

Wheat Monthly Research Report

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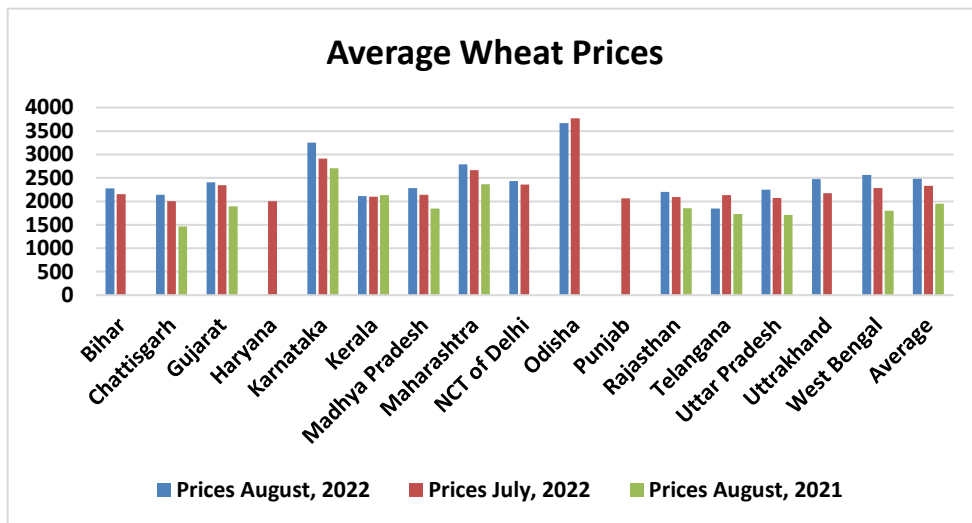
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Market Dynamics:

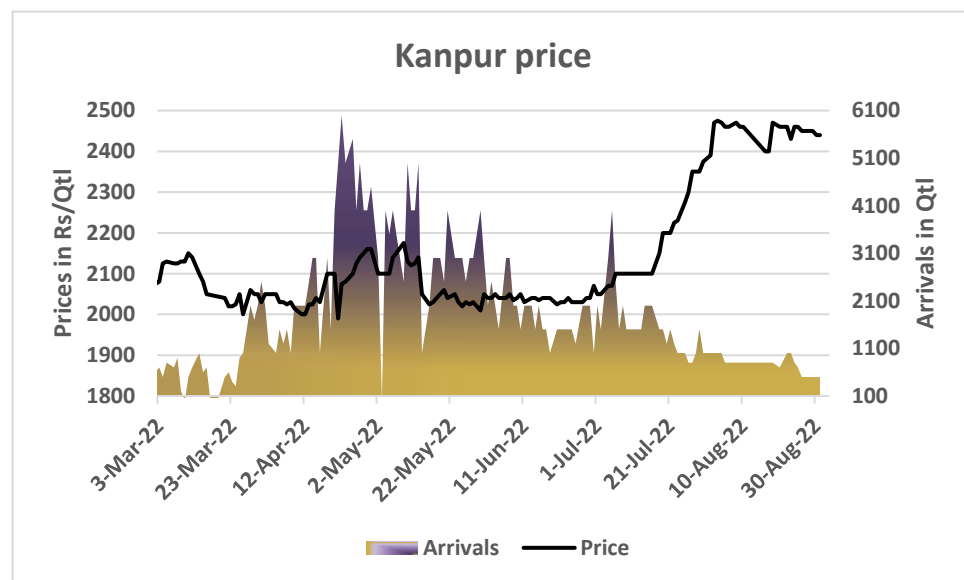
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Price Trend:

- Mixed sentiments were observed in major states in August 2022. Good demand in major markets of Uttar Pradesh, Rajasthan and Madhya Pradesh keep prices on upper side throughout the month. While on the other hand, states like Telangana and Odisha average monthly prices were on lower side on improved arrivals as compared to previous month. In coming September prices are likely to remain firm on the commencement of festive season and good demand from millers as well as exporters side.



- In benchmark Kanpur market average monthly prices were higher as compared to previous month. The August average price was registered at Rs.2449.31 per quintal compared to 2170.96 per quintal in the month of July. On 27th August 2022 GOI released notification no.30 to prohibit the exports of Wheat products including Wheat flour, Semolina and Maida. They took this step to control rising prices and ensure supply in the domestic market.



Production Estimates for Rabi 2021:

- As per USDA's report, India's wheat production is estimated at 1030 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 fourth advance estimate has revised the wheat production estimate up at 1068.4 LMT against 1064.1 LMT estimated in third advance estimates. While AgriWatch has revised down the Wheat production estimate to 977.6 LMT from previous estimate of 1038.0 LMT due to yield loss in the ripening to harvesting stages of crop.

