FoB quotes for Kandla are likely to witness steady to slightly weak tone in the coming weeks due to slightly weak domestic price in the coming weeks and is likely to hover in the range of \$245.40-\$244.80 per tonnes.

Indicative FOB Quotes:

Wheat FOB	Variety	Today	Week Ago	Month Ago	Year Ago	% Change over Prev. Week
		01-Oct-21	24-Sep-21	01-Sep-21	01-Oct-20	
USA (Chicago)	2srw	277.04	271.07	-	-	2.20
France	FCW3	316	308	-	-	2.60
Australia	ASW	-	-	-	-	-
Russia	SRW	-	-	-	-	-
India	Fob	244.82	246.65	-	227.68	-0.74

International Weekly Outlook:

Prices for all U.S. wheat U.S. Soft Red Winter wheat have increased in the week due to increased domestic demand, fall in dollar and rumor of further increase in export duty by Russia. Hard Red Winter (HRW) is up by 3.12% to \$364 on high demand in domestic markets compared to last week. Soft Red Winter (SRW) is up by 2.20% to \$277.04 on higher demand in domestic market against last week and lower available stocks.

Spot Price at NCDEX Delivery Centers:

Spot prices of wheat at NCDEX Delivery Centers					
NCDEX SPOT	Today	Week Ago	Month Ago	Year Ago	% Change over prev. Year
	01-Oct-21	24-Sep-21	01-Sep-21	01-Oct-20	
Indore	1985	2013	1937	-	-
Delhi	2066	2086	2000	1800	14.78
Kanpur	1915	1950	1900	1600	19.68
Rajkot	2000	2010	2025	1625	23.08
Kota	2023	2005	1962	1720	17.62

Domestic Market Weekly Outlook:

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Spot Market Price:							
Centre	Market	Variety	Prices (Rs/Qtl)				
			Today	Yesterday	Week Ago	Month Ago	Year Ago
			01-Oct-21	30-Sep-21	24-Sep-21	31-Aug-21	01-Oct-20
Delhi	Lawrence Road	Mill Delivery	2080	2075	2100	2000	1800
	Narella	Mill Quality Loose	1960	1965	1980	1960	1640
	Nazafgarh	Mill Quality Loose	1950	1950	1980	1900	1630
Gujarat	Rajkot	Mill Delivery	2040	2040	2000	Closed	1600
	Ahmedabad	Mill Delivery	2120	2130	2130	Closed	1630
	Surat	Mill Delivery	2160	2170	2170	Closed	1690
	Dhrol	Mill Delivery	-	-	1925	Closed	-
M.P.	Indore	Mill Delivery	2000	2000	2010	2000	Closed
	Bhopal	Mill Quality Loose	1825	1860	1810	1850	Closed
Rajasthan	Kota	Mill Quality Loose	1900	1930	1900	1870	1540
		Mill Delivery	2050	2080	2030	2020	1670
U.P.	Kanpur	Mill Delivery	1940	1940	1940	1900	1700
	Mathura	Mill Quality Loose	1890	1880	1890	1820	1640
	Kosi	Mill Quality Loose	1920	1900	1875	1800	1715
	Hathras	Mill Quality Loose	1870	1870	1890	1780	1570
	Aligarh	Mill Quality Loose	1830	1860	1900	1840	1600
Punjab	Khanna	Mill Quality Loose	1850	1830	1840	1860	1700
	Ludhiana (Jagraon)	Mill Delivery	-	-	-	-	-
Haryana	Sirsa	Mill Delivery loose	1875	1880	1875	1850	1725
	Hodal	Mill Delivery	-	-	-	-	-
	Bhiwani	Mill Quality Loose	1950	1940	1940	1880	1670
	Karnal	Mill Delivery	-	-	-	-	-
	Panipat	Mill Quality Loose	-	-	-	-	-
Tamil	Chennai	Mill Quality	2300	2300	2300	2250	2000

Nadu	Madurai	Mill Quality	2357	2450	2450	2400	2150
	Coimbatore	Mill Quality	2357	2500	2500	2450	2200
Bihar	Khagariya	Mill Delivery	1900	1900	1900	2100	1875
	Muzaffarpur	Mill Delivery	1875	1900	1900	1925	1800

Final Sowing Status 2020-21:

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State Wise Wheat Sowing in Lakh Hectares					
State	Normal area (2021)	2019	2020	2021	% Change 2021 vs. 2020
Bihar	21.25	22.88	22.71	22.299	-1.81
Chhattisgarh	1.05	1.68	1.88	2.01	6.91
Gujarat	9.62	8.07	13.95	13.66	-2.08
Haryana	25.45	25.16	24.9	25.21	1.24
Himachal Pradesh	3.31	3.0	3.4	3.4	0.00
J&K	2.95	2.43	2.21	2.5	13.12
Jharkhand	1.84	2.15	2.11	2.31	9.48
Karnataka	1.76	2.04	1.96	1.89	-3.57
Madhya Pradesh	57.55	60	79.68	87.98	10.42
Maharashtra	10.21	5.6	10.71	11.64	8.68
Punjab	35.08	35.2	35.16	35.1	-0.17
Rajasthan	29.89	28.25	33.14	32.62	-1.57
Uttar Pradesh	97.87	99.13	99.05	99.04	-0.01
Uttarakhand	3.38	3.45	3.48	3.27	-6.03
West Bengal	2.45	1.02	2.52	1.88	-25.40
Others	NA.35	NA.23	0.09	0.1	11.11
All-India	303.27	300.35	336.42	346.35	2.95

Source: Ministry of Agriculture

International Market Update:

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US wheat future hit a six-week high on Friday due to smaller than expected stocks and production figures from USDA. CBOT wheat settled up 29.75 cents at \$7.55 per bushel after reaching \$7.58, highest since August 17.

