

Wheat Monthly Research Report

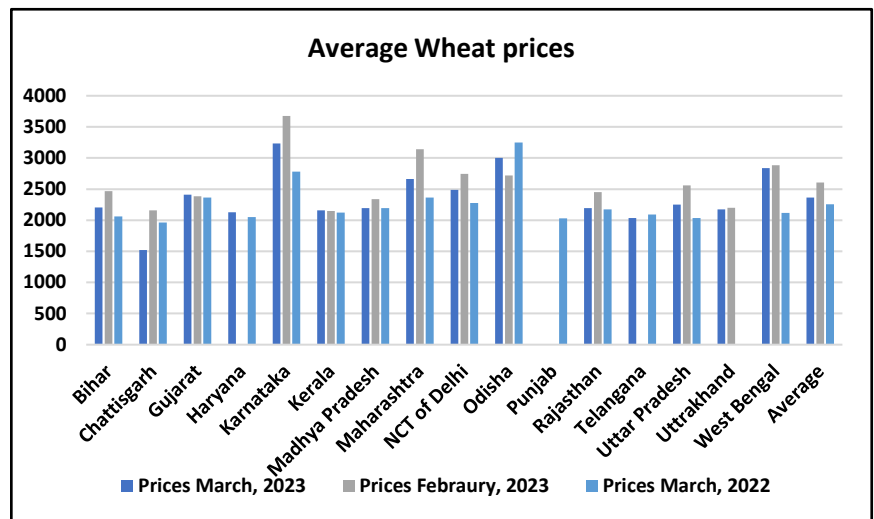
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Market Dynamics:

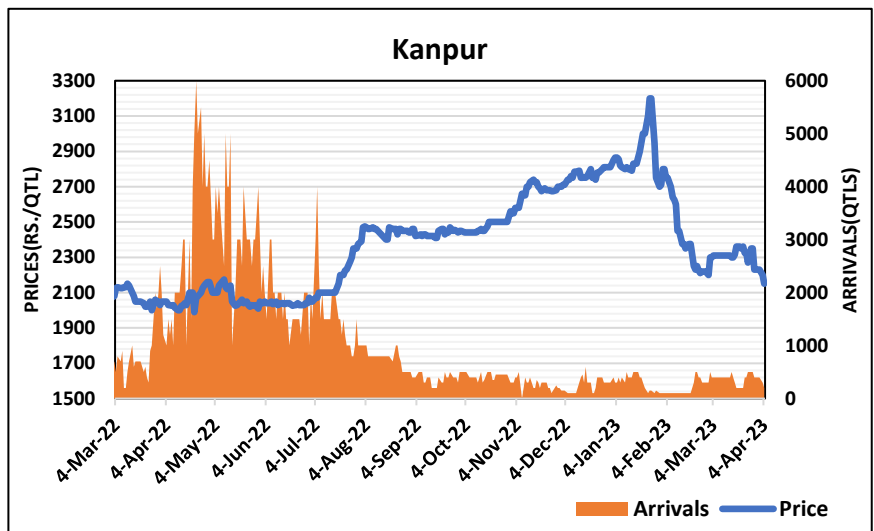
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Price Trend:

Overall countries average decline as compared to previous month amid increase in new crop arrivals during month under observation. In mostly all the states witnessed decline in prices due to pressure built by arrivals. Rainfall and hailstorms were also witnessed during March month due to which heavy losses have been detected both in quality and production. Average prices were down by 9.21% as compared to previous month.



Average monthly prices in benchmark Kanpur market were traded on lower side as compared to previous month pressurize by new crop arrivals. In March average price was recorded at Rs.2202.35 per quintals decline by 9.80% as compared to Rs.2441.56 per quintals in the previous month.