Production Estimates (LMT):

	2020-21	2021-22 (Previous Estimate)	2021-22 (Revised Estimate)
GOI	1095.9	1064.1	1068.4
AgriWatch	1026.8	1038.0	977.6
USDA	1095.9	1060	1030

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

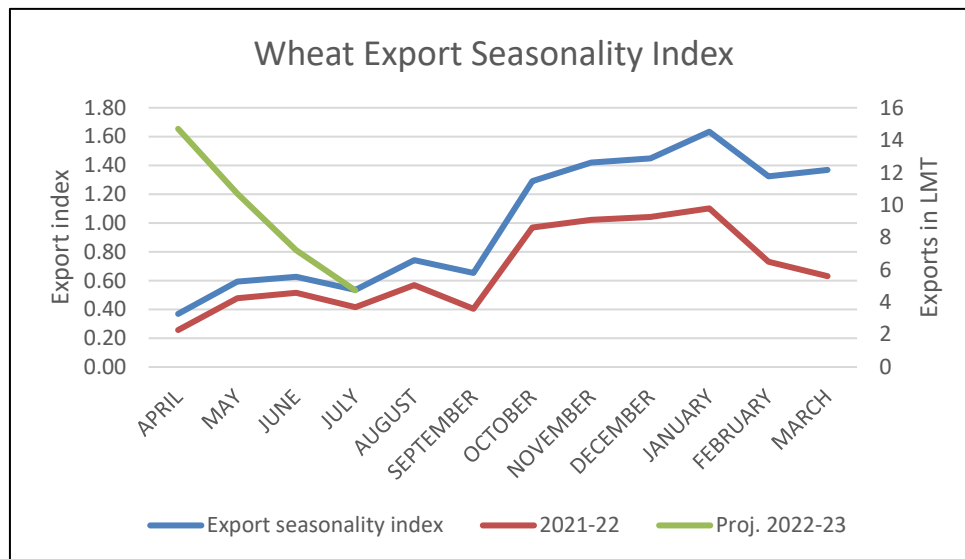
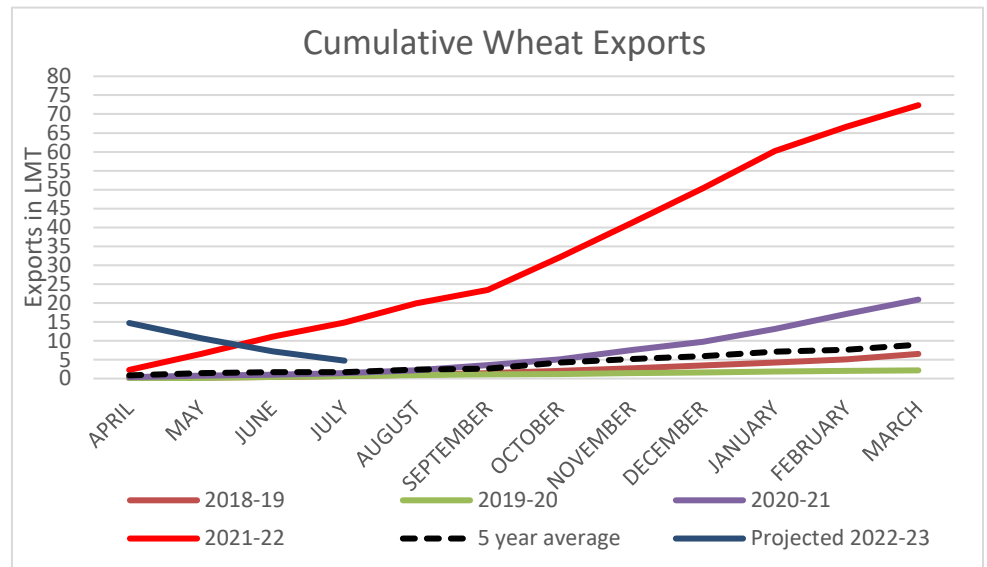
BALANCE SHEET

	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	97.76
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 July were estimated to be around 4.73 LMT which is down by 34.30% compared to 7.20 LMT exported in the month of June 2022. The largest importer of Indian wheat was UAE with 2 LMT followed by Bangladesh with 1 LMT and Indonesia with 0.73 LMT respectively.

