Wheat Monthly Research Report

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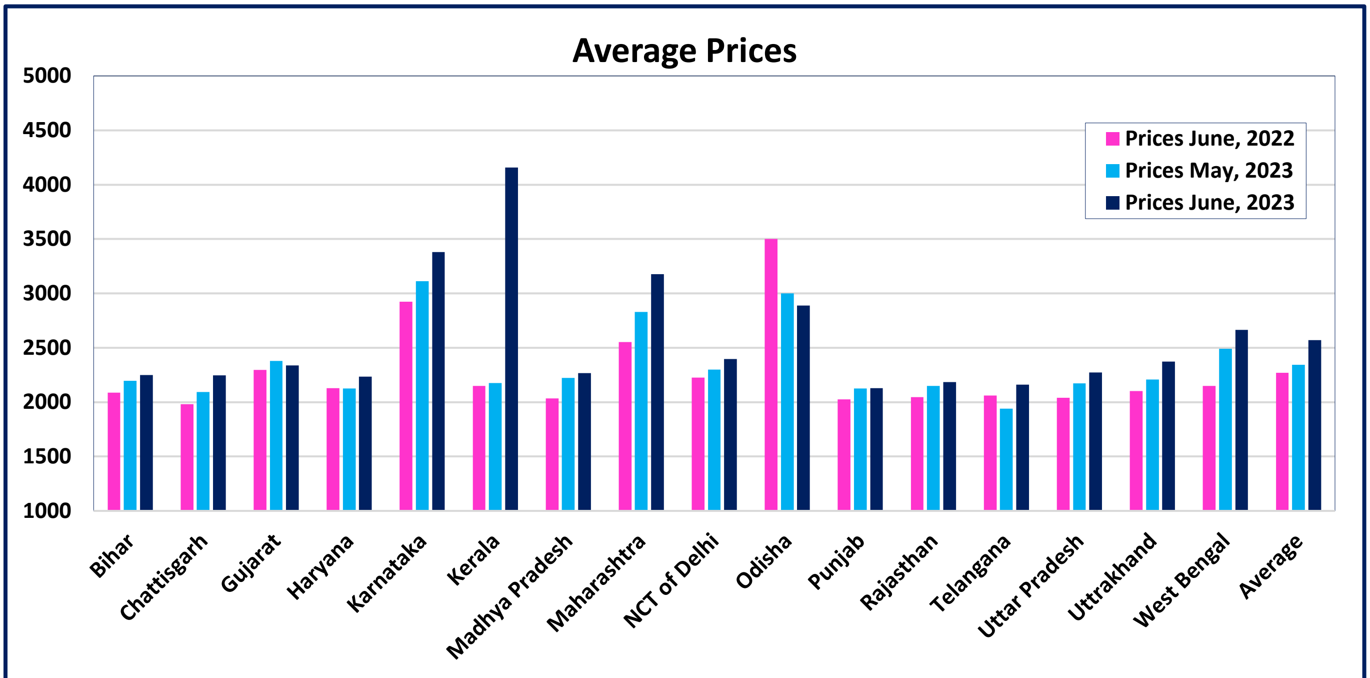
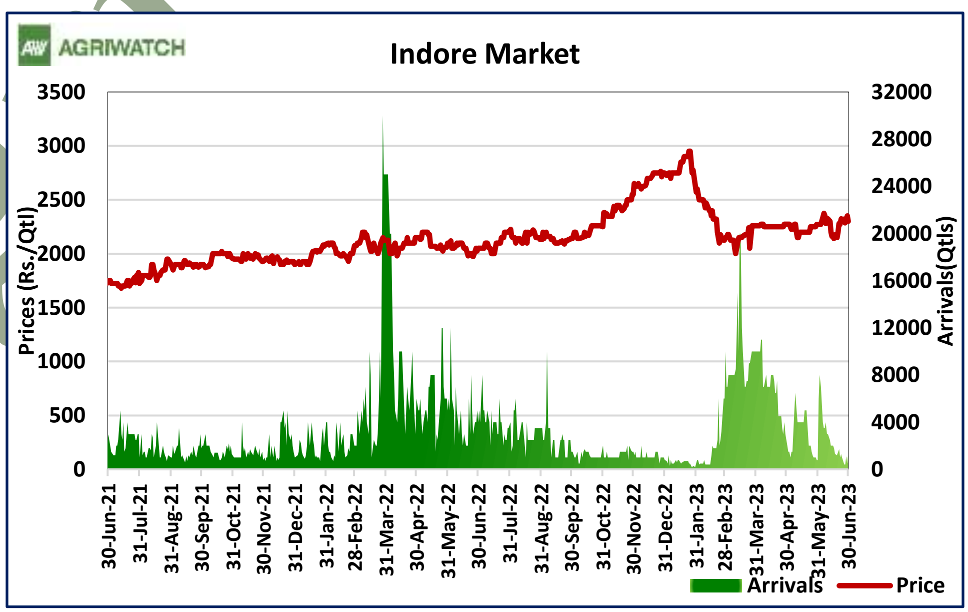
Market Dynamics: (*Back to Table of Contents*)

