

# Wheat Monthly Research Report

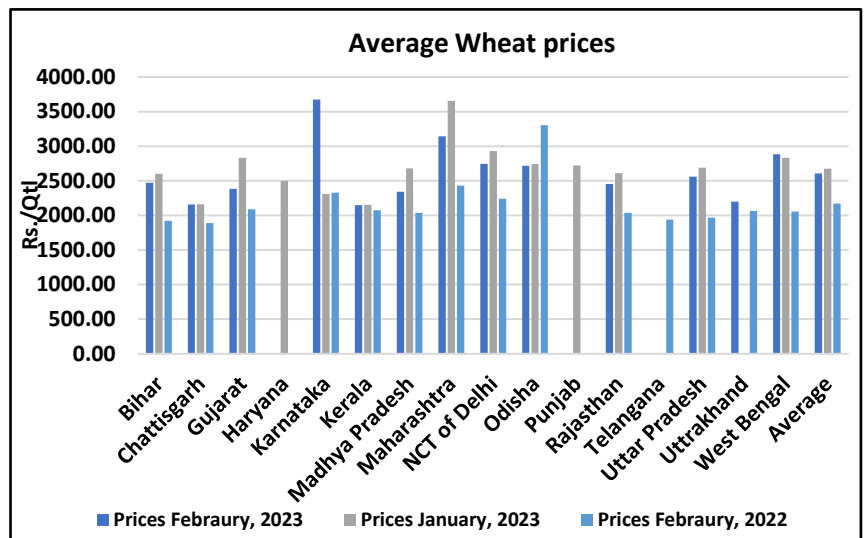
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## Market Dynamics:

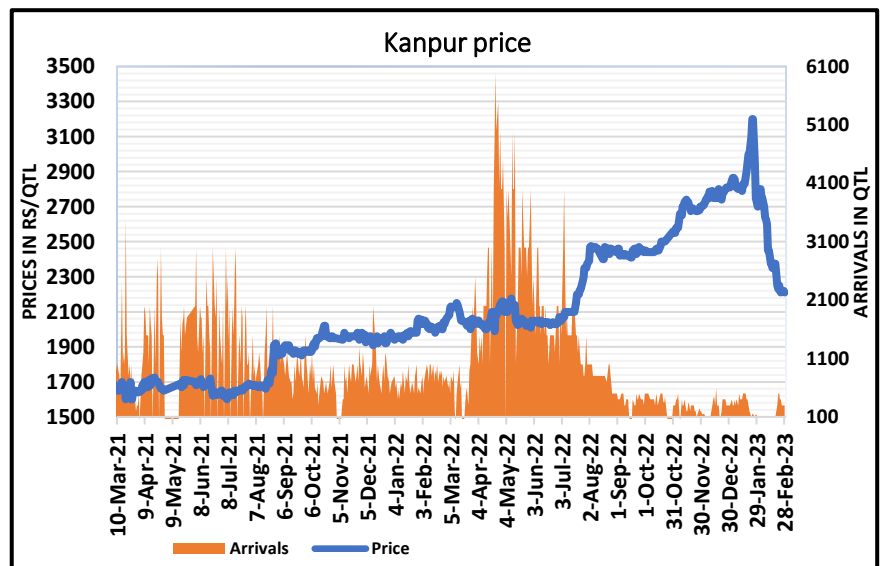
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## Price Trend:

During the month under review, in major producing states prices were traded on lower side due to start of new crop arrivals coupled with OMSS release by Government. In states like Rajasthan, M.P. and Gujarat prices were following downtrend while in southern states prices were on higher side amid shortage of arrivals in respective states. The overall average of whole country was on lower side. For the upcoming month, AgriWatch expects prices to trade on steady to slight downside as the new crop arrivals are likely to increase by Mid-March from Rajasthan also. Along with this, the ongoing OMSS may also put pressure on prices as Government has extended quantity of release by adding another 2 MMT.



Average monthly prices in benchmark Kanpur market were traded on lower side as compared to previous month pressurize by Wheat release in Open Market by the Government. In February average price was recorded at Rs.2441.66 per quintals decline by 15.28% as compared to Rs.2882 per quintals in the previous month.



Government of India has decided that Food Corporation of India (FCI) may offload additional quantity of 20 LMT of wheat in open market under OMSS 2023 for sale through E-auction to flour mills/private traders/bulk buyers/manufactures of wheat products like previous years. Thus, so far 50 LMT (30+20 LMT) of wheat have been decided to offload under OMSS 2023.

The reduction in reserve price along with additional offloading of 20 LMT of wheat will collectively help in reducing market price of wheat and wheat products for consumers.

