

Wheat Monthly Research Report

Contents

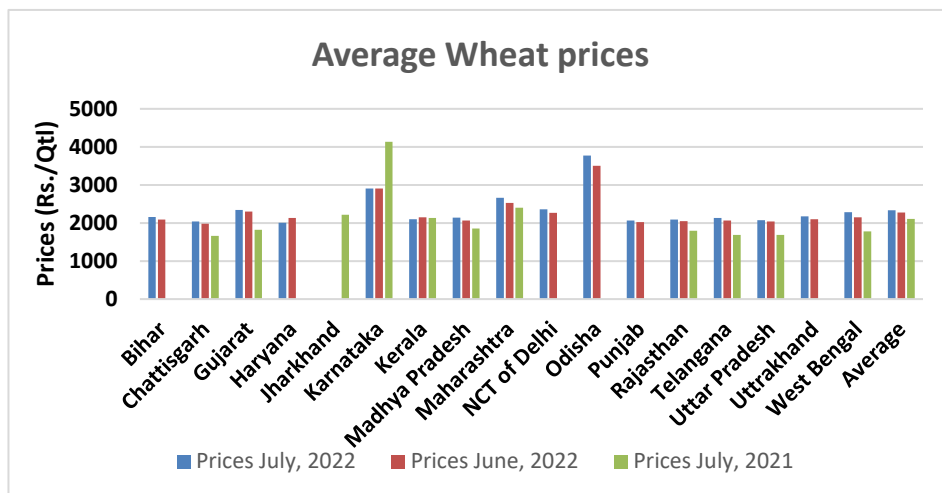
- ❖ Wheat Market Dynamics
- ❖ Wheat Balance Sheet
- ❖ Supply Demand & Domestic Market Highlights
- ❖ Acreage
- ❖ Procurement
- ❖ Wheat Price Trend
- ❖ Export & Import
- ❖ Monthly Central Pool Stock & WPI
- ❖ Monthly Average Spot Prices
- ❖ Spot Prices at Various Centers
- ❖ MSP Vs Mill Delivery
- ❖ International Wheat Market Summary
- ❖ Global Wheat Average FoB
- ❖ IGC
- ❖ USDA Balance Sheet
- ❖ CBOT: Futures/Comparison/Trend
- ❖ FoB Quotes & International Outlook

Market Dynamics:

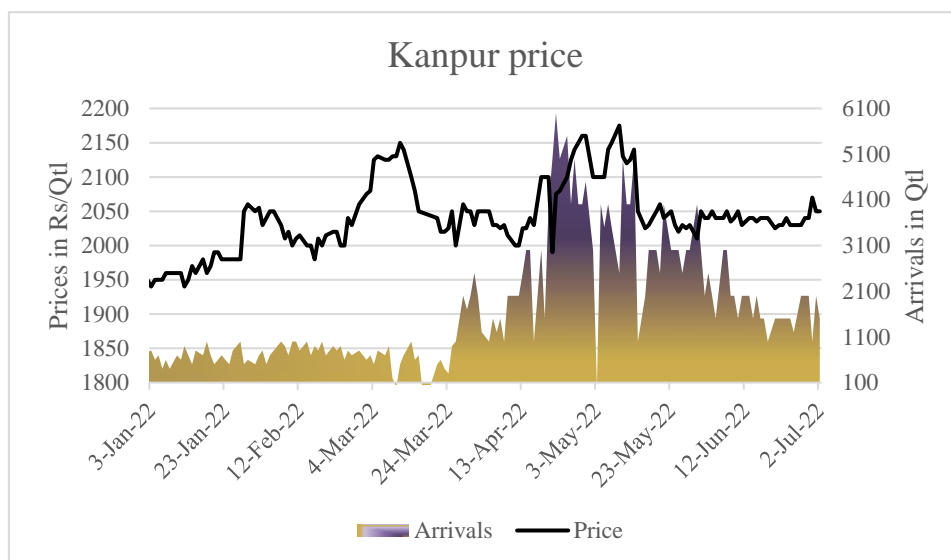
[\(Back to Table of Contents\)](#)

Price Trend:

- Mixed sentiments were observed in major states in July 2022. On commencement of festive season, Wheat prices, on an average, in major markets remained firm throughout the month. While in Haryana and Kerala prices were low as compared to previous month. Sluggish supplies and good domestic as well as export demand continued to lend support to cash markets and helped prices to rule on upper side. All India average monthly price was trading little firm compared to previous month. The prices were increased by 2.60 percent compared to June month. The average monthly price in July was Rs. 2332.06 per quintal.



- In Kanpur, the monthly average price of wheat for the month of July remains firm. The July average price was trading at Rs.2170.96 per quintal compared to 2039.03 per quintal in the month of June. More upside movement is expected in August if the govt. continues to restrict supply for the PDS. Decision over supply through OMSS and the reserve price for the same is awaited. The stake holders must keep a close eye on govt.'s step, which would be a major price driving force in Aug-Sep.



Production Estimates for Rabi 2021:

- As per USDA's FAS attache report, India's wheat production is estimated at 990 lakh tonne (LMT) down from 1060 LMT. The downward correction in production is due to yield loss during ripening to harvesting stages amid high temperature.
- Government of India in its third advance estimate has revised the wheat production estimate down at 1064.1 LMT against 1113.2 LMT estimated in second advance estimates. AgriWatch has revised down the Wheat production estimate to 976.76 LMT from previous estimate of 1038.0 LMT due to yield loss in the ripening and harvesting stages of crop.