On procurement end, till 6th April around 7 LMT of Wheat has already been procured so far. Maximum contribution reported from M.P only followed by Haryana and U.P. Government modified procurement norms after considering rainfall and hailstorms impact on Wheat. “Luster loss wheat containing up to 10% loss without any value cut followed by relaxation from 10% to 80% with 1/4th of one full value cut on flat basis of MSP 2023-24 of wheat in the entire State of Madhya Pradesh.” Wheat procurement norms for M.P.

- Luster loss up to 10 % - No value cut.
- Luster loss from 10to 80 %- 25% value cut from MSP.

Production Estimates for the crop year 2022-23:

- After analyzing survey data AgriWatch had revise down its production estimate for 2022-23 at 102.90 MMT decline as compared to previous estimate of 104.24 MMT.

- 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.

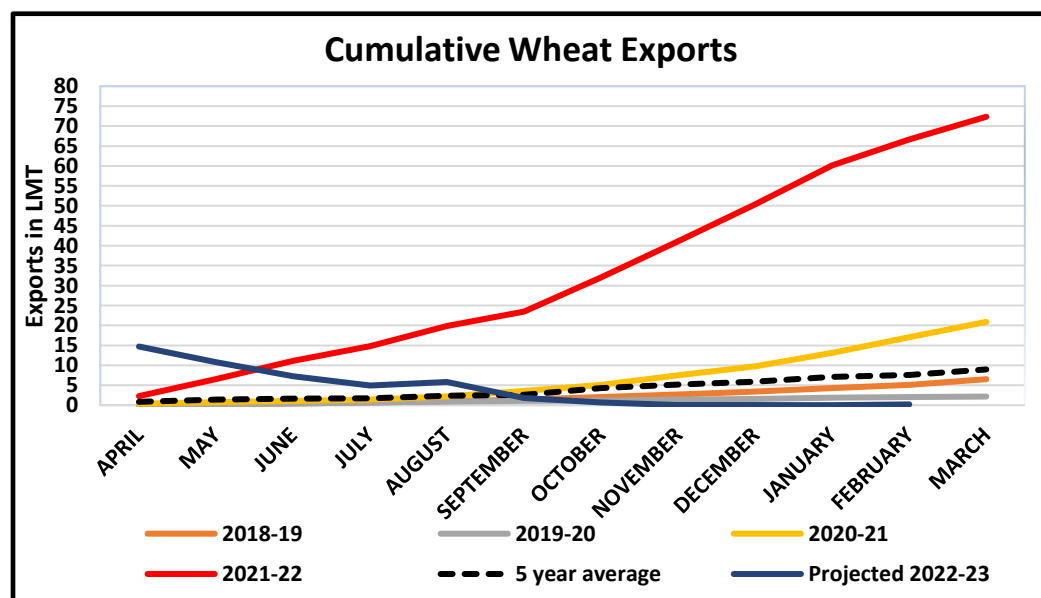
Production Estimates (LMT):

	2021-22	2022-23 (Advance Estimate)
GOI	1077.42	1121.82
AgriWatch	977.6	1029.00
USDA	1030	1040