### Production Estimates for the crop year 2022-23:

- AgriWatch preliminary estimate for 2022-23 is likely to be around 1061.17 LMT which is up as compared to 977.6 LMT in 2021-22 amid higher acreage under Wheat this year.
- In the latest WASDE March Report, USDA have increased the 2022-23 India's Wheat production to 1040 LMT up by 0.97% as compared to previous year.
- While as per advance estimate of Government production is likely to be around 1121.82 up by previous year production of 1077.42 LMT.

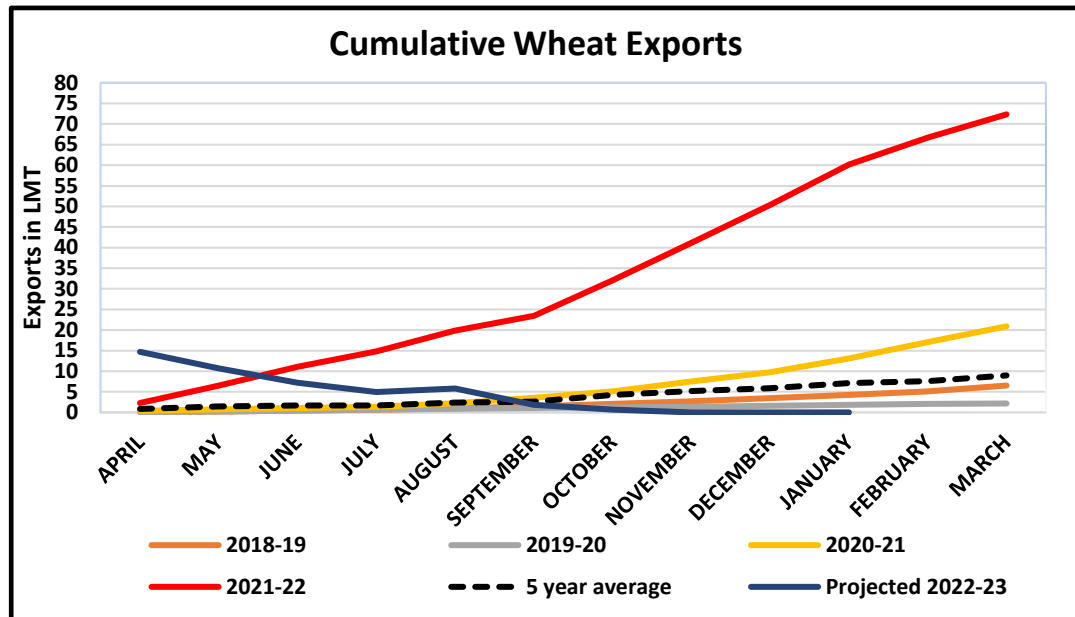
### Production Estimates (LMT):

	2021-22	2022-23 (Advance Estimate)
<b>GOI</b>	1077.42	1121.82
<b>AgriWatch</b>	977.6	1061.17
<b>USDA</b>	1030	1040

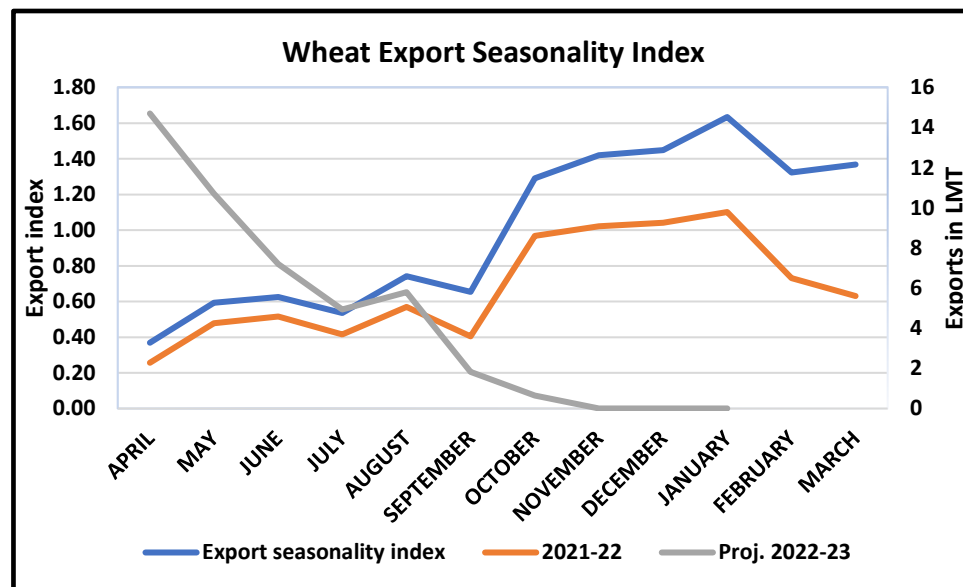
### BALANCE SHEET

	Crop year	2021-22	2022-23
	Wheat MY Runs from April To March (Figures in MMT)	2022-23*	2023-24*
<b>A</b>	<b>Carry in</b>	<b>24.81</b>	<b>13.62</b>
<b>B</b>	Production	97.76	106.17
<b>C</b>	Imports	0.00	0.00
<b>D</b>	<b>Total Availability</b>	<b>122.57</b>	<b>119.79</b>
<b>E</b>	Exports	4.70	0.40
<b>F</b>	Consumption	104.25	104.00
<b>G</b>	Total Usage	<b>108.95</b>	<b>104.40</b>
<b>H</b>	<b>Carry out</b>	13.62	15.39
<b>K</b>	<b>Stock to Use Ratio</b>	12.5	14.7