Production Estimates (LMT):

	2020-21	2021-22 (Previous Estimate)	2021-22 (Revised Estimate)
GOI	1095.9	1113.2	1064.1
AgriWatch	1026.8	1038.0	976.6
USDA	1095.9	1085.0	1060

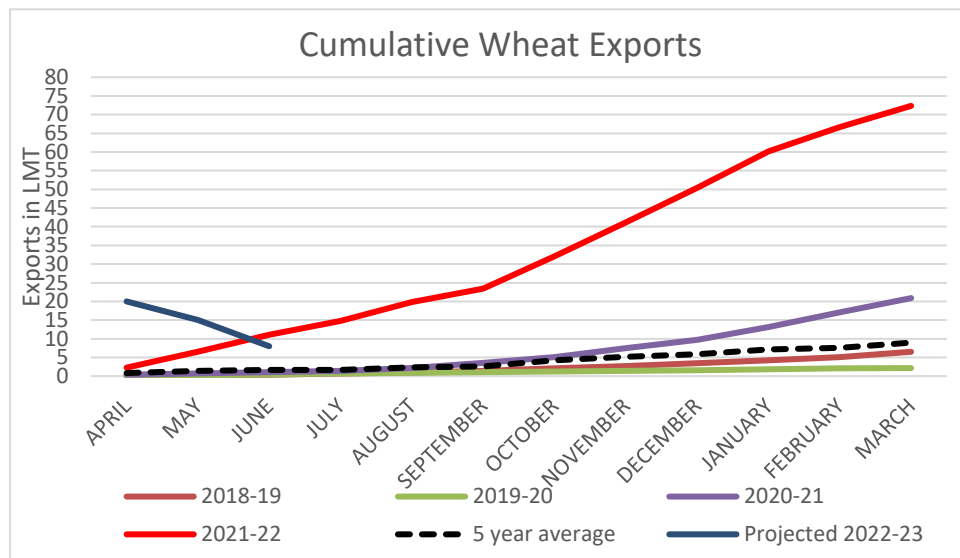
STATEWISE AGRIWATCH REVISED APY ESTIMATE

State/UT	Acreage (Lakh Ha)		Yield (Kg/Ha)		Production (LMT)	
	2020-21	2021-22	2020-21	Current Estimate	2020-21	Current Estimate
Assam	0.09	0.09	1259.6	1269.3	0.11	0.11
Bihar	22.99	24.21	1999.4	2069.51	45.97	50.10
Chhattisgarh	2.01	1.72	1294.92	1303.89	2.61	2.24
Gujarat	13.66	12.50	2857.25	2771.53	39.04	34.64
Haryana	25.21	23.87	4736.45	4357.53	119.41	104.01
Himachal Pradesh	3.40	3.40	1696.24	1710.83	5.77	5.82
Jammu & Kashmir	2.52	2.50	1891.78	1922.04	4.76	4.80
Jharkhand	2.31	2.26	1975.85	1935.16	4.57	4.37
Karnataka	1.90	1.67	929.63	933.12	1.76	1.56
Madhya Pradesh	87.98	91.96	2349.4	2465.47	206.70	226.73
Maharashtra	11.64	10.60	1463.57	1458.4	17.04	15.46
Orissa	0.00	0.02	1626.03	1632.35	0.00	0.02
Punjab	35.10	35.02	5009.92	4508.93	175.85	157.90
Rajasthan	32.62	31.00	2919.3	2890.1	95.24	89.59
Uttar Pradesh	99.04	97.23	2958.19	2721.53	292.99	264.61
Uttarakhand	3.27	3.22	2399.73	2411.23	7.85	7.76
West Bengal	2.52	2.46	2779.01	2788.44	7.00	6.85
Others	0.10	0.17	1000	1000	0.10	0.17
All India	346.37	343.89	2964.46	2840.38	1026.75	976.76

BALANCE SHEET

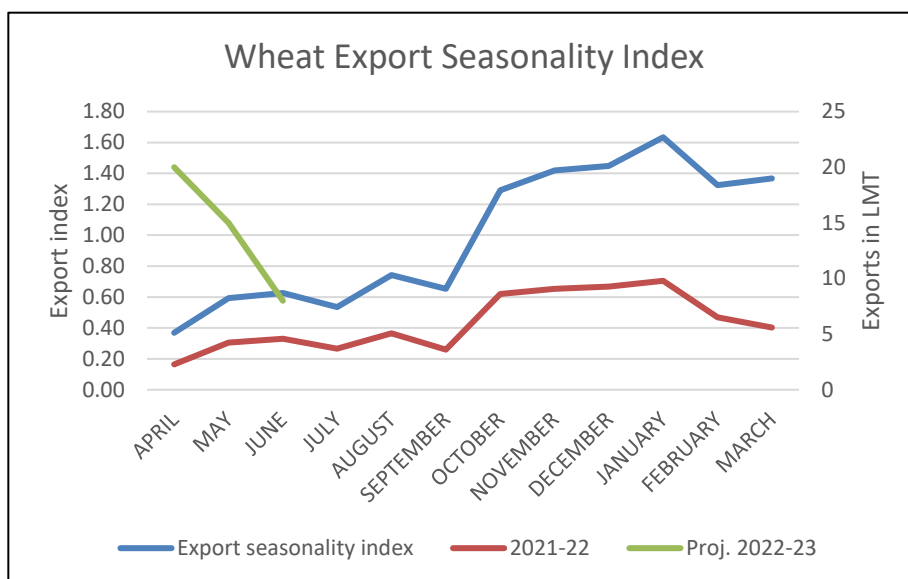
	Wheat MY Runs from April To March (Figures in MMT)	2021-22	2022-23*
A	Carry in	29.24	27.31
B	Production	102.68	97.67
C	Imports	0.00	0.00
D	Total Availability	131.92	125.07
E	Consumption	97.30	98.27
F	Exports	7.31	8.00
G	Total Usage	104.61	106.27
H	Carry out	27.31	18.80
I	Av Monthly Consumption	8.11	8.19
J	Stock to Month Use	3.37	2.46
K	Stock to Consumption Ratio	26.11	17.69