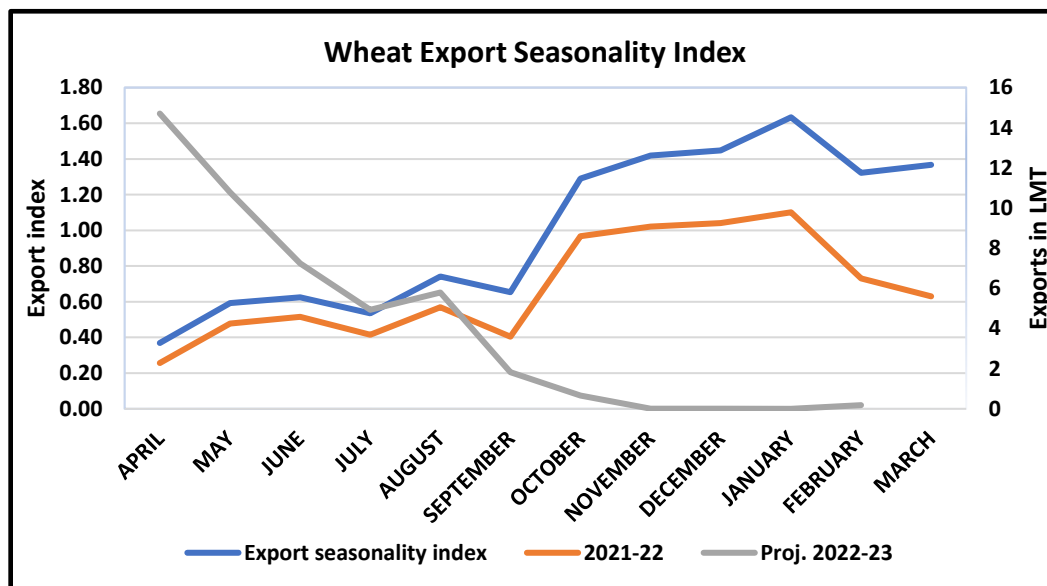
BALANCE SHEET

	Crop year	2021-22	2022-23
	Wheat MY Runs from April To March (Figures in MMT)	2022-23	2023-24*
A	Carry in	18.90	10.96
B	Production	97.76	102.90
C	Imports	0.00	0.00
D	Total Availability	116.66	113.86
E	Exports	4.70	0.40
F	Consumption	101	101
G	Total Usage	105.70	101.40
H	Carry out	10.96	12.46
K	Stock to Use Ratio	10.37	12.29

Export:



As per trade sources, total of about 46.15 LMT had been exported so far to different countries. Out of total around 0.18 LMT exported in February only. Maximum Wheat had exported to Nepal in respective month.



According to the seasonality index graphic above, this year is referred to as an "abnormal year" because the export trend 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
All-India	187.92

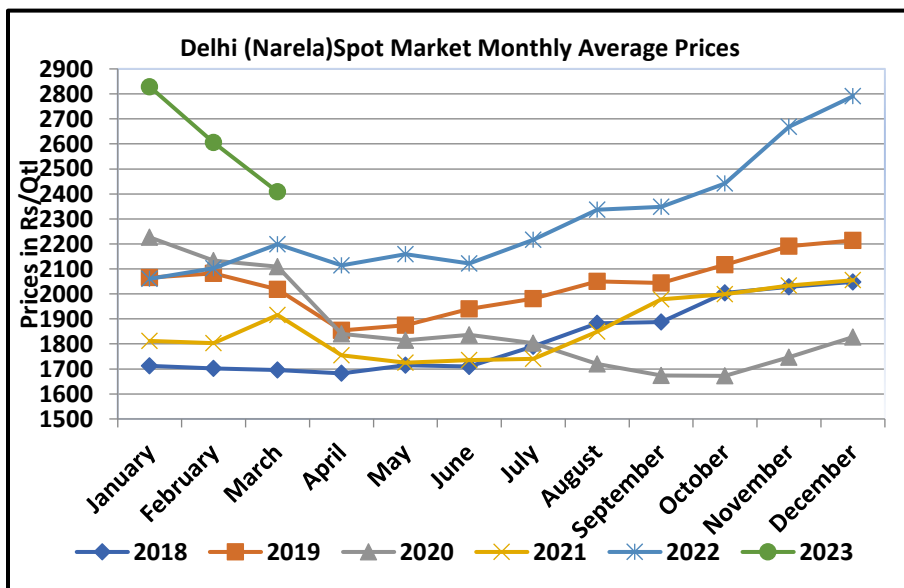
Outlook:

In coming month steady to slightly firm trend is likely to be followed in domestic market. New crop arrivals will keep prices steady while procurement by millers and stockiest along with will keep market on slight firm side. On global level, market is likely to be on firm side because of decline in acreage of US Wheat along with with rumour that Russia may put restriction on Wheat exports.