### Export:



As per Government data, from April till December total of around 46 LMT Wheat had been exported to different countries. Out of total only a minute quantity of 391 MT had been exported in December month. On the other hand, as per trade sources in January month 343 MT Wheat exported so far. Agri Watch expects Wheat export to be around 4.70 MMT during the ongoing season.



According to the seasonality index graphic above, this year is referred to as an "abnormal year" because the number of exports is entirely different from previous years. Additionally, the global supply chain disruptions and India's export ban caused the seasonality index to fluctuate unevenly for 2022–2023.

### 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
<b>All-India</b>	<b>187.92</b>

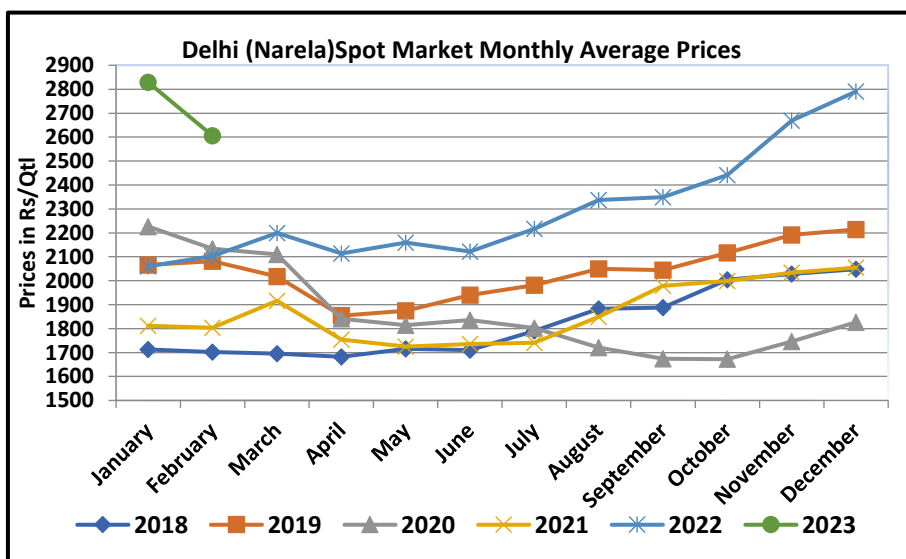
### Outlook:

Due to increase in new crop arrivals from the districts of M.P. and Gujarat followed by Rajasthan, prices are likely to follow steady to slight down trend in coming month. While on the other hand, abnormal weather conditions are acting as strong risk factor for the prices. But as of now, crop is in good state and good yield prospects will pressurize the prices. On global level, amid competition from Russia coupled with higher production estimate for Australian and Argentina Wheat by USDA is likely to pressurize the export prices.

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

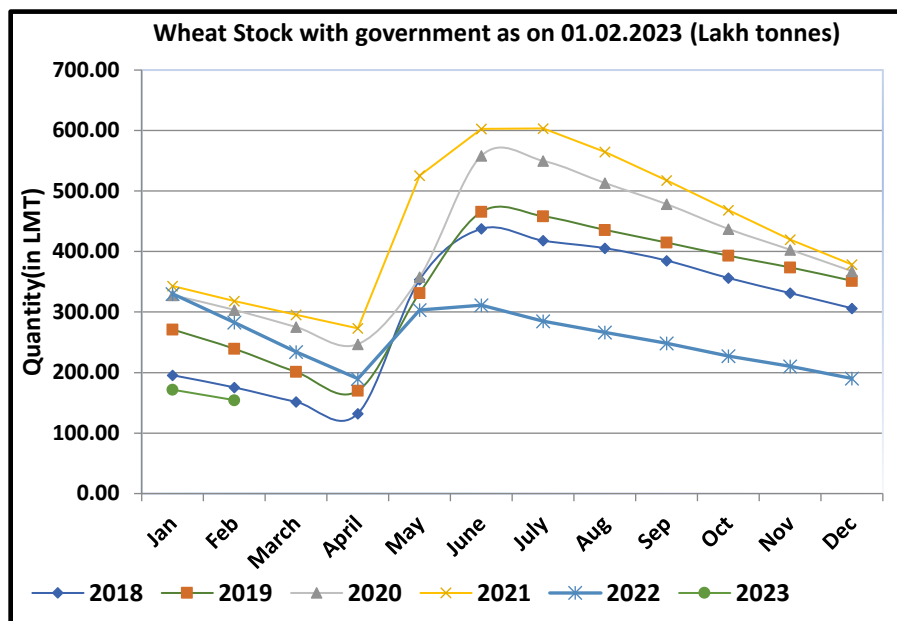
### Wheat Delhi Average Monthly Price:

Downward trend observed in Wheat prices during the month under review. Spot market prices in Narella were traded on downside in February as compared to previous month. The average price was down by 7.89% to Rs.2605.28 per quintals compared to Rs.2828.75 per quintals in previous month.