Export:



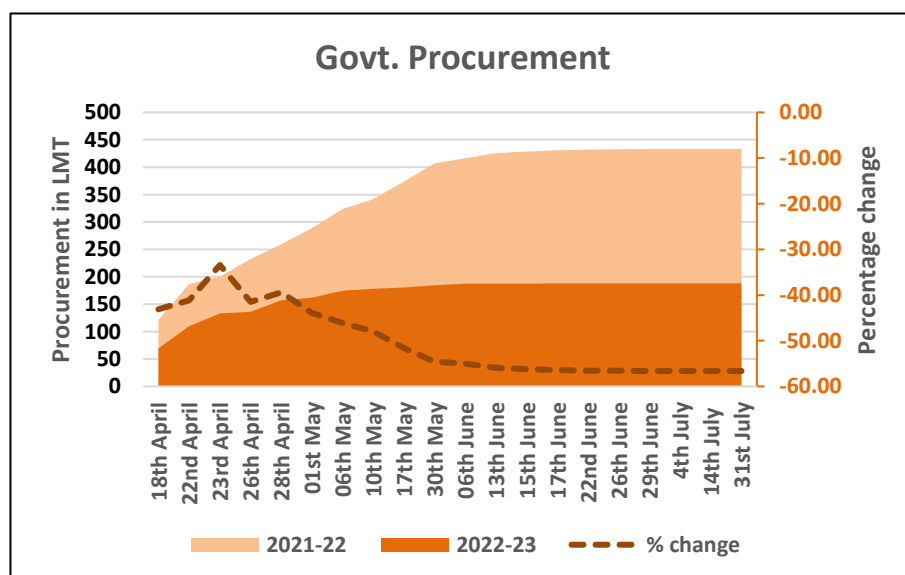
As per trade sources, the Wheat exports in the month of June were estimated to be around 8.03 LMT which is down by 47.17% compared to approx. 15.2 LMT exported in the month of April 2022. The largest importer of Indian wheat was Indonesia with 4.12 LMT followed by Bangladesh with 1.60 LMT and UAE with 0.90 LMT respectively.

Maximum wheat exported from Kandla port with 5.20 LMT in June, down by 41.17% from previous 8.84 LMT in May followed by Mundra port with 0.54 LMT of wheat which is down by 58.13% from previous 1.29 LMT in May. Second highest Wheat volume was exported from Vishakhapatnam port with 0.73 LMT after Kandla. India had exported around 35 LMT of Wheat in current fiscal year.



Procurement:

- As on July 31th, Wheat procurement stood at 187.94 Lakh MT (LMT) which is down by 56.63% from 433.32 LMT procured during previous year.
- Uttar Pradesh procurement fall by 94% to 33 LMT as compared to 60 LMT target set by them earlier due to higher exports, prevailing prices and sluggish arrivals in market.
- Punjab has contributed around 51% of the total wheat procured for the central pool as over 102 LMT crop had arrived in Punjab mandi's of which 96.47 LMT was purchased



by the government agencies and the remaining over 5.53 LMT was purchased by private traders.

- In Haryana, only 41.86 LMT was procured by government compared to 84.93 LMT last year. In MP, the government procurement ended just at 46.03 LMT this year against 128.16 LMT last year and in Rajasthan, the government procurement finished just at 0.10 LMT against 23.4 LMT last year.

Outlook & Recommendation:

- For the month of August, we can expect the prices to trade firm as demand is likely improve further. Apart from it, commencement of festive demand is expected to push up prices further. If supply request from different countries is accepted by Government, it may help to lend support the cash markets. At the global price front, due to good export demand in US and France continue to lend support the prices at the current level in coming days. However, resumption of Wheat exports from Ukraine may cap the upside movement to some extent.

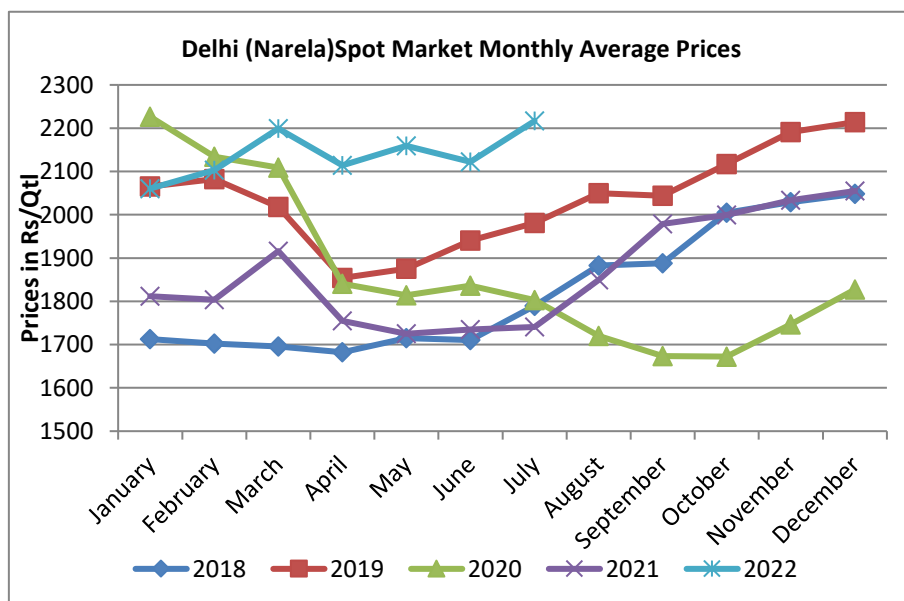
Trade Call: There is no trading at NCDEX for wheat.