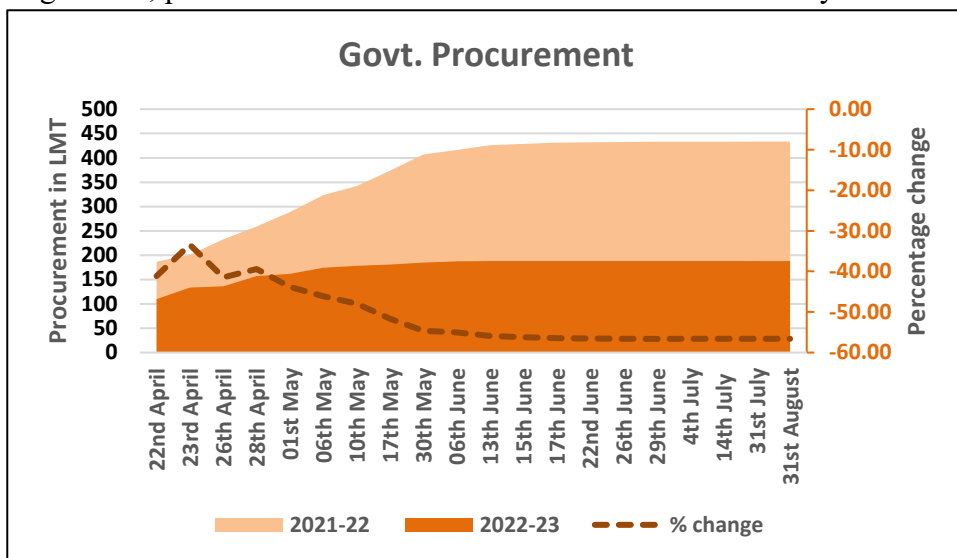
Maximum Wheat was exported from Kandla port with 1.80 LMT which was down by 65.38% as compared to 5.20 LMT in June. The second highest was Kakinada with 0.73 LMT and then Vishakhapatnam with 0.55 LMT of Wheat.



As per Seasonality index this year is called as abnormal year as there is totally different export number as compared to previous years. Moreover, disruption in global supply chain and the export restriction by India disturbed the seasonality index for 2022-23.

Procurement:

- Procurement is over now. As of August 31st, procurement number stood at 187.92 LMT down by 56.64% as compared to 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 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 96.45 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 was just 46.03 LMT this year against 128.16 LMT last year and in Rajasthan, the government procurement was just 0.10 LMT against 23.4 LMT last year.



Outlook & Recommendation:

- For the month of September, we can expect the prices to trade firm as demand is likely to improve. Due to commencement of festive season and the increasing cost of storage as well may lend support to wheat cash market. If any changes done in export policy by Government, then it may affect the domestic prices. While in International market, due to good export demand and bulk stock of Wheat in US and France continue to pressurize the prices in coming days. Resumption of Wheat exports from Ukraine are one of reasons for low prices and it might affect prices in coming days also.

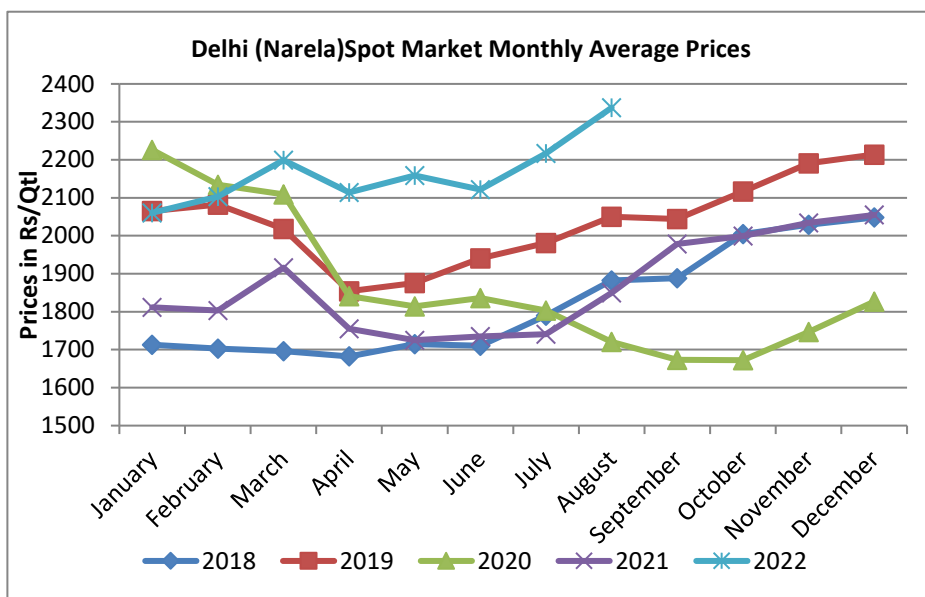
Trade Call: There is no trading at NCDEX for wheat.