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

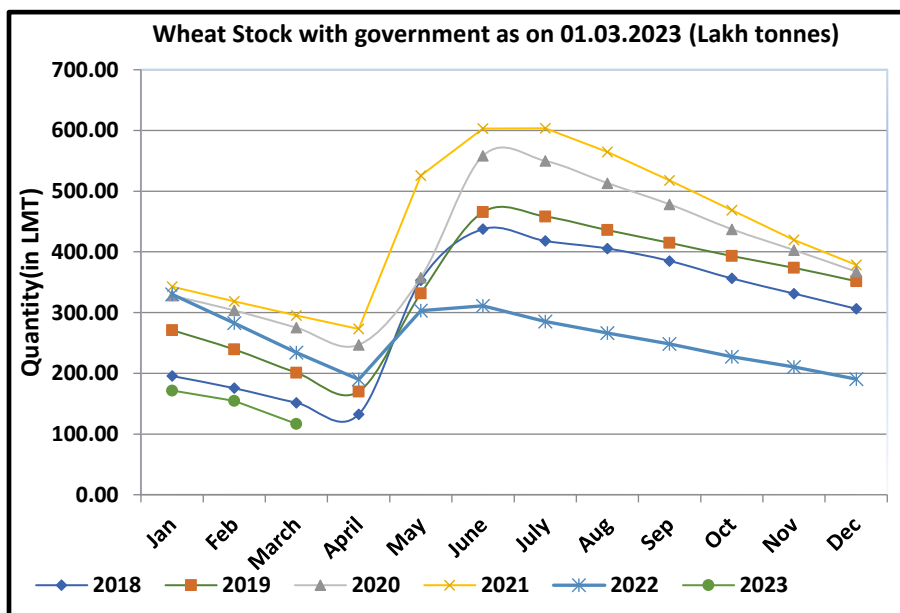
Wheat Delhi Average Monthly Price:

Downward trend observed in Wheat prices during the month under review. Spot market prices in Narela were traded on downside in March as compared to previous month. The average price was down by 7.56% to Rs.2408.26 per quintals compared to Rs.2605.28 per quintals in previous month.