Ongoing Wheat Procurement RMS 2022-23 (Source: FCI)

State/UTs	Procurement in LMT (as on 31.07.2022)
Punjab	96.47
Haryana	41.86
Uttar Pradesh	3.36
Madhya Pradesh	46.03
Rajasthan	0.10
Others	0.12
All-India	187.94

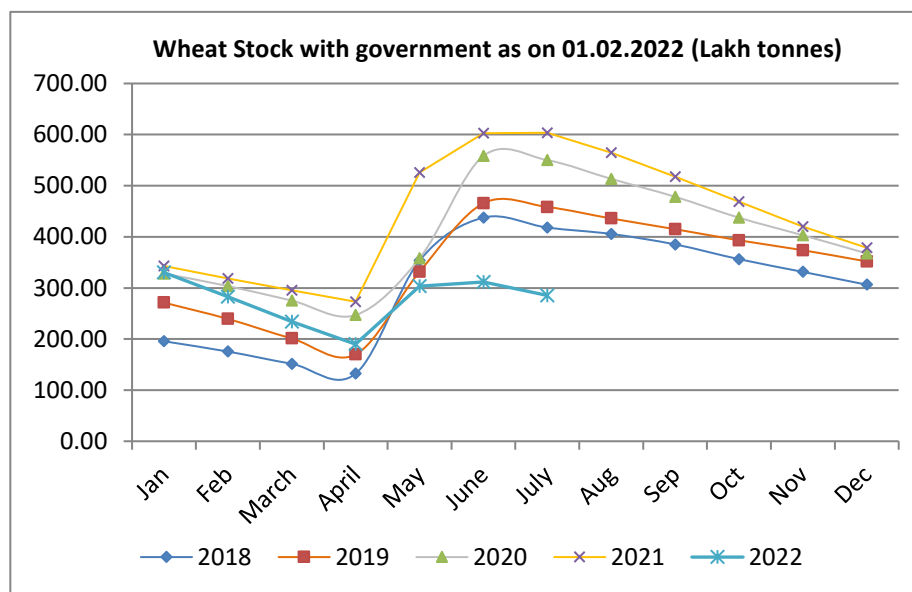
Wheat Delhi Average Monthly Price:

- Wheat sport market prices in Narella were traded high in July as compared to June. The average price was up by 4.46 percent from Rs.2121.90 per quintal to Rs.2216.59 per quintal.
- Good domestic as well as export demand were the main reasons for firm prices. Sluggish supplies too push the prices.
- In August, the prices in Narella are expected to hinge in the range of Rs 2300-2400 per quintal.

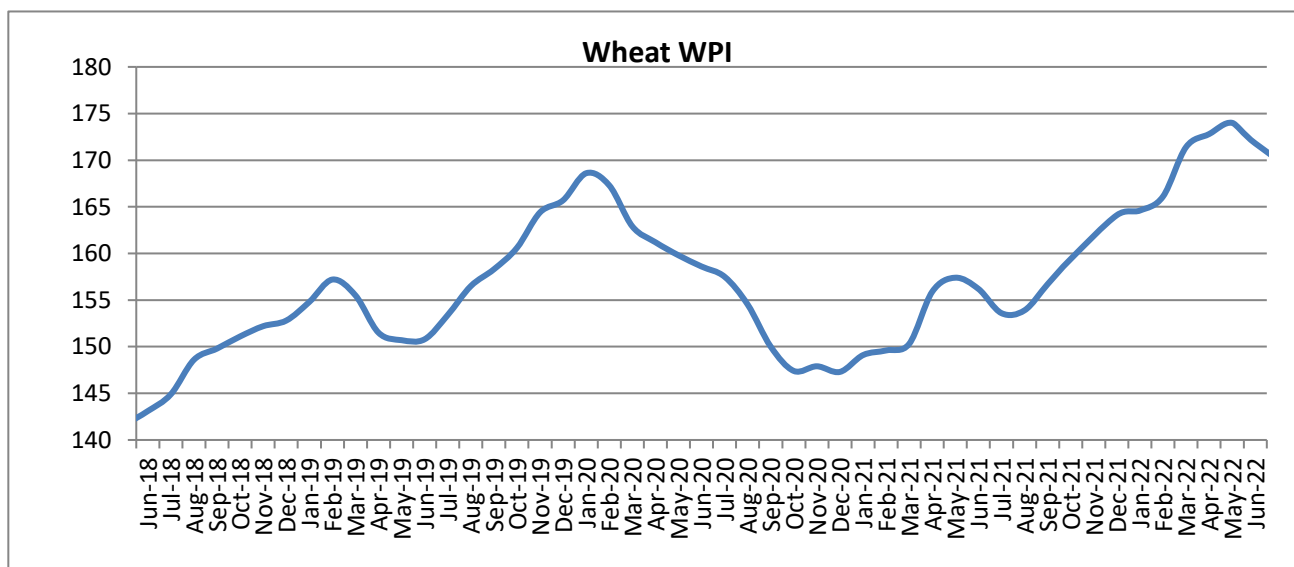


Wheat Stocks with the Government:

- Wheat stocks in government warehouses as of July 1st, 2022 was 285.10 LMT lower by 31.79% as compared to previous year. It is lowest since June 2008.
- The stocks for July are lowest in last 5 years. This is due to lower purchase of wheat from the procurement front.
- Government revised its wheat allocation for 2022-23 under all distribution schemes to 2.5 LMT as compared to 465 LMT in previous year, wherein PDS allocation is reduced to 194 LMT as compared to 258 LMT in previous year.



Wheat Inflation:



- Wheat WPI has declined from 174.0 in May 2022 to 171.8 in June 2022. Monthly wheat inflation has decreased by 1.26 percent in June-2022 compared to the previous month due to curb on export and low international prices. While on year-on-year basis, the price index has increased by 9.99 percent.
- For August, we expect the price index to show slightly firm trend as soon as improved domestic demand.

Month/Year	2018	2019	2020	2021	2022
Jan	140.8	154.8	168.6	149.1	164.6
Feb	140	157.8	167.3	149.5	166.1
Mar	141.2	155.5	162.9	150.2	171.4
Apr	140.9	151.5	162.5	155.9	172.8
May	141.7	150.7	159.8	157.4	174.0

Jun	143.1	150.8	158.6	156.2	171.8
Jul	144.9	153.4	157.5	153.6	
Aug	148.6	156.5	154.5	153.9	
Sep	149.8	158.3	150	156.7	
Oct	151.1	160.6	147.4	159.4	
Nov	152.2	4.4	147.9	162.9	
Dec	152.8	165.7	147.3	164.1	

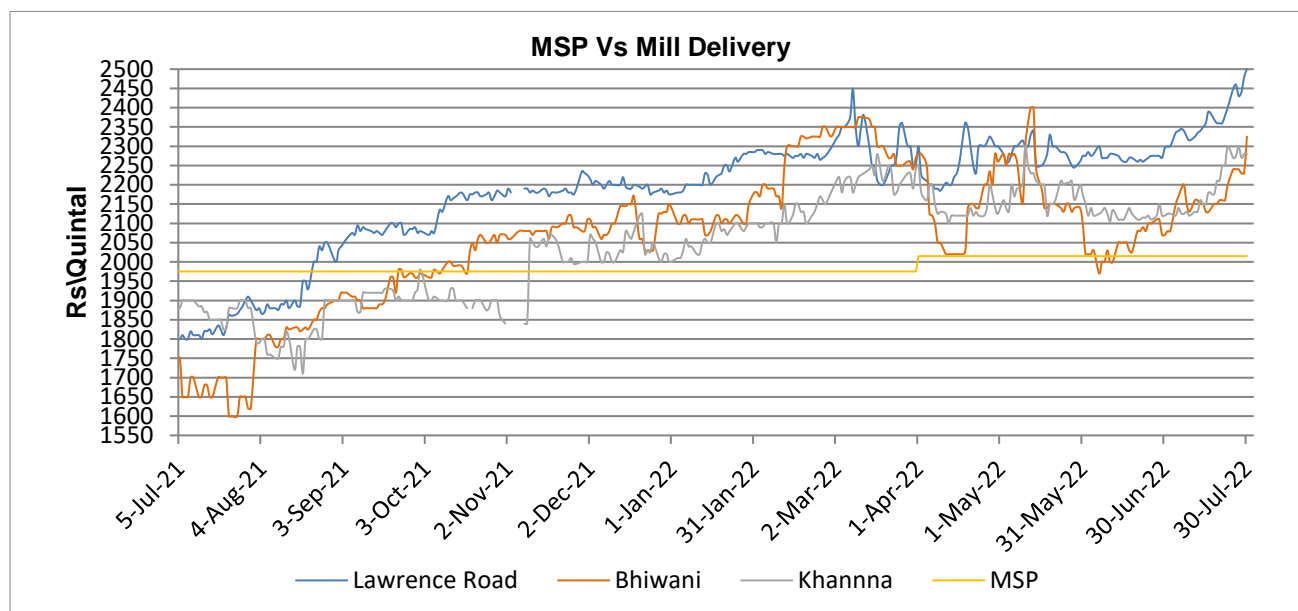
Monthly Price Comparison of Spot Markets:

Monthly Average Spot Prices at Various Market (Rs/Quintal)					
Month	Delhi	Indore	Kota	Rajkot	Chennai
20-Oct	1824.23	1666.42	1726.4	1664.61	1956
20-Nov	1869.32	1734.21	1751.25	1692.75	1987.5
20-Dec	1826.92	1676.04	1717.82	1694.2	1991.3
21-Jan	1961.04	1836.73	1878.12	1841.04	2010
21-Feb	1935.41	1813.18	1661.3	1811.04	2070.83
21-Mar	1916.2	1853.8	1872.6	1799.73	2108
21-Apr	1937.66	1833	1869.52	1713	2100
21-May	Closed	Closed	Closed	1765	2072
21-June	Closed	1899	1920.76	1727.50	-
21-July	1741	1876.8	1913.1	1821.6	-
21-Aug	1929.8	1939.2	1951.6	1915.4	2168
21-Sep	2078.08	2012.60	2044.04	2047.60	2298.08
21-Oct	2150.63	2080.00	2131.25	2087.61	2366.67
21-Nov	2187.04	2102.00	2187.75	2124.24	2440
21-Dec	2196.11	2079.04	2144.07	2091.30	2479.63
22-Jan	2227.92	2115.83	2128.54	2094.58	2458.33
22-Feb	2278.75	2130.00	2145.00	2083.00	2445.00
22-Mar	2347.00	2200.00	2288.00	2328.89	2486.00
22-Apr	2254.62	2260.00	2308.08	2317.29	2508.00
22-May	2283.85	2247.86	2289.00	2300.00	2504.00
22-June	2272.88	2176.92	2172.16	2153.8	-
22-July	2351.76	2250.00	2271.65	2289.96	-

Monthly Price Comparison of Spot Markets

Spot Market Price:							
Centre	Market	Variety	Prices (Rs/Qtl)				
			Today	Yesterday	Week Ago	Month Ago	Year Ago
			3-Aug-22	2-Aug-22	27-Jul-22	4-Jul-22	3-Aug-21
Delhi	Lawrence Road	Mill Delivery	2530	2500	2430	2335	1880
	Narella	Mill Quality Loose	Closed	2325	Closed	2160	1760
	Nazafgarh	Mill Quality Loose	Closed	2310	Closed	2130	1760
Gujarat	Rajkot	Mill Delivery	2450	2450	2350	2140	1825
	Ahmedabad	Mill Delivery	2540	2540	2460	2300	1875
	Surat	Mill Delivery	2625	2600	2510	2350	1955
	Dhrol	Mill Delivery	2385	2450	2365	2200	1780
M.P.	Indore	Mill Delivery	2250	2400	2350	2185	1925
	Bhopal	Mill Quality Loose	2200	2140	2150	1950	1850
Rajasthan	Kota	Mill Quality Loose	Closed	Closed	2200	2050	1780
		Mill Delivery	Closed	Closed	2350	2200	1930
U.P.	Kanpur	Mill Delivery	2475	2500	2410	2170	1730
	Mathura	Mill Quality Loose	2310	2310	2300	2090	1700
	Kosi	Mill Quality Loose	2280	2280	2270	2100	1700
	Hathras	Mill Quality Loose	2350	2325	2250	2120	1700
	Aligarh	Mill Quality Loose	2310	2300	2250	2100	1680
Punjab	Khanna	Mill Quality Loose	2200	2190	2210	2040	1790
	Ludhiana (Jagraon)	Mill Delivery	2300	2150	2250	2160	-
Haryana	Sirsa	Mill Delivery loose	2225	2235	2160	2040	1740
	Hodal	Mill Delivery	-	-	-	-	-
	Bhiwani	Mill Quality Loose	2250	2150	2200	2120	1770
	Karnal	Mill Delivery	-	-	-	-	-
	Panipat	Mill Quality Loose	2500	2400	2200	2150	-
Tamil-Naidu	Chennai	Mill Quality	Closed	Closed	2650	2500	2100
	Madurai	Mill Quality	Closed	Closed	2800	2700	2300
	Coimbatore	Mill Quality	Closed	Closed	2850	2750	2350
Bihar	Khagariya	Mill Delivery	2450	2450	2400	2125	1700
	Muzaffarpur	Mill Delivery	2550	2500	2400	2020	1750

MSP vs. Mill Delivery Prices:



- In Lawrence Road, Bhiwani and Khanna market, the prices are moving above the MSP of Rs. 2015. The prices of mill delivery are expected to trade up in August on the commencement of festive season.

International Market Dynamics

[\(Back to Table of Contents\)](#)

As per sources, the amount of wheat that the Algerian's state grain agency, OAIC purchased in an import tender of 7 LMT of wheat, was more than that had been anticipated. It had predicted earlier that OAIC could have purchased up to 6 LMT through the tender. The price paid by agency was still put at \$445 a tonne including freight taxes also.

For Russian wheat, export prices fell last week because of good crop prospects. Due to good weather conditions FOB quote decreased by \$20 to \$400 per tonnes at the end of last week. As per Sovecon, Russian wheat FOB in July-August was estimated at \$390-\$400 per tonnes as compared to \$403-\$410 per tonnes in previous week. Russia may bring huge wheat crop this year with increase of 14% to 869 LMT.

The largest single purchase made by Egypt's state grain buyer, the General Authority for Supply Commodities (GASC) was of 8 LMT of wheat. 3 LMT of French, 2 LMT of Romanian and 0.5 LMT of Bulgarian wheat were included in this tender. By August or September this amount will be delivered. Additionally, the buyer allowed 50,000 tonnes cargoes instead of the usual 55,000 and 60,000. Bangladesh is trying to secure wheat supplies from Russia in a Government-to-Government basis after its biggest supplier India put export ban on wheat. Bangladesh's wheat stock hit its lowest in 3 years at 0.16 MMT. They might import 0.2 MMT of wheat from Russia to fulfil domestic demand of Dhaka.

Ukraine cancels licensing of wheat and meslin exports. In March, Ukraine imposed a ban on exports and added Wheat to the list of goods requiring export licenses but in April Ukraine's union of producers and exporters of grain "Ukraine Grain Association" asked Government to cancel licensing on Wheat exports in order to simplify the sales and free shortage capacity for the new crop.