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

State/UTs	Procurement in LMT (as on 31.08.2022)
Punjab	96.45
Haryana	41.86
Uttar Pradesh	3.36
Madhya Pradesh	46.03
Rajasthan	0.10
Others	0.12
All-India	187.92

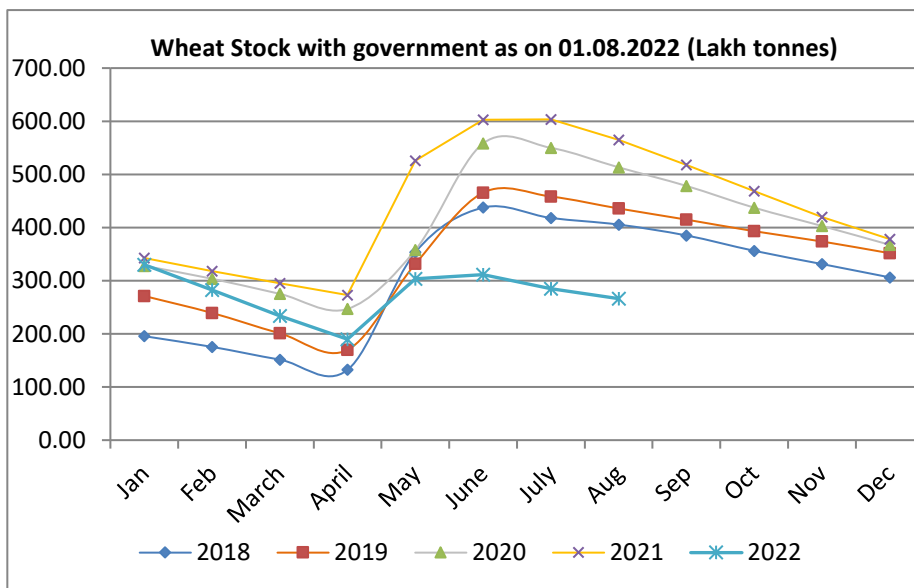
Wheat Delhi Average Monthly Price:

- Wheat spot market prices in Narela were traded on higher side in August as compared to July. The average price was up by 5.45 percent from Rs.2216.59 per quintal to Rs.2337.36 per quintal.
- Good domestic as well as export demands were the main reasons for firm prices. Dwindling supplies too push the prices.
- In September, prices are likely to be in Rs.2400-2500 per quintal range amid festivities. The lean season has already started and generally, prices move up in the season. It's a common phenomenon.