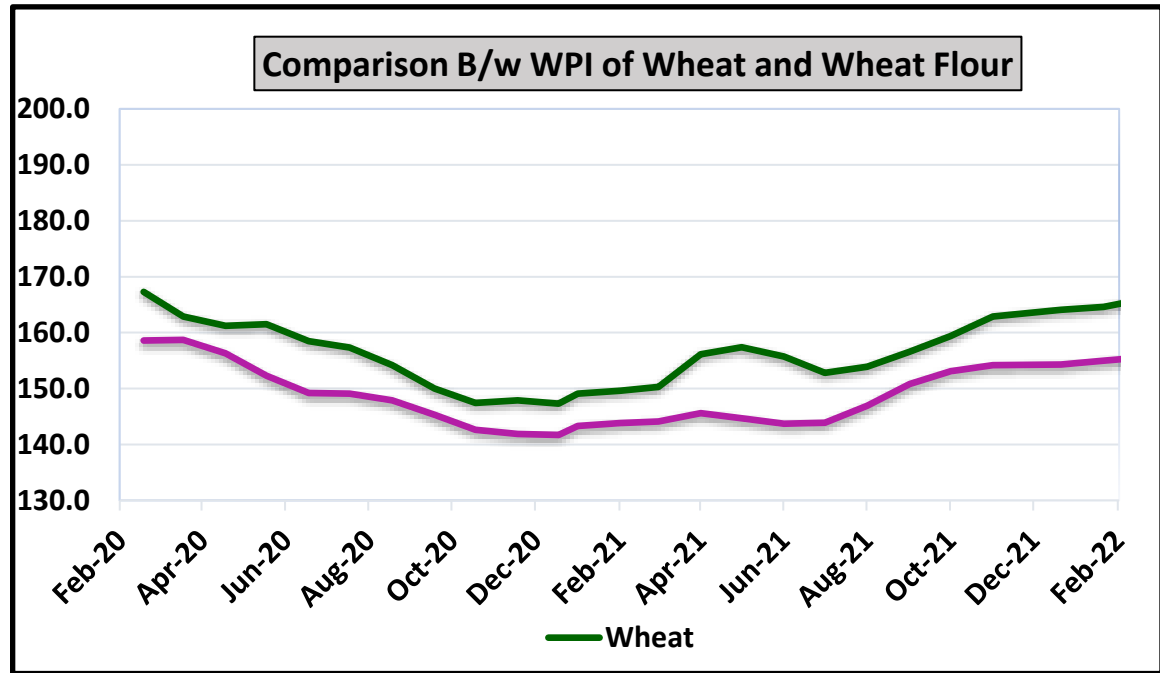


Wheat Stocks with the Government:

- Wheat stocks in government FCI Central Pool as of March 1st, 2023, was 116.70 LMT down by 50.12% 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 33.77 LMT (total of all 4 auctions), which is about half of the overall allocation of 45 LMT.



Wheat Inflation:



- Wheat WPI has increased from 196.90 in February 2023 to 196.90 in month under observation. Monthly Wheat inflation has decreased by 3.24 percent in February 2023 as compared to the previous month due to good domestic demand. While year-on-year basis, the price index has increased by 18.54 percent.

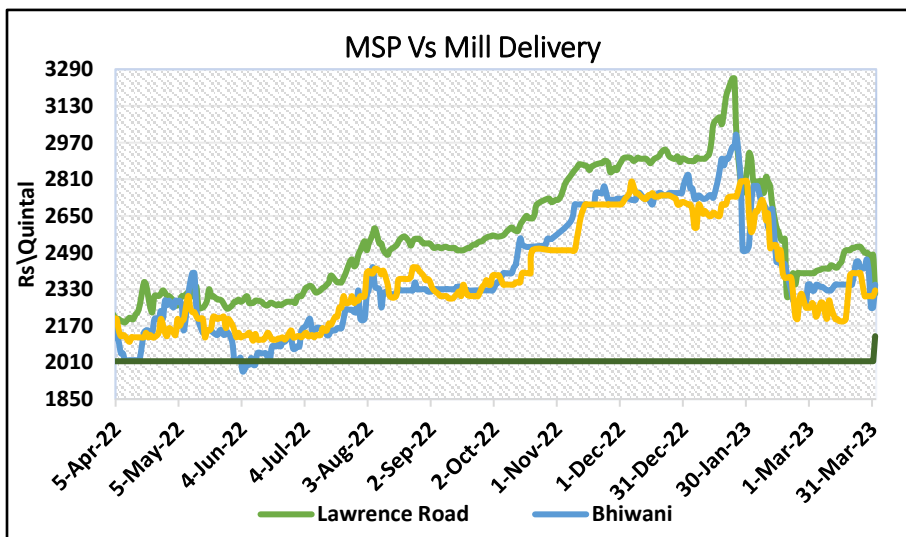
Month/Year	2019	2020	2021	2022	2023
Jan	154.8	168.6	149.1	164.6	203.5
Feb	157.8	167.3	149.5	166.1	196.90
Mar	155.5	162.9	150.2	171.4	
Apr	151.5	162.5	155.9	172.8	
May	150.7	159.8	157.4	174.0	
Jun	150.8	158.6	156.2	171.8	
Jul	153.4	157.5	153.6	173.6	
Aug	156.5	154.5	153.9	180.6	
Sep	158.3	150	156.7	181.8	
Oct	160.6	147.4	159.4	185.3	
Nov	164.4	147.9	162.9	192.4	
Dec	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
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	2153.80	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
22-Sep	2505.00	2389.42	2325.00	2340.16	2693.91
22-Oct	2603.00	2443.56	2371.10	2390.21	2744.47
22-Nov	2825.88	2687.63	2587.36	2567.00	2984.37
22-Dec	2900.07	2709.00	2641.07	2609.59	3106.06
23-Jan	3000.09	2800.11	2743.04	2700.28	3106.25
23-Feb	2624.16	2469.43	2549.69	2455.87	3100.00
23-Mar	2446.36	2198.24	2372.90	2293.02	2897.90