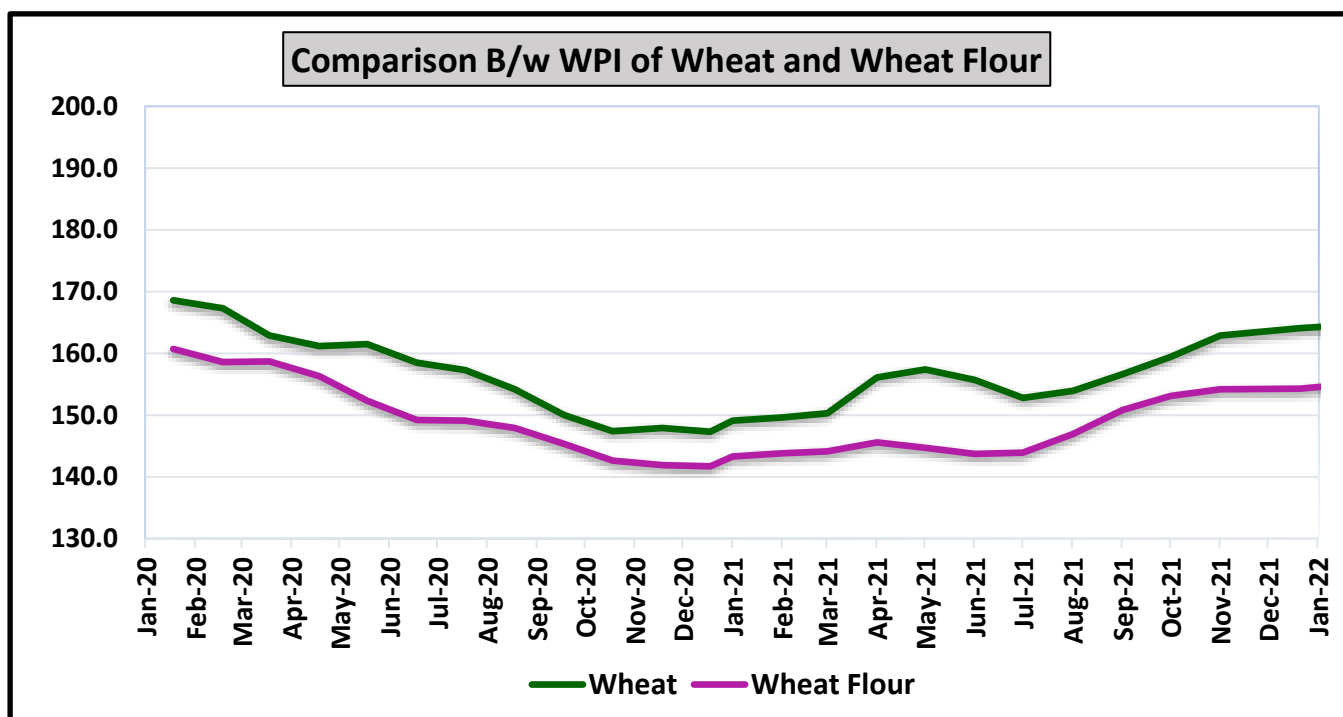


### Wheat Stocks with the Government:

- Wheat stocks in government FCI Central Pool as of February 1<sup>st</sup>, 2023, was 154.44 LMT down by 45.38% as compared to same period in previous year.
- The stocks for February were lowest since 2017. This is due to lower purchase of Wheat through the procurement drive on MSP.
- With the latest auction, the cumulative quantity sold reached around 23.47 LMT (total of all 4 auctions), which is about half of the overall allocation of 45 LMT.



### Wheat Inflation:



- Wheat WPI has increased from 198.1 in December 2022 to 203.5 in month under observation. Monthly Wheat inflation has increased by 2.73 percent in January 2023 as compared to the previous month due to good domestic demand. While year-on-year basis, the price index has increased by 23.63 percent.