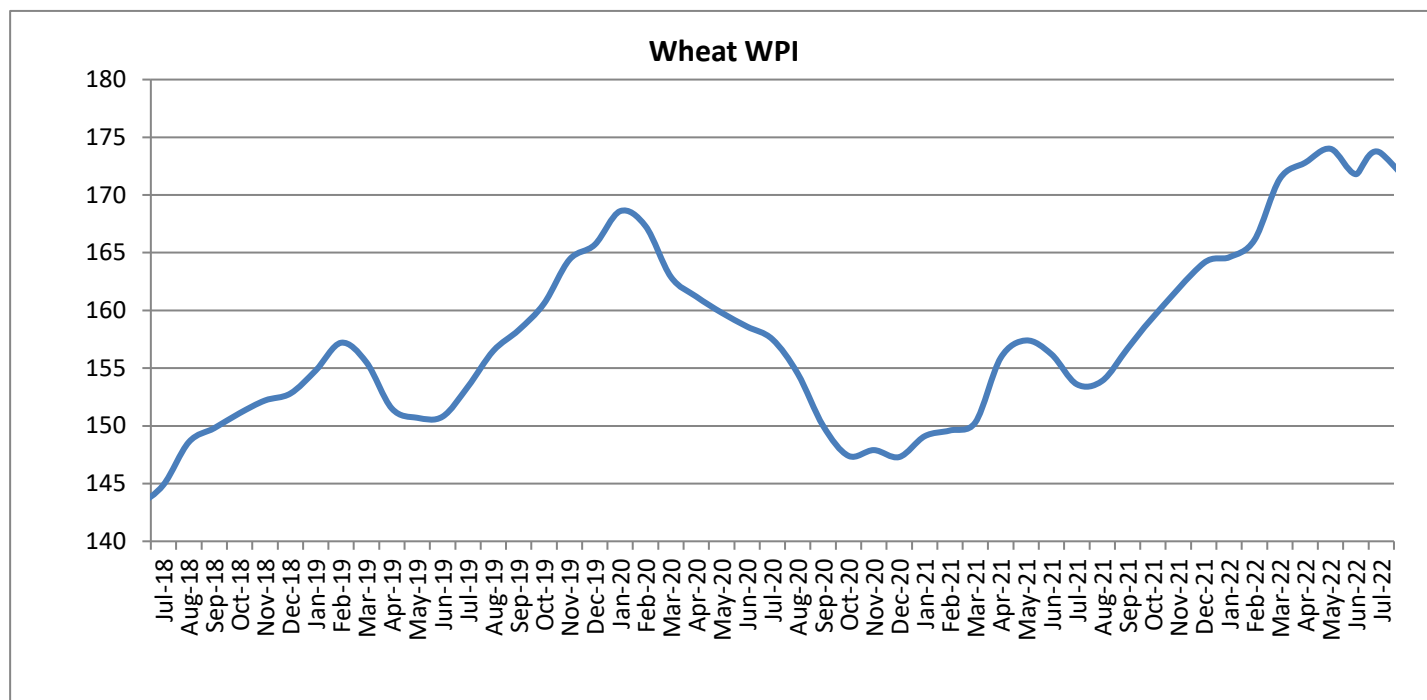


Wheat Stocks with the Government:

- Wheat stocks in government warehouses as of August 1st, 2022 was 266.45 LMT lower by 52.82% as compared to previous year. It is lowest since June 2008.
- The stocks for August are lowest in last 5 years. This is due to lower purchase of wheat through the procurement drive on MSP. Prices continued to rule above MSP throughout the procurement season.
- Government revised its wheat allocation for 2022-23 under all distribution schemes to 250 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.
- Government Wheat distribution in July 2022 under all distribution schemes stood at 17.2 LMT. While the distribution under PMGKAY was 6.66 LMT, PDS was 9.51 LMT and under other welfare schemes was 0.10 LMT.



Wheat Inflation:



- Wheat WPI has declined from 171.8 in June 2022 to 173.6 in July 2022. Monthly wheat inflation has increased by 1.05 percent in July-2022 as compared to the previous month due to good domestic as well as export demand. While year-on-year basis, the price index has increased by 13.02 percent.
- For September, we expect the price index to show slightly firm trend due to improving domestic demand.

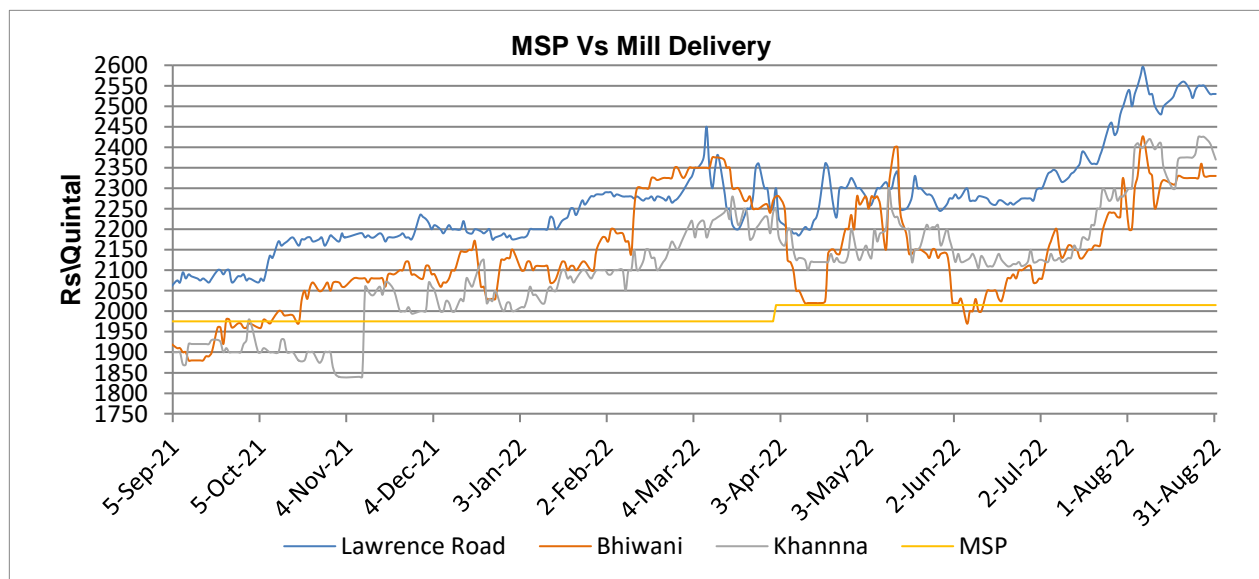
Month/Year	2018	2019	2020	2021	2022
Jan	140.8	154.8	168.6	149.1	164.6
Feb	140	157.8	167.3	149.5	166.1
Mar	141.2	155.5	162.9	150.2	171.4
Apr	140.9	151.5	162.5	155.9	172.8
May	141.7	150.7	159.8	157.4	174.0
Jun	143.1	150.8	158.6	156.2	171.8
Jul	144.9	153.4	157.5	153.6	173.6
Aug	148.6	156.5	154.5	153.9	
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	2450.00
22-July	2351.76	2250.00	2271.65	2289.96	2546.00
22-Aug	2509.00	2414.00	2334.04	2389.00	2702.10

MSP vs. Mill Delivery Prices:



- In Lawrence Road, Bhiwani and Khanna market, the prices are moving above the MSP of Rs. 2010. The prices of mill delivery are expected to trade up in September on arrival of festive season.