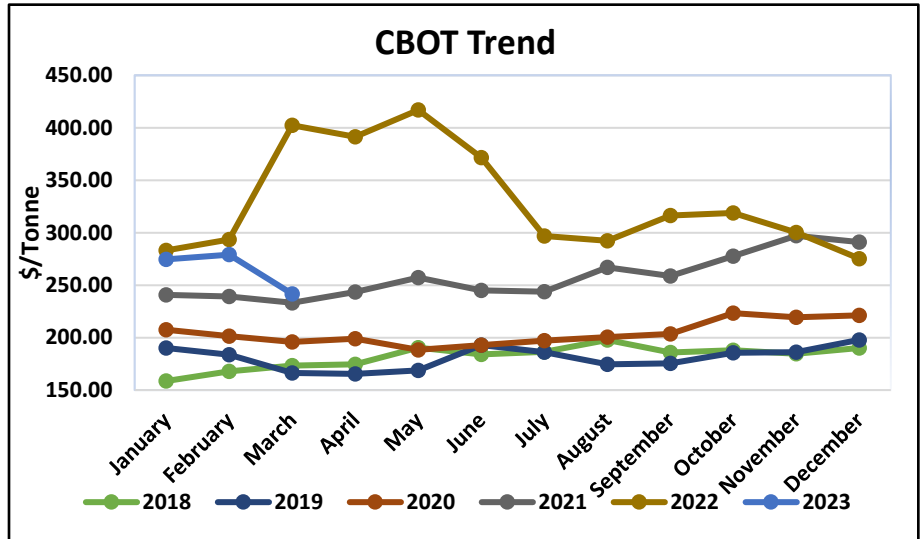
MSP vs. Mill Delivery Prices:

- 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 downside during month under observation. Higher supply side amid extension of corridor deal between Russia and Ukraine war.



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
	4-Apr-23	27-Mar-23	6-Mar-23	2-Jan-23	3-Oct-22	4-Apr-22	
May-23	250.57	256.45	260.39	293.46	342.14	353.35	-3.77
Jul-23	255.25	260.67	263.33	295.02	334.70	331.95	-3.07
Sep-23	260.21	264.99	267.28	297.41	332.31	326.16	-2.65
Dec-23	266.92	271.23	273.16	301.36	332.13	-	-2.29
Mar-24	271.23	275.46	277.48	303.29	330.11	-	-2.25
May-24	272.43	276.56	278.67	302.74	-	-	-2.24
Jul-24	266.37	269.30	272.98	296.12	-	-	-2.42
Sept-24	267.01	269.40	-	-	-	-	-

Monthly Price Comparison of Spot Markets

Spot Market Price:							
Centre	Market	Variety	Prices (Rs/Qtl)				
			Current	Yesterday	Week Ago	Month Ago	Year Ago
			4-Apr-23	3-Apr-23	28-Mar-23	4-Mar-23	5-Apr-22
Delhi	Lawrence Road	Mill Delivery	2350	2350	2490	2410	2200
	Narella	Mill Quality	2250	2250	2500	2400	2050
	Nazafgarh	Mill Quality	2100	2135	-	-	2050
Gujarat	Rajkot	Mill Delivery	2200	2200	Closed	2150	2250
	Ahmedabad	Mill Delivery	2325	2300	Closed	2350	2330
	Surat	Mill Delivery	2400	2350	Closed	2425	2400
	Dhrol	Mill Delivery	3120	2580	-	2410	2245
M.P.	Indore	Mill Delivery	2350	Closed	2300	2280	2250
	Bhopal	Mill Quality	2000	Closed	Closed	2150	2000
		Mill Quality	2050	Closed	2000	2250	2100