Month/Year	2019	2020	2021	2022	2023
<b>Jan</b>	154.8	168.6	149.1	164.6	203.5
<b>Feb</b>	157.8	167.3	149.5	166.1	
<b>Mar</b>	155.5	162.9	150.2	171.4	
<b>Apr</b>	151.5	162.5	155.9	172.8	
<b>May</b>	150.7	159.8	157.4	174.0	
<b>Jun</b>	150.8	158.6	156.2	171.8	
<b>Jul</b>	153.4	157.5	153.6	173.6	
<b>Aug</b>	156.5	154.5	153.9	180.6	
<b>Sep</b>	158.3	150	156.7	181.8	
<b>Oct</b>	160.6	147.4	159.4	185.3	
<b>Nov</b>	164.4	147.9	162.9	192.4	
<b>Dec</b>	165.7	147.3	164.1	198.1	

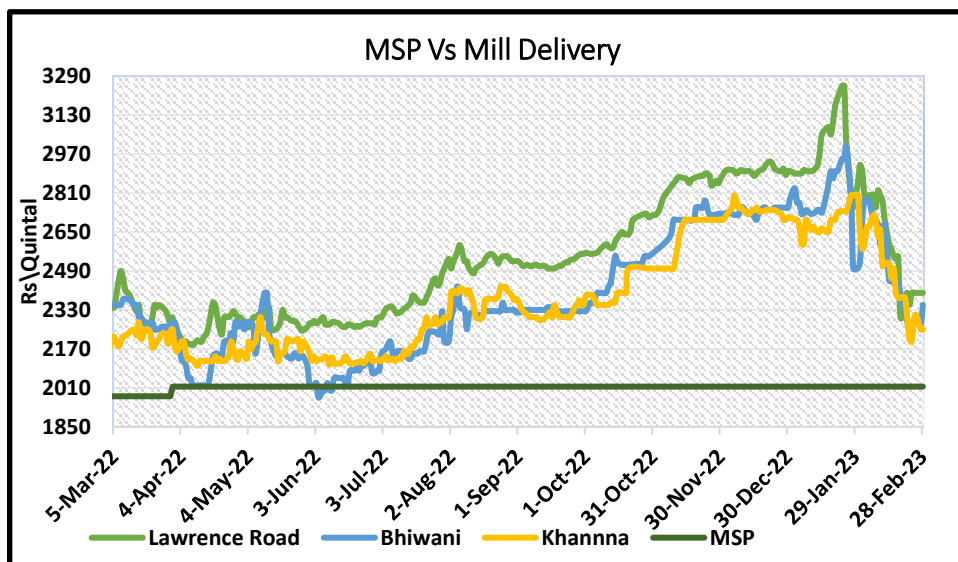
### Monthly Price Comparison of Spot Markets:

Monthly Average Spot Prices at Various Market (Rs/Quintal)					
Month	Delhi	Indore	Kota	Rajkot	Chennai
<b>20-Oct</b>	1824.23	1666.42	1726.40	1664.61	1956.00
<b>20-Nov</b>	1869.32	1734.21	1751.25	1692.75	1987.50
<b>20-Dec</b>	1826.92	1676.04	1717.82	1694.20	1991.30
<b>21-Jan</b>	1961.04	1836.73	1878.12	1841.04	2010.00
<b>21-Feb</b>	1935.41	1813.18	1661.3	1811.04	2070.83
<b>21-Mar</b>	1916.20	1853.80	1872.6	1799.73	2108.00
<b>21-Apr</b>	1937.66	1833.00	1869.52	1713.00	2100.00
<b>21-May</b>	Closed	Closed	Closed	1765.00	2072.00
<b>21-June</b>	Closed	1899.00	1920.76	1727.50	-
<b>21-July</b>	1741.00	1876.80	1913.10	1821.60	-
<b>21-Aug</b>	1929.8	1939.20	1951.60	1915.40	2168.00
<b>21-Sep</b>	2078.08	2012.60	2044.04	2047.60	2298.08
<b>21-Oct</b>	2150.63	2080.00	2131.25	2087.61	2366.67
<b>21-Nov</b>	2187.04	2102.00	2187.75	2124.24	2440.00
<b>21-Dec</b>	2196.11	2079.04	2144.07	2091.30	2479.63
<b>22-Jan</b>	2227.92	2115.83	2128.54	2094.58	2458.33
<b>22-Feb</b>	2278.75	2130.00	2145.00	2083.00	2445.00
<b>22-Mar</b>	2347.00	2200.00	2288.00	2328.89	2486.00
<b>22-Apr</b>	2254.62	2260.00	2308.08	2317.29	2508.00
<b>22-May</b>	2283.85	2247.86	2289.00	2300.00	2504.00
<b>22-June</b>	2272.88	2176.92	2172.16	2153.80	2450.00