Monthly Price Comparison of Spot Markets

Spot Market Price:							
Centre	Market	Variety	Prices (Rs/Qtl)				
			Current	Yesterday	Week Ago	Month Ago	Year Ago
			31-Aug-22	29-Aug-22	24-Aug-22	31-Jul-22	31-Aug-21
Delhi	Lawrence Road	Mill Delivery	2530	2530	2540	-	2000
	Narella	Mill Quality Loose	Closed	2320	Closed	-	1960
	Nazafgarh	Mill Quality Loose	Closed	2310	Closed	-	1900
Gujarat	Rajkot	Mill Delivery	2310	2360	2360	-	Closed
	Ahmedabad	Mill Delivery	2490	2515	2520	-	Closed
	Surat	Mill Delivery	2540	2550	2560	-	Closed
	Dhrol	Mill Delivery	2290	2320	2365	-	Closed
M.P.	Indore	Mill Delivery	Closed	2350	2400	-	2000
	Bhopal	Mill Quality Loose	2200	2200	2250	-	1850
Rajasthan	Kota	Mill Quality Loose	2190	2150	2230	-	1870
		Mill Delivery	2340	2300	2380	-	2020
U.P.	Kanpur	Mill Delivery	2440	2450	2460	-	1900
	Mathura	Mill Quality Loose	2315	2320	2350	-	1820
	Kosi	Mill Quality Loose	2280	2270	2275	-	1800
	Hathras	Mill Quality Loose	2325	2325	2425	-	1780
	Aligarh	Mill Quality Loose	2350	2340	2360	-	1840
Punjab	Khanna	Mill Quality Loose	2260	2305	2280	-	1860
	Ludhiana (Jagraon)	Mill Delivery	2350	2350	2300	-	-
Haryana	Sirsa	Mill Delivery loose	2225	2230	2260	-	1850
	Hodal	Mill Delivery	-	-	-	-	-
	Bhiwani	Mill Quality Loose	2300	2300	2300	-	1880
	Karnal	Mill Delivery	-	-	-	-	-
	Panipat	Mill Quality Loose	2400	2410	2410	-	-
Tamil-Naidu	Chennai	Mill Quality	2700	2720	2700	-	2250
	Madurai	Mill Quality	2757	2820	2920	-	2400
	Coimbatore	Mill Quality	2757	2870	2970	-	2450
Bihar	Khagariya	Mill Delivery	2550	2550	2550	-	2100
	Muzaffarpur	Mill Delivery	2450	2450	2500	-	1925

International Market Dynamics**[\(Back to Table of Contents\)](#)**

Bangladesh decreases its Wheat prices by 4-5 per kg as India resumes its export through Hili land port. Prices increase as a result of tight supply side. On May 13, India imposed ban on Wheat export in order to ensure better supply of the food grains in their domestic markets. But later allowed wheat export to Bangladesh under the previous LCs since May 29. The importers who had opened LCs to import Wheat through railway containers have to import by road due to some problems with railway line. Until January of fiscal year 2021-22, India contributed 66% of Wheat Bangladesh imported.

Germany's 2022 winter Wheat harvest expected to increase by 1% to 21.38 MMT as compared to previous year. Harvesting is almost completed in most regions of Germany. Nationally, German Wheat harvest yields were up by estimated 4% to 7.64 tonnes per hectare.

European Union Wheat exports at 1.77 MMT by July 31. Wheat exports of soft Wheat which started last month had reached 1.77 MMT by July 31, as per the data published by European Commission. They further added that Romania is leading as largest exporter with 0.47 MMT.

US 2022-23 spring Wheat output seen at bumper levels on higher yields. The plating progress of spring Wheat in the US has surprised markets with expectations of a bumper output on the back of a jump in yields. The development is most similar to China's, comes at a time when global Wheat markets are witnessing low supplies.

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. As per the sources, in compliance with the decision of the Federal Cabinet by ECC on June 28 for the import of 30 LMT of Wheat, Trade corporation of Pakistan initiated the process of import from the Russian government on G2G basis.

Kazakhstan's grain union sees 2022 Wheat crop at 144 LMT. Country's Grain Union forecasts the 2022 Wheat crop at 144 LMT above from Government forecast of 135 LMT. While on the other hand, domestic prices might get pressurized as result of good crop prospects from Russia.