Rajasthan	Kota	Mill Delivery	2250	Closed	2200	2350	2250
U.P.	Kanpur	Mill Delivery	2150	2200	2350	2310	2125
	Mathura	Mill Quality	2100	2100	2300	2300	2020
	Kosi	Mill Quality	2110	2080	2200	2230	1985
	Hathras	Mill Quality	2250	2350	2600	2350	2000
	Aligarh	Mill Quality	2125	2125	2200	2250	2020
Punjab	Khanna	Mill Quality	2220	-	2200	2150	2120
	Ludhiana (Jagraon)	Mill Delivery	2150	2150	2150	2300	-
Haryana	Sirsa	Mill Delivery	2210	2210	2250	2150	2100
	Hodal	Mill Delivery	-	-	-	-	-
	Bhiwani	Mill Quality	2200	2200	2400	2300	2080
	Karnal	Mill Delivery	-	-	-	-	-
	Panipat	Mill Quality	2300	2250	2430	2350	-
Tamil Nadu	Chennai	Mill Quality	2550	Closed	2500	3100	2500
	Madurai	Mill Quality	2607	Closed	2650	3200	2700
	Coimbatore	Mill Quality	2607	closed	2700	3250	2750
Bihar	Khagariya	Mill Delivery	2200	2200	2300	Closed	2100
	Muzaffarpur	Mill Delivery	2100	2100	2225	2100	2050

International Market Dynamics

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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.
- **Russian prices were down by \$5 per tonne to \$288 per tonnes as compared to previous week.** Due to good supply side and beginning of talks for the extension of grain deal prices were pressurized by mentioned factors.
- **Jordan releases new tender to purchase 1.20 LMT of milling Wheat, optional origins are expected.** Last day for submission of price offers is March 21st and it would be done in combinations of 50,000 to 60,000 tonnes. Time period for the shipment is for Sept. 1-15, 16-30 and Oct. 1-15, 16-31.

- **Total Weekly exports for EU Wheat to 2.08 LMT down by 7% as compared to previous week.** With this total MY exports reached 21.54 MMT.
- **As per Ukrainian official, Kenya is likely to receive 0.25 LMT of Ukrainian Wheat by the end of next month.** They further added by giving confirmation that the loading is now on its final stage at port of Chornomorsk and destination would Mombasa port of Kenya. This will help Kenya which is affected by the serious drought conditions.
- **State grains buyer of Iraq has believed to bought 2.50 LMT of Australian Wheat. As per European trade sources it is likely to bought at an estimated \$428 per tonnes C&F under trading house Viterra.**
- **Taiwan has bought an estimate of 0.48 LMT of U.S. origin Wheat in an international tender on 1st Mar 23.** The shipment is believed to be from Pacific Northwest coast between the period of April 19 and May 3. Further details are as given below:

Quantity (in tonnes)	32,550	9,500	6,925
Type	U.S. dark northern spring Wheat	Hard Red Winter	Soft White Winter
Protein Content	Min. 14.5%	Min. 12.5%	Min. 8.5%
FOB (per tonnes)	\$367.76	\$360.76	\$306.26

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)
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
Mar-23	284.19	369.7	349.17	270.04	287	303	283.31	291.22