<b>22-July</b>	2351.76	2250.00	2271.65	2289.96	2546.00
<b>22-Aug</b>	2509.00	2414.00	2334.04	2389.00	2702.10
<b>22-Sep</b>	2505.00	2389.42	2325.00	2340.16	2693.91
<b>22-Oct</b>	2603.00	2443.56	2371.10	2390.21	2744.47
<b>22-Nov</b>	2825.88	2687.63	2587.36	2567.00	2984.37
<b>22-Dec</b>	2900.07	2709.00	2641.07	2609.59	3106.06
<b>23-Jan</b>	3000.09	2800.11	2743.04	2700.28	3106.25
<b>23-Feb</b>	2624.16	2469.43	2549.69	2455.87	3100.00

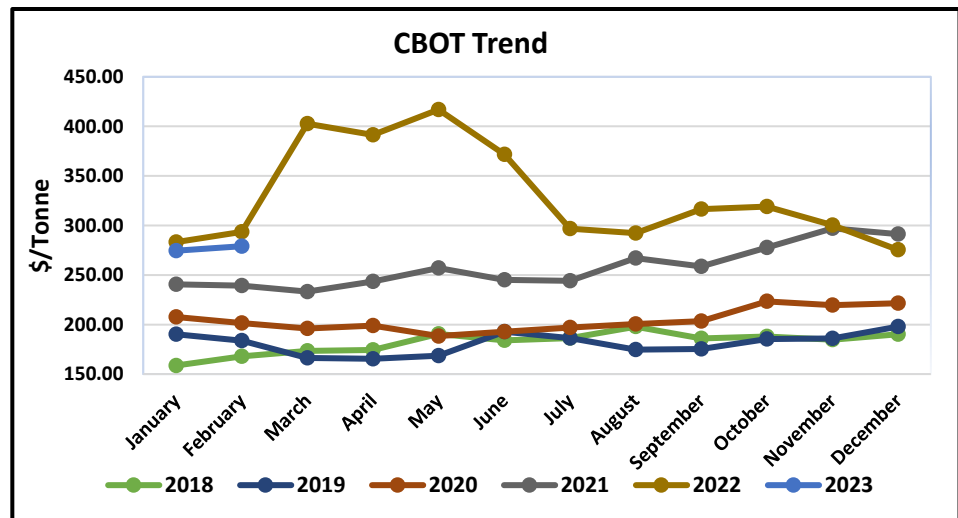
### MSP vs. Mill Delivery Prices:

- In Lawrence Road, Bhiwani and Khanna market, the prices were traded on downside during month under observation and slightly higher than MSP. OMSS release couple with renewed reserve price and one nation one price slogan by Government pressurize the prices.



### CBOT Trend:

March Contract CBOT futures traded on slightly higher during month under observation. Higher Production estimate for Australia and Russia, while poor weather in Russia makes a balance and prices were remain sideways during Feb.





### CBOT comparison over a period:

CBOT Futures Prices:(USD/T)							
CONTRACT MONTH	Current	Week Ago	Month Ago	3 Month Ago	6 Month Ago	Year Ago	% Change over prev. month
	2-Mar-23	22-Feb-23	31-Jan-23	29-Nov-22	31-Aug-22	2-Mar-22	
Mar-23	257.64	270.59	279.68	287.12	311.46	316.61	-7.88
May-23	261.86	275.55	283.08	291.16	314.77	304.67	-7.50
Jul-23	264.44	277.94	283.36	292.82	315.32	283.82	-6.68
Sep-23	268.29	281.52	285.75	295.57	317.80	0.00	-6.11
Dec-23	274.17	286.94	290.52	299.34	321.66	0.00	-5.63
Mar-24	278.40	290.06	293.83	300.81			-5.25
May-24	279.50	290.06	293.83	299.34			-4.88
Jul-24	273.80	282.44	288.13	0.00			-4.97