Pakistan approved imports of 550,000 metric tonnes of wheat at \$377 per metric tonne or Rs. 65 per kg. The last tender was signed at \$383.5 per tonne or Rs. 65 per kg. A benefit of \$6 has been lost due to fall in the value of Rupee that closed at Rs. 170.7 against a dollar on 30th September. The 40kg import price at Karachi port would be roughly Rs. 2,576.

On 30th September, USDA on its small grain summary report estimated the US 2021 wheat at 10% down from the previous year while lowest since 2002. The estimate is around 1646 million bushels compared to 1823 million bushels last year. The recent 5-year average stood at 1939 million bushels.

The cost of Egypt's wheat import fell by about 9.5% to \$1.41 billion in the first half of 2021 compared to same period one year earlier. The cost of imports in first half of 2020 was about \$1.56 billion. Egypt is the world's largest importer of Wheat.

China on Thursday set its low tariff rate quota for wheat imports in 2022 at the same volume as that of previous year. The tariff rate quota (TRQ) for wheat import in 2022 was set at 9.636 million tonnes.

The wheat area in England for this year's harvest rose by 33% from 2020 to 1.66 million hectares. The increase is higher than 28% increase previously estimated by the ministry last month.

Soft wheat export from European Union which has started since July had reached 6.95 million tonnes during the 2021-22 season by September 26th. This was 5.09 million tonnes up from the last year.

Bangladesh plans to buy 5 lakh tonnes of wheat from international market during fiscal year 2021-22 in order to carry out its distribution program. Of this, government will buy 2 lakh tonnes from Russia. Earlier this month, the government decided to buy 50,000 tonnes from Singapore based firm Agrocorp.

Pakistan offered tender to purchase 640,000 tonnes of wheat. The lowest price offered in the tender was believed to be \$377 per tonne c&f as per European traders. Pakistan has sought to buy 1.1 million tonnes of wheat in international tender in September to cool the local prices and improve domestic supplies.

Russia wheat rose for 11th consecutive week. Russian wheat with 12.5% protein from Black Sea for supply in first half of October was \$304 per tonne up by \$3 from last week. Sovecon consultancy pegged wheat at \$304.5 per tonne. The Russian wheat exports are down 22% since July 1 due to smaller crop and higher export tax.

Tunisia's state agency has issued an international tender to buy 125,000 tonnes of soft wheat.

IGC Wheat Balance Sheet:

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IGC Forecast (Fig-In MMT)	2018-19	2019-20	2020-21 est.	2021-22 F'cast	
				26.08.2021	23.09.2021
Production	732	761	773	782	781
Trade	168	185	190	189	191
Consumptions	740	746	770	783	783
Carryover stocks	260	275	279	278	277
Y-O-Y change	-8	16	4	-	-2
Major Export	69	63	61	55	54

- IGC has estimated global wheat production at 781 MMT for 2021-22, lower by 1 MMT as compared to last month's estimate. According to estimates by IGC the 2019-20 global wheat production was around 761 MMT and 732 MMT for 2018-19.
- The trade estimates for 2021-22 have increased to 191 MMT. It is 2 MMT higher compared to the previous estimate and also higher from 2020-21.
- Consumption has been higher at 783 MMT for 2021-22. The forecast is higher by 13 MMT compared to 2020-21.
- Carryout for 2021-22 is forecast at 277 MMT compared to an estimate of 278 MMT in previous month. It is lower by around 2 MMT compared to 2020-21.

CBOT FUTURES CONTRACT:

CBOT Futures Prices:(USD/T)							
CONTRACT MONTH	Today	Week Ago	Month Ago	3 Month Ago	6 Month Ago	Year Ago	% Change over prev. year
	01-Oct-21	24-Sep-21	31-Aug-21	01-Jul-21	02-Apr-21	01-Oct-20	
Sep-21	277.48	265.91	259.66	244.50	225.03	215.02	29.05
Dec-21	281.43	269.95	265.35	247.54	227.33	218.14	29.01
Mar-22	282.26	271.14	270.77	250.20	229.35	220.35	28.10
May-22	272.34	263.06	273.35	251.12	229.63	218.88	24.42
Jul-22	272.79	263.24	266.18	249.74	222.83	-	-
Sep-22	274.36	264.80	266.73	249.74	212.45	-	-
Dec-22	275.00	265.45	268.57	-	-	-	-

CBOT Dec -21

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1st Support: 640
2nd Support: 610
1st Resistance: 770
2nd Resistance: 790
(\$ per tonne)

The Sep'21 contract showed firm trend by the end of the week and likely to increase from the current level in coming week. Candlestick's pattern denotes a bullish trend in the chart. Higher demand and run of import tender along with falling dollars has impacted the trend in firm direction. We expect wheat prices to trade firm in the coming week as well due to USDA's lower production estimate.



International FOB Weekly Price Movement

Indian FoB quote is based on local prices. Indian FoB quote is being quoted at \$244.82 per tonne. Wheat is in higher demand on the worldwide market in the last week. There was increase in FOB international pricing mainly due to higher domestic price of wheat. There is a decrease in export demand from various countries and the price has also shown a downward movement. Therefore, steady to slightly weak market is expected in short term upto the festive season.

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