Price Trend:



During month under review, average prices were on higher side amid decline in arrivals in major states. This year there is more holding by farmers and traders as compared to previous year which led to decline in arrivals in mandis. Due to which on 12th of June 2023 Government had put stock limit on Wheat for period up to 31st March, 2023. Along with this Government has declare release of 15 LMT Wheat under OMSS for first phase. This may show impact in coming July month.

Decline in arrivals coupled with good demand from south result in higher average prices in Indore market during month under review. Average prices were Rs.2269.62 per quintals up by 1.85% as compared to Rs.2228.32 per quintals in previous month.



Production Estimates for the crop year 2022-23:

- After analyzing third round survey data AgriWatch had revise down its production estimate for 2022-23 at 101.35 MMT decline as compared to previous estimate of 102.90 MMT.
- USDA have increased the 2022-23 India's Wheat production to 1130 LMT up by 8.65% as compared to previous year.
- While as per advance estimate of Government production is likely to be around 1127.43 up by previous year production estimate of 1077.42 LMT.

Production Estimates (LMT):

	2021-22	2022-23 (Advance Estimate)
GOI	1077.42	1127.43
AgriWatch	977.6	1019.68
USDA	1040	1130

State wise Agriwatch Revised APY Estimate:

State/UT	Acreage (Lakh Ha)		Production (LMT)		Yield (Kg/Ha)	
	2021-22	2022-23	2021-22	2022-23	2021-22	2022-23
Bihar	23.30	23.80	51.22	55.70	2198.10	2340.2
Gujarat	11.00	13.30	29.38	33.24	2670.60	2499.2
Haryana	24.78	23.90	112.04	99.62	4521.30	4168
Madhya Pradesh	97.47	92.50	197.42	245.55	2025.46	2654.6
Maharashtra	10.18	12.10	17.18	18.23	1688.10	1506.6
Punjab	26.60	29.30	89.11	91.57	3350.00	3125.4
Rajasthan	32.90	35.30	148.13	148.76	4502.45	4214.2
Uttar Pradesh	91.77	97.20	300.91	299.48	3279.00	3081.07
West Bengal	1.90	1.80	5.11	4.08	2687.50	2268
Others	15.00	13.10	26.40	23.45	1760.00	1790
All India	**334.90**	**342.30**	**976.90**	**1019.68**	**2916.982**	**2978.90**

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	**101.96**
C	Imports	0.00	0.00
D	**Total Availability**	**116.66**	**112.92**
E	Exports	4.70	0.40
F	Consumption	101	**101.00**
G	Total Usage	**105.70**	**101.40**
H	**Carry out**	10.96	11.52
K	**Stock to Use Ratio**	10.37	11.36

Export:

As per recent data given by Government total of 0.18 LMT wheat has been exported in March month. With these total exports reached **46.34** LMT, down by 35.95% as compared to previous year for MY 2022-23.
For the ongoing year MY 2023-24, around 0.01 LMT has been exported during April month. Agriwatch expects that only about 0.40 MMT is likely to be exported this year.