### Monthly Price Comparison of Spot Markets

Spot Market Price:							
Centre	Market	Variety	Prices (Rs/Qtl)				
			Current	Yesterday	Week Ago	Month Ago	Year Ago
			7-Mar-23	6-Mar-23	28-Feb-23	4-Feb-23	8-Mar-22
Delhi	Lawrence Road	Mill Delivery	2420	2415	2400	2800	2490
	Narella	Mill Quality	2400	2400	2400	2750	2310
	Nazafgarh	Mill Quality	-	-	2350	-	2250
Gujarat	Rajkot	Mill Delivery	Closed	2175	2150	2650	2430
	Ahmedabad	Mill Delivery	Closed	2380	2350	2760	2450
	Surat	Mill Delivery	Closed	2430	2400	2820	2500
	Dhrol	Mill Delivery	2250	2475	2360	3000	2400
M.P.	Indore	Mill Delivery	Closed	2225	2150	2600	2280
	Bhopal	Mill Quality	2100	2100	2200	2350	2200
Rajasthan	Kota	Mill Quality	Closed	2200	2250	2500	2300
		Mill Delivery	Closed	2300	2350	2650	2450
U.P.	Kanpur	Mill Delivery	Closed	Closed	2210	2750	2240
	Mathura	Mill Quality	Closed	2250	2280	2700	2250
	Kosi	Mill Quality	2335	2310	2230	2640	2200
	Hathras	Mill Quality	2350	2350	2350	2825	2180
	Aligarh	Mill Quality	Closed	2300	2200	2800	2230
Punjab	Khanna	Mill Quality	2200	2200	2150	2600	2120
	Ludhiana (Jagraon)	Mill Delivery	2300	2300	2300	2700	-
Haryana	Sirsa	Mill Delivery	2150	2150	2150	2450	2200
	Hodal	Mill Delivery	-	-	-	-	-
	Bhiwani	Mill Quality	Closed	2325	2325	2750	2350
	Karnal	Mill Delivery	-	-	-	-	-
	Panipat	Mill Quality	2400	2400	2250	2650	-
Tamil Nadu	Chennai	Mill Quality	Closed	3100	3100	3100	2550
	Madurai	Mill Quality	Closed	3200	3200	3200	2650
	Coimbatore	Mill Quality	Closed	3250	3250	3250	2700
Bihar	Khagariya	Mill Delivery	Closed	Closed	2200	2700	2100
	Muzaffarpur	Mill Delivery	Closed	2150	2100	2700	-

### International Market Dynamics

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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.
- **Agriculture Ministry of France slightly increased its estimate for acreage of 2023. Winter Soft Wheat** acreage estimated at 4.76 million hectares as compared to initial estimate of 4.75 million hectares.
- **4.50 LMT of Russian Wheat is likely to arrive at Gwadar port in March. Another deal for import of 10 LMT Wheat** is likely to be finalized in July.
- **Sovecon update export forecast for Russia's Wheat by 0.10 LMT to 44.20 MMT** which is up as compared to 39.10 MMT in previous year.
- **In their Weekly report US has reported Wheat sales at 2,09,800 tonnes up by 60% as compared to previous week** but down as compared to four-week average.
- **State grain buyer of Jordan has issued a tender to purchase 1.20 LMT of milling Wheat. Deadline** for submission of price offers is Feb. 7th, 2023. Shipment is expected in May 1-15, 16-31, June 1-15 and June 16-30.
- **Algeria state grains agency OAIC released a tender to buy a minor quantity of 0.50 LMT durum Wheat.** The deadline for submission of bids is Feb 1st. Shipment is likely to be expected in 3 periods between Feb. 16-28, Mar 1-15, and March 16-31.
- **Agriculture consultancy IKAR has cut the production estimate for Russia's 2023 Wheat** production to 84 MMT from its previous estimate of 87 MMT amid poor weather conditions.
- **According to preliminary data by agricultural ministry, Russia is likely to harvest 80-85 MMT Wheat** in 2023 compared with 104.40 MMT during previous year.
- **Ministry of Agriculture, Fisheries and Forestry (MAFF) of Japan has released a new tender for the purchase of 0.76 LMT Wheat from US, Canada and Australia. Tender is likely to close on Thursday. Shipments is likely between Mar 21 and Apr 20, May 1 and 31. Details are as follows:**

<b>Country</b>	U.S.	Canada	Australia
<b>Type</b>	Dark Northern Spring	Western Red Spring	West Australia (SW)
<b>Quantity</b>	0.22 LMT	0.31 LMT	0.23 LMT
<b>Protein</b>	Min. 14%	Min. 13.5%	-
- **Philippines had released tender to buy 1.10 LMT animal feed Wheat which was closed on Friday. Some** of the traders are expecting that it might be of Australian origin while rumour of US origin has also there. Two consignments each of 0.55 LMT and expected to be shipped in June and July. Prices for the purchase should be around \$332 per tonnes C&F seller believed to be trading house CBH. Another at about \$335 per tonnes with seller believed to be trading house ETG.

