Wheat Demand Supply Price Trend Analysis (DSPTA) – 11th Jan 2022

Overview

Commodity	Close	% Change					
		Previous Close	Last Month	Last Quarter	YTD	2021	2020
Delhi	2200	0.00	0.00	6.28	1.38	17.30	-20.94
Indore	2048	0.41	-0.35	3.16	1.79	20.96	-26.87
Kanpur	2030	0.00	0.00	6.14	0.74	24.00	-24.77
Kota	2050	0.00	-1.91	5.13	0.00	20.59	-17.27
Rajkot	2063	-0.30	-3.31	3.16	-1.28	19.30	-23.50

WHEAT TO TRADE FIRM IN COMING DAYS

Wheat prices traded mostly flat over the previous day due to lower arrivals, price outlook remains strong for the coming days.

Key Factors

- **Wheat acreage decline by 1.72% y-o-y**: As of 7th Jan-22, wheat sowing is completed on 333.97 Lakh Ha, down 1.72% y-o-y. Sowing is completed on 95% of the targeted area.
- Sowing is almost completed across the major wheat producing states of Punjab, Haryana, Rajasthan, Uttar Pradesh and Madhya Pradesh.
- **Beneficial Weather:** Rains in the past week across the major wheat producing belt of Northern India remain beneficial for crop growth.
- Despite a slight decline in acreages wheat production is expected to remain at par or above the previous year level due to improvement in yields as the weather remains quite beneficial to date.
- **Thin Arrivals:** Wheat arrivals declined by 6.4% over the previous week at 1.30 Lakh MT.
- **Wheat Open market sale** from Apr-21 to 5th Jan-22 was 6.43 MMT Vs 1.20 MMT last year.
- **Govt. wheat distribution** under all schemes from Apr-21 to Nov-21 was 32.24 MMT Vs 26.6 MMT last year. Meanwhile, wheat distribution under PMGKAY from May-21 to Nov-21 was 12.9 MMT Vs 10.36 MMT last year. This scheme is extended till Mar-22 wherein another 7.3 MMT is allocated from Dec-21 to Mar-22.
- **Govt. wheat end stocks** in 2021-22 is estimated at 21.72 MMT Vs 27.3 MMT last year.
- **Rake Movement**: Wheat movement by rake during 1st Jan to 10th Jan was 67800 MT, out of total around 23450 MT moved to Mundra and Kandla port, 2500 MT to Bangladesh and 33450 MT moved to South India states.
- **Exports:** Wheat exports for the ongoing year is estimated at 6 MMT, up 134% y-o-y. Total exports from Apr – Dec'21 is around 4.65 MMT. Exports are likely to touch 6 MMT if similar pace continues. Major export destination – Bangladesh (2.7 MMT), SE Asia (0.6 MMT), Middle East (0.6 MMT), Sri Lanka (0.42 MMT) & Nepal (0.2 MMT).

Crop Sowing Area

Table 1.1 - **Wheat sowing report as on 7th Jan 2022**

State	Normal Area of Corr. Week	2021-22	2020-21	Y-o-Y Var %	2021-22 Vs Normal Var%
Uttar Pradesh	97.76	94.33	97.43	-3%	-4%
Madhya Pradesh	69.58	90.54	91.68	-1%	30%
Punjab	35.07	35.02	35.22	-1%	0%
Rajasthan	29.98	31.00	29.04	7%	3%
Haryana	25.06	23.86	25.21	-5%	-5%
Bihar	21.55	21.93	21.25	3%	2%
Maharashtra	8.19	8.84	10.03	-12%	8%
Gujarat	10.98	12.36	13.27	-7%	13%
Others	16.44	16.09	16.67	-4%	-2%
Total	**314.60**	**333.97**	**339.81**	**-2%**	**6%**

Unit: Lakh Ha

Demand and Supply

Table 1.2 - **India – Wheat Supply & Demand Estimates**

Particulars	2020-21	2021-22	Y-o-Y Change %
Opening Stock	24.70	27.78	12.5%
Production	107.86	109.52	1.5%
Imports	0.00	0.00	
Total Supply	132.56	137.30	3.6%
Exports	2.56	6.00	134.3%
Feed Consumption	6.50	7.00	7.7%
FSI Consumption	95.72	99.25	3.7%
Domestic Consumption	102.22	106.25	3.9%
Total Demand	104.78	112.25	7.1%
Ending Stock	27.78	25.05	-9.8%
Stock to Use Ratio	26.5%	22.3%	-15.8%

Unit: Million MT

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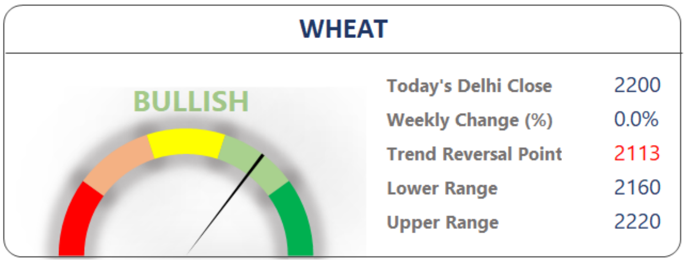
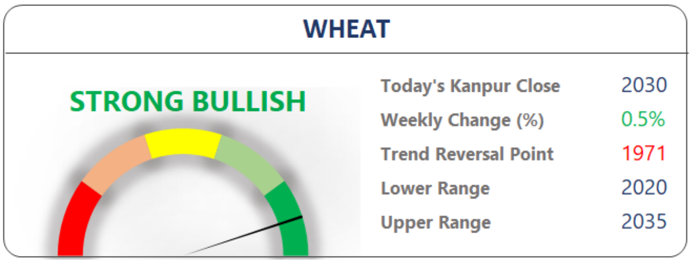
Market Sentimeters