Wheat Procurement RMS 2023-24 (Source: FCI)

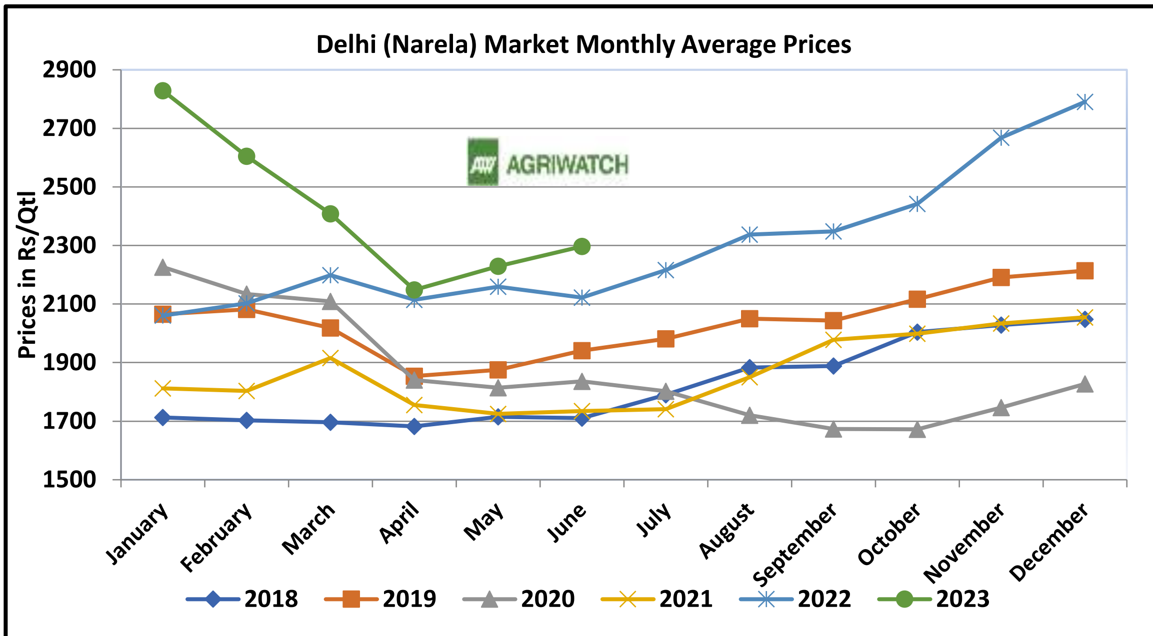
State/UTs	Procurement in LMT (as on 19.06.2023)
Punjab	121.26
Haryana	63.17
M.P.	70.98
U.P.	2.19
Rajasthan	4.35
Others	0.05
All India Total	**262**

Outlook:

AgriWatch anticipates steady to slight downward movement in prices for the upcoming month due to OMSS release of Wheat by Government. FCI is likely to float tender on every Friday and auction would be take place on every Wednesday every week starting from 28th June. On global level, Concern over crop may lead to increase in prices.

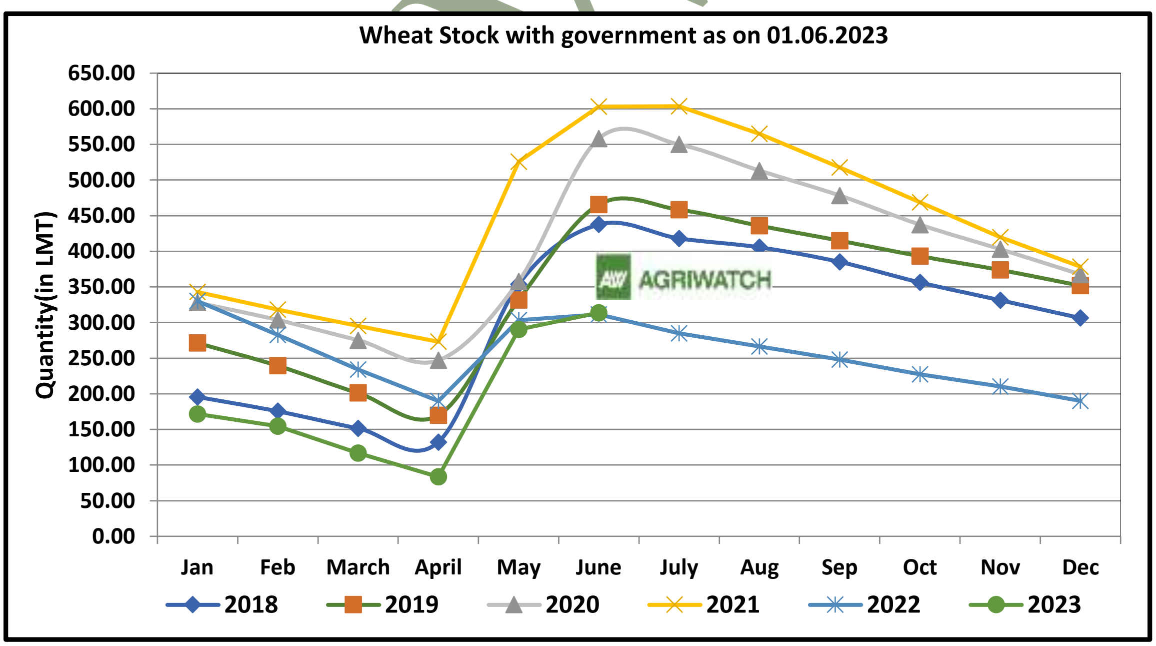
Trade Call: There is no trading at NCDEX for wheat.