**Global Wheat Average FoB**

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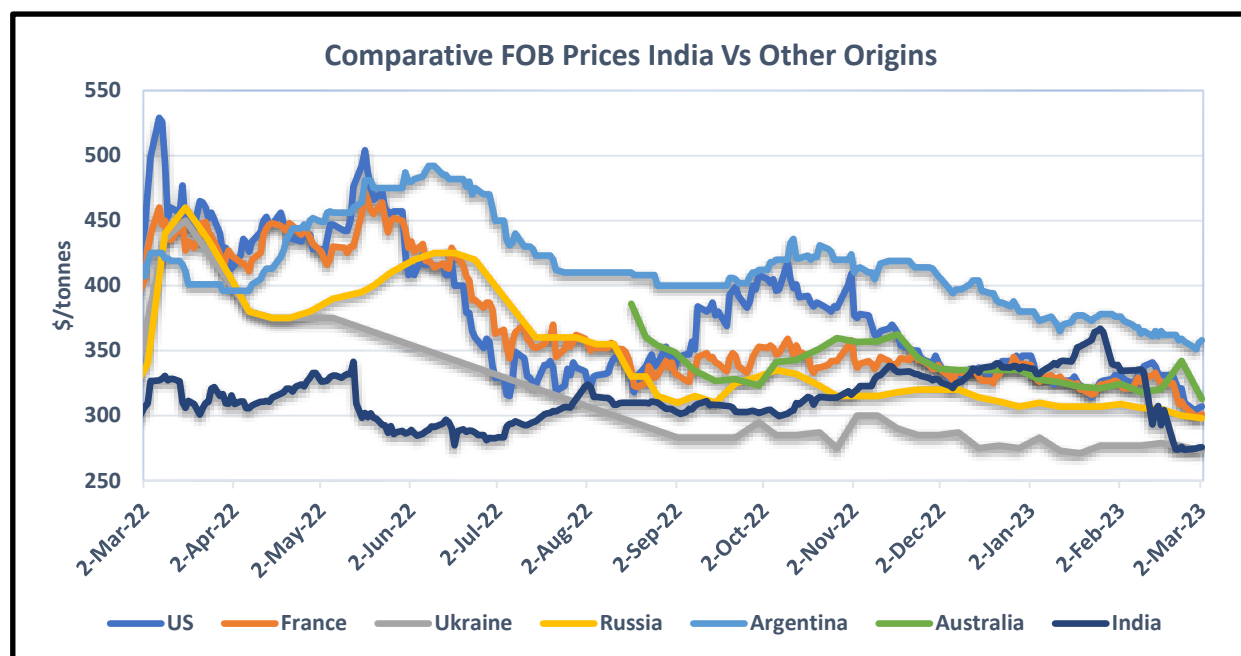
Global Indicative FoB Quotes								
Month	US SRW2 (USD/MT)	US HRW2 (USD/MT)	Argentina AP1 (USD/MT)	Ukraine 12.5% (USD/MT)	Russia 12.5% (USD/MT)	Australia ASW1 (AUD/MT)	India FOB (USD/MT)	France Grade1 (USD/MT)
Jan-21	288	286	-	289.7	292.81	253.11	260.22	287.25
Feb-21	285	289	254.26	-	287.90	254.68	257.72	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
Aug-22	315.50	383.13	407.83	-	333.00	356.74	311.54	340.83
Sep-22	344.45	419.14	402.73	-	320.00	338.50	305.25	337.91
Oct-22	351	438.95	422.43	-	326.25	351.97	307.53	343.95
Nov-22	336.21	422.68	414.68	292.00	317.00	351.86	328.92	339.73
Dec-22	315.85	387.27	394.76	279.80	313.00	335.26	332.88	331.55
Jan-23	313.57	380.36	375.00	276.00	307.00	325.18	346.02	323.77
Feb-23	311.89	394.75	363.75	276.37	303.67	323.55	302.82	318.40

**IGC Balance Sheet Highlight:**

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.

**Global Indicative FOB Quotes:**



In all the respective countries, FOB prices were traded on lower side during month under review. Higher production estimates for Australia and Russia coupled with favourable weather push the prices on downside. Russian Wheat was trading at lowest level and competition for other exporters. While on the other hand, in India low domestic prices keeps export prices on downside.

**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	2,351	12,900	6,250	5	6,500	2,506
Australia	3,434	39,000	8,500	200	28,500	5,634
Canada	3,663	33,824	9,550	600	25,000	3,537
China	136,759	137,723	144,000	10,000	900	139,582
EU	13,364	134,700	109,000	9,000	37,000	11,064
India	19,500	104,000	105,475	100	5,500	12,625
Pakistan	4,530	26,400	29,200	3000	300	4,430
Russia	11,088	92,000	45,500	300	43,500	14,388
Ukraine	5,765	21,000	9,200	100	13,500	4,165
U S	19,008	44,902	30,617	3,266	21,092	15,467
Others	51,985	142,491	290,376	181,835	32,134	53,801
<b>World total</b>	<b>271,447</b>	<b>788,940</b>	<b>787,668</b>	<b>208,406</b>	<b>213,926</b>	<b>267,199</b>

**Source: USDA**

### CBOT Futures Mar-23 Chart:



**1<sup>st</sup> Support: 600**

**2<sup>nd</sup> Support: 702**

**1<sup>st</sup> Resistance: 957**

**2<sup>nd</sup> Resistance: 1147 (\$ per tonne)**

During the month under review, market was down by 7.32% to 705.50, and tests its low at 702.50, high at 797.40. As depicted from above chart, market is trading below 9,18, while getting support from 50 and 100 DMA indicating weak sentiments. RSI is at 44.46 indicating weak buying strength and MACD indicating weak momentum in the near term. We expect in coming month prices to trade down with weak bias to continue.

#### Disclaimer

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