GASC (General Authority for Supply Commodities) purchased 2.40 LMT of Russian Wheat directly on August 22. Shipment is expected during month of September to October. Six cargoes each of 0.4 LMT were included in this purchase. Though they did not disclose the prices, but as per the trade sources it might be around \$360 to \$370 per tonnes.

As per Buenos Aires Cereal Exchange, Wheat production prospects in Argentina looks good this year. Planting has already done in 6.1 mha area which is down by 6.7 mha in previous year and harvesting estimated to be started in November. Crop improved on rainfall in some regions and the around 80% crop is in normal to good condition.

GASC (General Authority for Supply Commodities) purchased 1.20 LMT of Russian Wheat via direct talks from Solaris at a price of \$340 per tonne on cost and freight basis. Shipment is expected during November-2022.

Oman may receive around 0.60 LMT of Australian Wheat. Mill company named Salalah in Oman had announced that a ship which carried 0.61 LMT of Australian Wheat already sailed off for destination. This quantity will fulfil the requirement for domestic consumption for more than six months.

Global Wheat Average FoB

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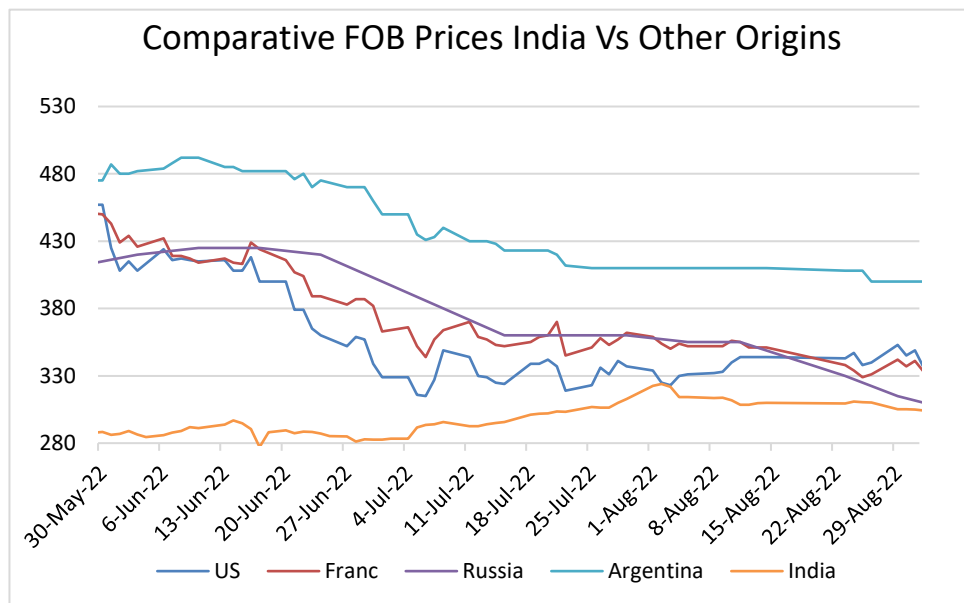
Global Indicative FoB Quotes								
Month	US SRW2 (USD/MT)	US HRW2 (USD/MT)	Argentina AP1 (USD/MT)	Ukraine 12.5% (USD/MT)	Russia 12.5% (USD/MT)	Australia ASW1 (AUD/MT)	India FOB (USD/MT)	France Grade1 (USD/MT)
Jan-21	288	286	-	289.7	292.81	253.11	260.22	287.25
Feb-21	285	289	254.26	-	287.90	254.68	257.72	287.00
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	288.15	408.41
Jul-22	310.87	382.86	425.00	-	365.00	383.00	298.49	355.43

Global Indicative FoB Quotes:

For Russian wheat, export prices fell last week because of good crop prospects. Due to good weather conditions FOB declines to \$310 per tonnes at the end of last week.

While in France and US good harvesting results in bulk of stocks in domestic market, directly pressurizes the prices.

Indian and Russian FOB are almost close to same range on the depreciation of rupee and foreign sanction affecting exports of Russia.



IGC Balance Sheet Highlight:

IGC Forecast (Fig-In MMT)	2019-20	2020-21 est.	2021-22 F'cast	2022-23 Proj	
				21.07.2022	18.08.2022
Production	761	774	781	770	778
Trade	185	190	196	194	193
Consumptions	745	771	778	780	783
Carryover stocks	276	279	282	272	275
Y-O-Y change	16	3	3	-10	-5
Major Export	62	60	65	60	61

- IGC has projected 2022-23 global wheat production at 778 MMT high from previous estimate of 770 MMT in July. 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 193 MMT down from previous estimate of 194 MMT.
- Consumption has been increased from previous estimate of 780 MMT to 783 MMT.
- Carryout for 2022-23 is projected at 61 MMT which is up from the previous estimate of 60 MMT.