Wheat Delhi Average Monthly Price:



Uptrend had been observed in Wheat prices during the month under review amid decline in new crop arrivals in market coupled with good demand. Average prices were up by 3.03% as compared to previous month and were stood at Rs.2297 per quintals.

Wheat Stocks with the Government:

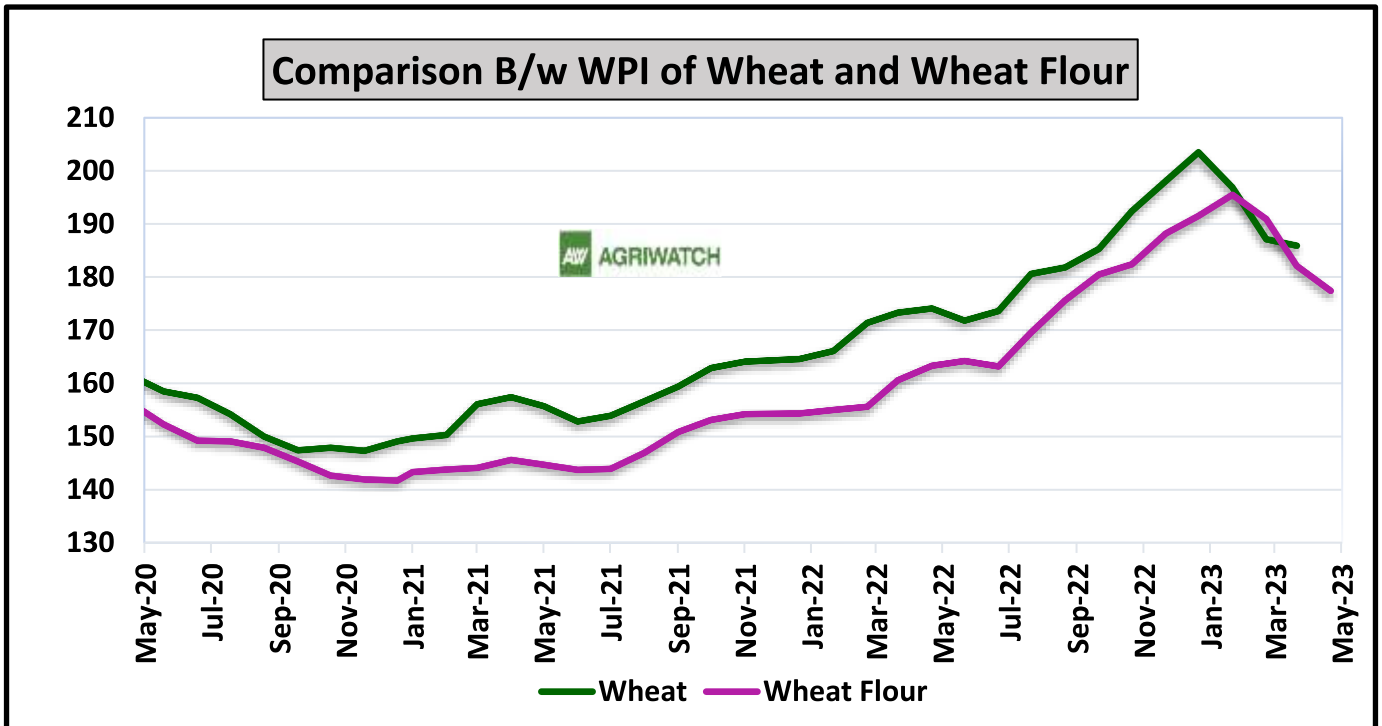


- Wheat stocks in government FCI Central Pool as of June 1st, 2023, was 313.88 LMT up by 8.13% as compared to same period in previous year.