As per statistical agency Conab, Brazil expects good production of wheat by this marketing year. Brazil is forecast to produce a record Wheat crop of 9 MMT in 2022-23, reason behind this is large planted area (2.9 million hectares) in 32 years. They also projecting yields to increase by 10.3% from 2021-22 to 3 tonnes per hectare.

Nigeria's Crown Flour Mills has been granted permission by their ministry of Trade, Industry and Investment for the import 5 LMT of Indian Wheat in order to meet their local supply shortage. Ministry involved Indian Commissioner of Abuja so that they officially communicate with DGFT (Directorate General of foreign Trade) of India for request approval.

According to the most recent harvest forecast released, Germany's 2022 wheat crop rose by 5.3 percent as compared to previous year to 22.51 million tonnes. In previous estimate in June, it was 22.65 MMT but dry weather conditions in summer caused stress to German grains.

Philippines to import around 1.1 LMT of Wheat in a tender. In Philippines an importer group is likely to buy around 1.1 LMT of animal Wheat feed in a tender. As per sources, two consignments were purchased, first at \$378 per tonnes and second at \$376 per tonnes.

U.S Weekly Wheat sales hit two-year high as good export demand. As per the data showed by U.S Government, the export sales of U.S Wheat till July 7 amounts more than 1 MMT which represents the biggest weekly tally since March 2020. This surge occurred because of good export demand. As of now, Brazil is likely to purchase around 0.3LMT of U.S Wheat.

Pakistan has requested to supply Wheat at \$390 per LMT against the Russian offer at \$400 per LMT. It would be interesting to see whether the Russian Govt. accepts the request. Earlier the supply offer was made at \$410 per LMT.

Global Wheat Average FoB

[\(Back to Table of Contents\)](#)

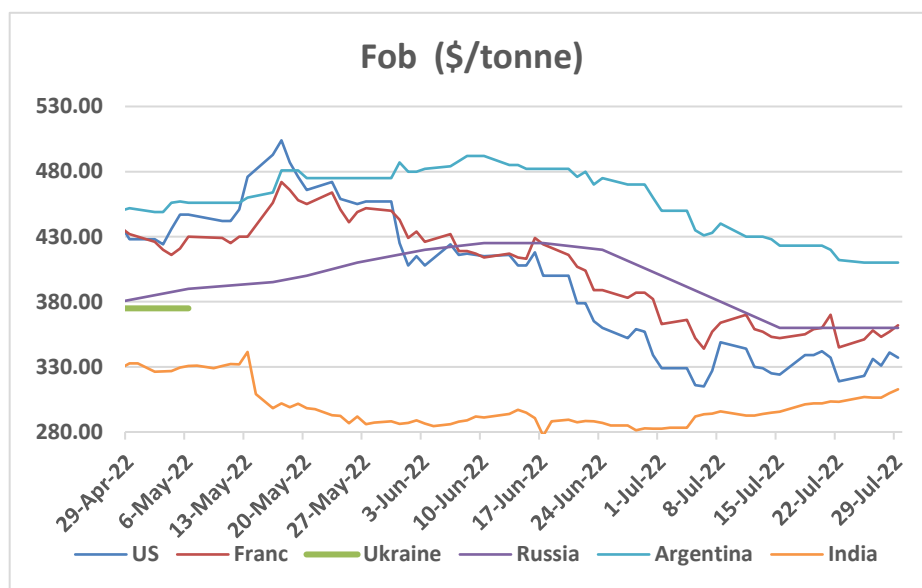
Global Indicative FoB Quotes								
Month	US SRW2 (USD/MT)	US HRW2 (USD/MT)	Argentina API (USD/MT)	Ukraine 12.5% (USD/MT)	Russia 12.5% (USD/MT)	Australia ASW1 (AUD/MT)	India FOB (USD/MT)	France Grade1 (USD/MT)
Jan-21	288	286	-	289.7	292.81	253.11	260.22	287.25
Feb-21	285	289	254.26	-	287.90	254.68	257.72	287
Mar-21	277	263	261	249	255	266	250.14	279.40
Apr-21	256	260	261	238	249	266	245.46	273.00
May-21	294	298.50	280	273.50	272.75	288.50	249.54	293.50
June-21	262.88	284.80	274.20	260.25	261.50	284.80	247.34	266.80
Jul-21	251.35	291.25	275	241.60	243.80	281.50	244.29	248.25
Aug-21	271.95	323.80	285.40	283.75	286.50	293.80	245.00	294.00
Sep-21	269.82	337	291.50	301.75	304.25	303.75	247.45	300.75
Oct-21	301.60	353.25	302.25	313.80	315.40	320.75	243.10	322.75
Nov-21	329.95	377.60	314.00	337.00	337.50	327.20	293.53	339.40
Dec-21	329.36	379.50	317.75	333.50	335.75	308.25	290.09	326.75
Jan-22	326.53	378.50	303.75	331.50	332.25	310.50	292.19	322.75
Feb-22	334.76	386.00	311.75	314.00	316.25	317.75	290.52	315.25
Mar-22	445.01	485.80	411.60	437.50	411.67	390.40	316.88	430.00
Apr-22	433.63	501.33	411.00	385.00	386.67	396.00	316.64	433.33
May-22	440.99	521.41	467.00	-	390.00	401.41	309.75	439.91
June-22	379.89	459.59	479.95	-	423.33	413.44	298.49	408.41

Global Indicative FoB Quotes:

For Russian wheat, export prices fell last week because of good crop prospects. Due to good weather conditions FOB decline \$360 per tonnes at the end of last week.