USDA Balance Sheet

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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	1,776	19,000	6,350	5	13,000	1,431
Australia	3,455	33,000	8,550	200	25,000	3,105
Canada	3,418	34,000	9,100	600	26,000	3,918
China	141,759	138,000	144,000	9,500	900	144,359
EU	13,079	132,100	107,000	5,500	33,500	10,179
India	19,500	103,000	104,500	25	6,500	11,525
Pakistan	4,428	26,400	29,000	2,500	300	4,028
Russia	12,088	88,000	44,000	300	42,000	14,388
Ukraine	5,842	19,500	10,200	100	11,000	4,242
U S	17,962	48,523	30,427	2,994	22,453	16,599
Others	53,039	1,37,075	290,716	182,165	27,994	53,569
World total	2,80,101	771,636	783,843	203,889	208,647	267,343

Source:USDA

CBOT comparison over a period of time:

CONTRACT MONTH	CBOT Futures Prices:(USD/T)						% Change over prev. year
	Today 31-Aug-22	Week Ago 24-Aug-22	Month Ago 1-Aug-22	3 Month Ago 31-May-22	6 Month Ago 2-Mar-22	Year Ago 31-Aug-21	
Sep-22	297.23	329.28	294.01	403.22	351.14	266.73	11.43
Dec-22	305.49	328.18	300.90	406.71	327.72	268.57	13.75
Mar-23	311.46	327.26	307.51	408.55	316.61	269.21	15.69
May-23	314.77	326.43	310.91	405.06	304.67	-	-
Jul-23	315.32	322.30	309.53	393.49	283.82	-	-
Sep-23	317.80	321.02	310.36	393.49	212.45	-	-
Mar-24	321.66	322.94	311.83	-	-	-	-

CBOT Futures Sept-22 Chart:



1st Support: 747

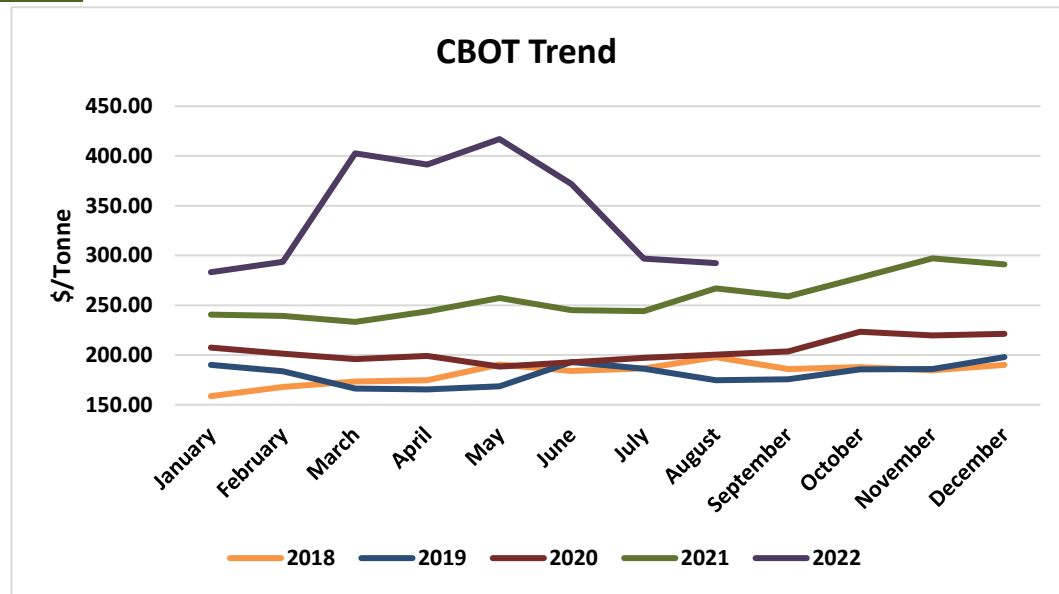
2nd Support: 689

1st Resistance: 822

2nd Resistance: 900 (\$ per tonne)

During the month under review, market rebounded by 2.94% to 831, and tests its low at 760.5, high at 845.75. As depicted from above chart, market is trading above 9 and 100 DMA, and below 18 and 50 DMA indicating weak sentiments. RSI is at 43 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 from 825-850 in the short run.

CBOT Trend:



CBOT was slight weak compared to July month due to improving stocks after the end of harvesting in US. Bulk availability in US and Ukraine resumption of exports also pressurize the prices.

Disclaimer

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