- However, it remains higher than the buffer norms of 275.80 LMT as of 1st July and up by 14%. As of 1st June 2023, most of the stocks are being held with M.P (106.73 LMT).

- As per the latest data by FCI, A total of about 15.57 LMT Wheat was distributed in May month which was down by 48% as compared to the same period last year. Out of the total under the NFSA scheme was 13.35 LMT, under other welfare schemes was 2.21 LMT has been distributed so far.

Wheat Inflation:



- Wheat WPI has increased from 185.90 in April 2023 to 184.80 in month under observation. Monthly Wheat inflation has decreased by 0.59 percent in May 2023 as compared to the previous month amid steps taken by Government like OMSS release and Stock limit. While year-on-year basis, the price index has increased by 6.51 percent.

Wheat WPI:

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	187.10
Apr	151.5	162.5	155.9	172.8	185.90
May	150.7	159.8	157.4	174.0	184.8
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	

Wheat Flour WPI:

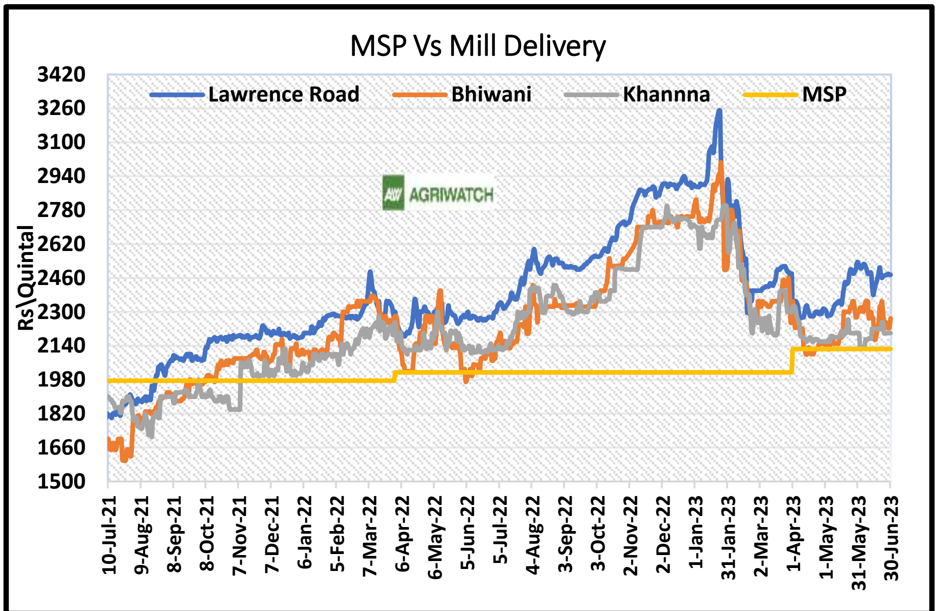
Month/Year	2019	2020	2021	2022	2023
Jan	153.9	160.7	143.3	155	195.5
Feb	155.4	158.6	143.8	155.6	190.9
Mar	154.4	158.7	144.1	160.6	182.1
Apr	151.1	156.3	145.6	163.3	177.4
May	150.5	152.3	144.7	164.2	177.2
Jun	151.2	149.2	143.7	163.2	
Jul	152.8	149.1	143.9	169.6	
Aug	155.3	147.9	146.9	175.6	
Sep	156.1	145.3	150.8	180.5	
Oct	157.3	142.6	153.1	182.4	
Nov	158.7	141.9	154.2	188.2	
Dec	159.1	141.7	154.3	191.5	

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
23-Apr	2288.63	2196.44	2257.00	2305.00	2560.86
23-May	2384.92	2294.3	2384.92	2325.03	2737.03
23-June	2471.68	2351.62	2347.68	2349.60	2613.46