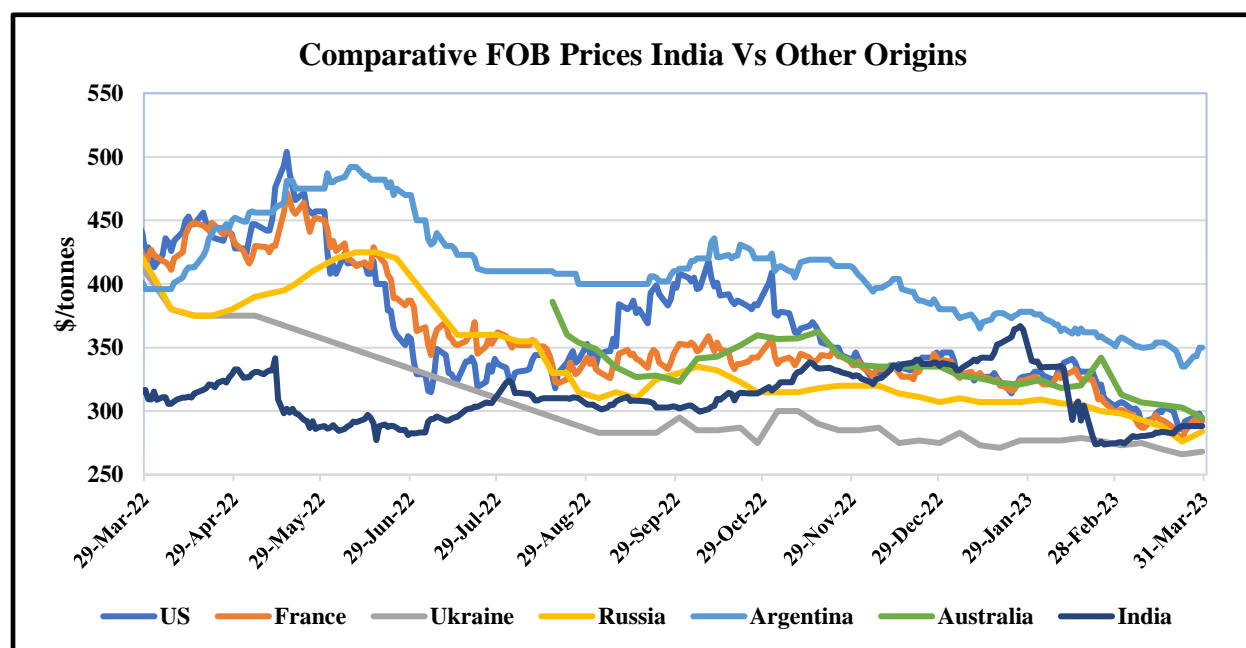
IGC Balance Sheet Highlight:

IGC Forecast (Fig-In MMT)	2019-20	2020-21	2021-22 est.	2022-23 F'cast	
				16.02.23	16.03.23
Production	761	774	781	796	801
Trade	185	190	197	197	199
Consumptions	745	771	784	789	789
Carryover stocks	276	279	274	282	286
Y-O-Y change	16	3	-3	7	12
Major Export	62	60	58	64	67

Source: IGC

- IGC has up the projected 2022-23 global wheat production at 801 MMT at same pace as in previous estimate.
- The trade projection for 2022-23 is 199 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 286 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 amid extension of corridor deal. 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
World total	271,447	788,940	787,668	208,406	213,926	267,199

Source: USDA

Wheat-Technical Outlook:

Kanpur Market Prices

Technical Chart:



Technical Commentary:

- Wheat Kanpur prices down from previous month and make high at 2362, low at 2190 and closes at 2190.
- Market is currently trading below 9, 18 DMA and taking support from 50, 100 DMA.
- 2180 is near term support and 2430 would be resistance.

CBOT Futures May-23 Chart:

Technical Chart:



1st Support: 653

2nd Support: 559

1st Resistance: 952

2nd Resistance: 802 (\$ per tonne)

Technical Commentary:

During the month under review, market was down by 4.52% to 675.50, and tests its low at 671.25, high at 710.12. 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 42.44 indicating weak buying strength and MACD indicating weak momentum in the near term. We expect in coming month prices to trade up with firm bias to continue.

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