Unfavorable conditions in Argentina affect FOB prices there. While on the other hand good export demand of France and US led high prices.

Despite ban and weakening rupee, firm prices in domestic market led to high FOB prices.



IGC Balance Sheet Highlight:

IGC Forecast (Fig-In MMT)	2019-20	2020-21 est.	2021-22 F'cast	2022-23 Proj	
				23.06.2022	21.07.2022
Production	761	774	781	769	770
Trade	185	190	196	194	194
Consumptions	745	771	778	779	780
Carryover stocks	276	279	282	273	272
Y-O-Y change	16	3	3	-9	-10
Major Export	62	60	65	62	60

- IGC has projected 2022-23 global wheat production at 770 MMT high from previous estimate of 769 MMT in June. IGC has estimated global wheat production at 781 MMT for 2021-22, similar to April month's estimate.
- The trade projection for 2022-23 is 194 MMT up from previous estimate of 193 MMT.
- Consumption has been increased from previous estimate of 779 MMT to 780 MMT.
- Carryout for 2022-23 is projected at 60 MMT which is down from the previous estimate of 62 MMT.

USDA Balance Sheet

[\(Back to Table of Contents\)](#)

USDA Global Wheat Balance Sheet: 2022-23 Fig. In Thousand Tonne						
Country	Opening Stock 2022-23	Production 2022-23	Domestic Consumption 2022-23	Import 2022-23	Export 2022-23	Ending Stock 2022-23
Argentina	1,426	19,500	6,350	5	13,500	1,081
Australia	4,832	30,000	7,550	200	24,000	3,482
Canada	3,418	34,000	9,100	600	25,000	3,918
China	141,916	135,000	144,000	9,500	900	141,516
EU	14,361	134,100	107,500	5,500	35,500	10,961
India	21,467	106,000	104,500	25	6,500	16,492
Pakistan	4,428	26,400	29,000	2500	300	4,028
Russia	12,088	81,500	42,250	300	40,000	11,638
Ukraine	5,842	19,500	10,200	100	10,000	5242
US	17,962	48,466	30,264	2994	21,772	17,386
Others	52,361	1,37,170	290,776	181,015	27,994	51,776
World total	2,80,101	771,636	781,490	202,739	205,466	267,520

Source:USDA

CBOT comparison over a period of time:

CBOT Futures Prices:(USD/T)							
CONTRACT MONTH	Today	Week Ago	Month Ago	3 Month Ago	6 Month Ago	Year Ago	% Change over prev. year
	29-Jul-22	22-Jul-22	29-Jun-22	28-Apr-22	28-Jan-22	29-Jul-21	
Sep-22	296.77	278.86	341.68	398.54	287.31	258.19	14.94
Dec-22	303.38	285.65	346.83	397.99	288.96	259.84	16.76
Mar-23	309.72	291.53	350.22	397.62	290.52	260.95	18.69
May-23	312.93	294.65	351.60	395.05	288.04	-	
Jul-23	311.37	292.63	345.45	379.89	277.48	-	
Sep-23	311.65	292.82	341.96	379.89	212.45	-	
Mar-24	312.75	293.83	340.76	-	-	-	

CBOT Futures Sept-22 Chart:



1st Support: 780

2nd Support: 750

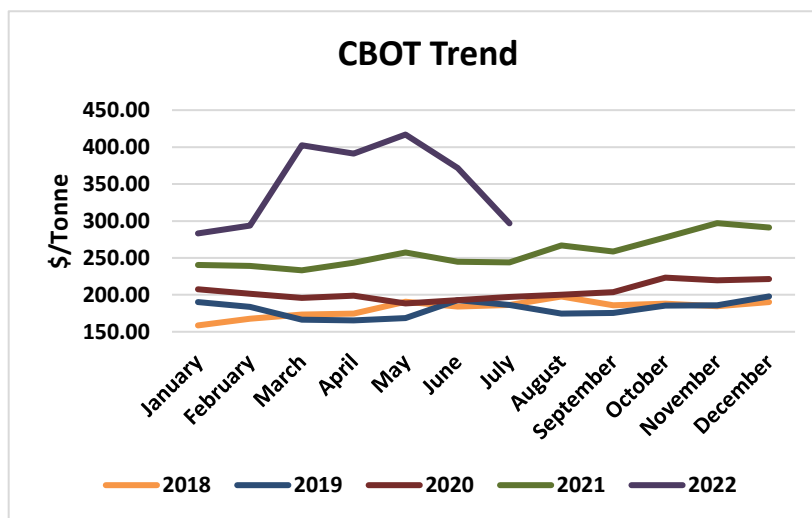
1st Resistance: 850

2nd Resistance: 900 (\$ per tonne)

During the week under review, market rebounded by 6.42% to 807, and traded low at 760.5, high at 845.75. As depicted from above chart, market is trading below 9,18,50 and 100 DMA, indicating weak sentiments. RSI is at 39 indicating weak buying strength and MACD indicating weak momentum in the near term. Overall, market is expected to take support from 725-750 and resistance at 825-850 in the short run.

CBOT Trend:

CBOT was weak compared to June month due to almost completion of harvesting Germany led to bulk stock and Ukraine resumption of exports also pressurize the prices. Unfavourable weather conditions too keep the prices downwards.



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