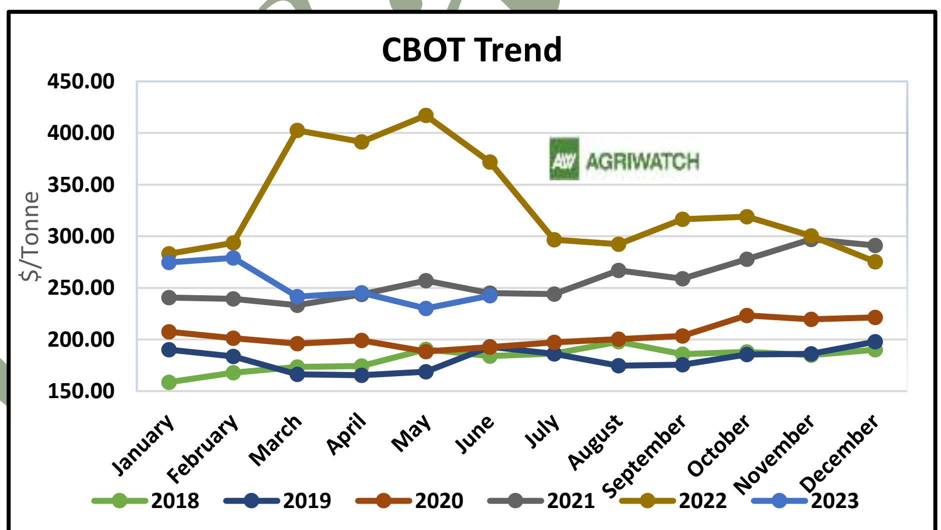
MSP vs. Mill Delivery Prices:

- Due to decline in arrivals in Lawrence Road, Bhiwani, and Khanna prices were on the higher side.



CBOT Trend:

During month under review, CBOT prices were up unfavourable weather conditions in major producing countries



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
	5-Jul-23	27-Jun-23	5-Jun-23	3-Apr-23	2-Jan-23	5-Jul-22	
Jul-23	230.91	251.67	229.26	259.66	295.02	291.62	0.72
Sep-23	235.78	256.81	233.76	264.44	297.41	296.49	0.86
Dec-23	242.76	263.15	240.83	271.23	301.36	302.74	0.80
Mar-24	248.73	268.57	246.62	275.55	303.29	-	0.86
May-24	251.94	270.68	249.92	276.56	302.74	-	0.81
Jul-24	253.87	270.68	252.22	269.86	-	-	0.66
Sep-24	256.90	272.24	255.80	-	-	-	0.43
Dec-24	260.58	274.72	-	-	-	-	-

Monthly Price Comparison of Spot Markets

Spot Market Price:							
Centre	Market	Variety	Prices (Rs/Qtl)				
			Current	Yesterday	Week Ago	Month Ago	Year Ago
			5-Jul-23	4-Jul-23	28-Jun-23	5-Jun-23	5-Jul-22
Delhi	Lawrence Road	Mill Delivery	2450	2435	2480	2525	2340
	Narella	Mill Quality	Closed	2250	Closed	2300	2200
	Nazafgarh	Mill Quality	Closed	2250	Closed	2300	2160
Gujarat	Rajkot	Mill Delivery	2330	2340	2325	2330	2220
	Ahmedabad	Mill Delivery	2420	2410	2410	2450	2350
	Surat	Mill Delivery	2500	2500	2500	2540	2410
	Dhrol	Mill Delivery	2355	2355	2270	2355	2400
M.P.	Indore	Mill Delivery	2350	2360	2400	2400	2185
	Bhopal	Mill Quality	2200	2200	2200	2275	1950
Rajasthan	Kota	Mill Quality	2150	2150	2150	2200	2070
		Mill Delivery	2300	2300	2300	2350	#REF!
U.P.	Kanpur	Mill Delivery	2360	2300	2310	2350	2170
	Mathura	Mill Quality	2240	2260	2300	2370	2120
	Kosi	Mill Quality	2210	2195	2225	2280	2115
	Hathras	Mill Quality	2210	2210	2280	2350	2120
	Aligarh	Mill Quality	2260	2200	2275	2300	2140
Punjab	Khanna	Mill Quality	2180	2180	2200	2135	2070
	Ludhiana (Jagraon)	Mill Delivery	2150	2150	2150	2130	2050
Haryana	Sirsa	Mill Delivery	2160	2150	2225	2250	2050
	Hodal	Mill Delivery	2150	2210	2210	2150	0
	Bhiwani	Mill Quality	2270	2270	2225	2300	2170
	Karnal	Mill Delivery	2160	2150	2225	2250	2050
	Panipat	Mill Quality	2195	2195	2230	2280	2080
Tamil Naidu	Chennai	Mill Quality	2750	2750	2700	2750	2700
	Madurai	Mill Quality	2800	2800	2750	2800	2750
	Coimbatore	Mill Quality	2800	2800	2750	2800	2750
Bihar	Khagariya	Mill Delivery	2400	2400	2400	2450	2125
	Muzaffarpur	Mill Delivery	2350	2350	2350	2425	2020

International Market Dynamics

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- **USDA June WASDE increased the production estimate for Russia, India, EU and Ukraine** Wheat. Due to this total world supplies increased by 10.80 MMT to 1066.90 MMT. For Russia increase of 3.5 MMT to 85.01 MMT has been estimated after favourable weather conditions in spring**.** In the case of India, after release of Indian Governments Third Advance Estimates, USDA too increase production estimate by 3 MMT to 113.50 MMT**.** For EU and Ukraine favourable weather conditions were responsible for increase in production estimate.
- **As per data given by FranceAgriMer, French Soft Wheat condition has declined for the** week ending 19th June, 2023 with around 83% of crop rated as good to excellent which was 85% in previous week,while it is higher than the 63% observed last year. Harvesting has begun and around 2% of crop has been harvested so far.

- **The USDA's crop progress report for the week ending on June 18th indicates that 94% of** winter wheat crop was headed which was 89% in previous week and 90% in previous year,out of which around 15% had been harvested already which was 23% in previous year. The report also shows that 71% of the crop is currently in fair to excellent condition, while 28% in very poor to poor condition. As for spring wheat, 90% has already been emerged so far and 87% crop is fair to excellent condition while 12% is in poor to very poor condition.

- **Around 15% of Spring Wheat cropping area is experiencing drought, as per drought** monitor given by USDA. It is on higher side by 11% as compared to previous week. This indicates not so good condition of US Wheat which may impact global supplies if poor weather persists further.
- **Amidst the ongoing humanitarian crisis in Afghanistan, India has decided to extend** assistance by sending 0.20 LMT (lakh metric tons) of Wheat to the country. To facilitate this aid, India plans to utilize Iran's Chabahar port as a transit point for transporting the 0.20 LMT of Wheat to Afghanistan. Notably, a previous shipment of approximately 0.40 LMT had already been dispatched through this humanitarian initiative. The initial batch, comprising 0.02 LMT, has departed from the port and is expected to reach the Herat province in Afghanistan via Iran.

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)**
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
Apr-23	277.31	377.00	344.95	261.50	277.50	294.30	289.00	279.65
May-23	249.42	365.00	365.52	240.40	265.00	273.91	292.00	256.96
Jun-23	257.00	345.86	359.50	202.67	230.00	274.41	298.00	254.73

IGC Wheat Global Balance Sheet:

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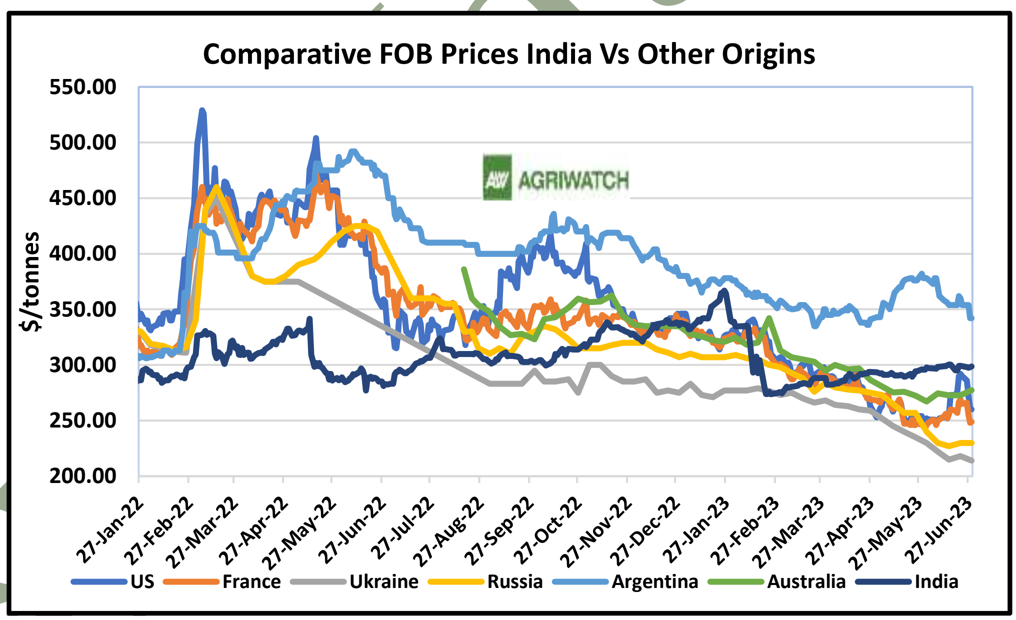
IGC Forecast (Fig-In MMT)	2020-21	2021-22 est.	2022-23 F'cast	2023-24 Projected	
				18.05.23	29.06.23
Production	774	781	803	783	786
Trade	190	197	200	194	197
Consumptions	771	784	795	795	803
Carryover stocks	279	274	283	271	264
Y-O-Y change	2	-3	8	-12	-17
Major Export	58	60	68	57	52

Source: IGC

- The trade projection for 2023-24 is expected around 197 MMT lower than previous year.
- Consumption too has been increased to 803 MMT from 795 MMT previous year.
- Carryout for 2022-23 is forecasted at 264 MMT up by 6 MMT as compared to previous estimate.
- IGC has projected production at around 786 MMT which is up as compared to previous estimate, And Trade is projected around 197 MMT up as compared to previous estimate.

Global Indicative FOB Quotes:

Amid concern over crops from France, Australia and US prices were on slight up side as the crop is not in good condition. While in India higher domestic prices keep export prices on higher side too. In case of Black Sea region low demand push down the export prices.



USDA Balance Sheet

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USDA Global Wheat Balance Sheet: 2022-23 Fig. (In Thousand Tonne)						
Country	Opening Stock 2023-24	Production 2023-24	Domestic Consumption 2023-24	Import 2023-24	Export 2023-24	Ending Stock 2023-24
Argentina	2,531	19,500	6,500	5	13,500	2,036
Australia	3,154	29,000	8,000	200	21,000	3,354
Canada	2,537	37,000	9,600	600	27,500	3,037
China	139,082	140,000	149,000	10,500	900	139,682
EU	16,164	139,000	109,500	7,000	38,000	14,664
India	9,500	110,000	107,600	100	500	11,500
Pakistan	3,730	26,810	29,600	3,000	500	3,440
Russia	17,638	81,500	41,000	300	45,500	12,938
Ukraine	2,240	16,500	7,100	60	10,000	1,700
U S	16,283	45,158	30,264	3,674	19,731	15,120
Others	53,424	145,296	291,363	182,105	32,589	56,873
World total	**266,283**	**789,764**	**789,527**	**207,544**	**209,720**	**264,344**

Source: USDA

Technical Analysis (Domestic market)

Wheat-Technical Outlook: **Kanpur Market Prices**

Technical Chart:

Technical Commentary:

- Wheat Kanpur prices down from previous month and make high at 2445, low at 2295 and closes at 2350.
- Market is currently trading below 9 DMA and taking support from 18, 50 and 100 DMA.
- 2150 is near term support and 2450 would be resistance.
- Market participants are recommended to buy near 2200 and wait till 2500.

Technical Analysis (International market)

CBOT Futures July-23 Chart:

Technical Chart:

1st Support: 575
2nd Support: 480
1st Resistance: 783
2nd Resistance: 1145 ($ per tonne)

Technical Commentary:

During the month under review, market was up by 9.55% to 651, and tests its low at 607, high at 770.25. As depicted from above chart, market is trading below 9 DMA while getting support from 18, 50 and 100 DMA. RSI is at 42 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.