Graph 1.1 – **Wheat Delhi**



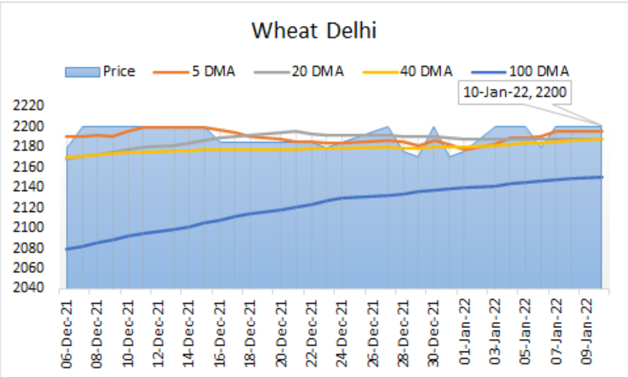
Graph 1.2 – **Wheat Kanpur**



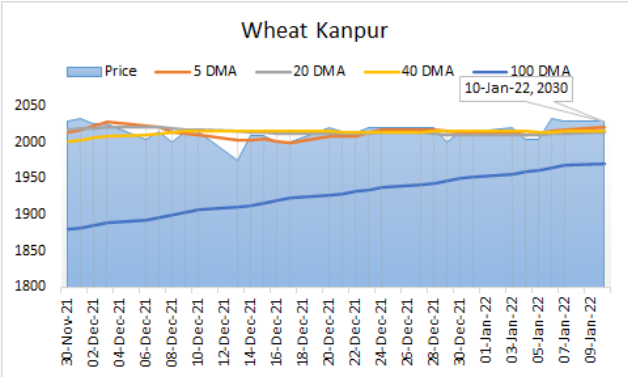
Inferences (Graph 1.1 & 1.2): Wheat Delhi prices will trade in between Rs. 2160 – 2220/quintal. Wheat Kanpur prices would trade in between Rs. 2020 – 2035/quintal.

Price Chart

Graph 1.3 – **Wheat Delhi**

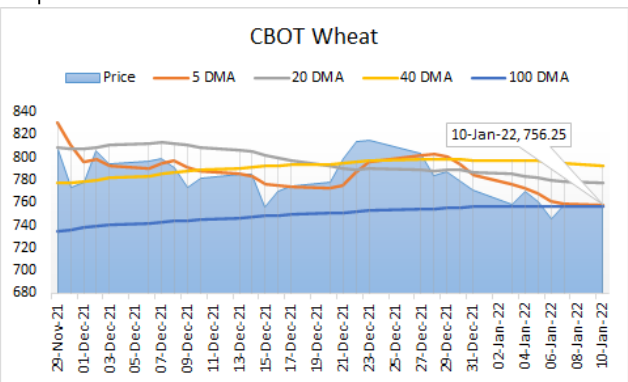


Graph 1.4 – **Wheat Kanpur**

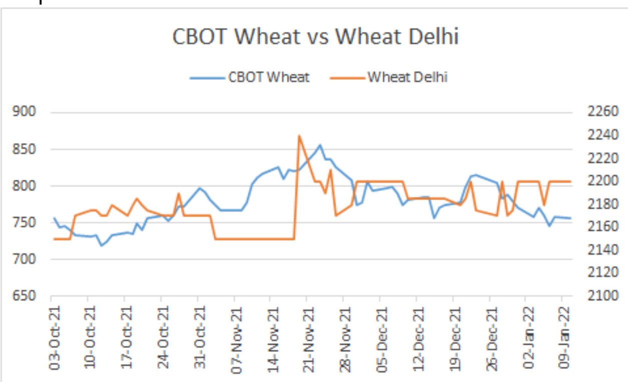


International Markets

Graph 1.5 – **CBOT Wheat**



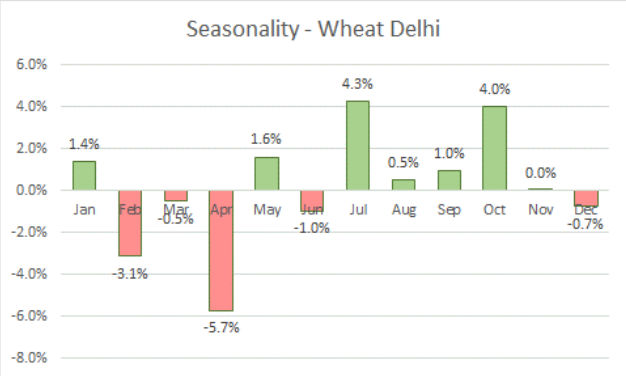
Graph 1.6 – **CBOT Wheat Vs Wheat Delhi**



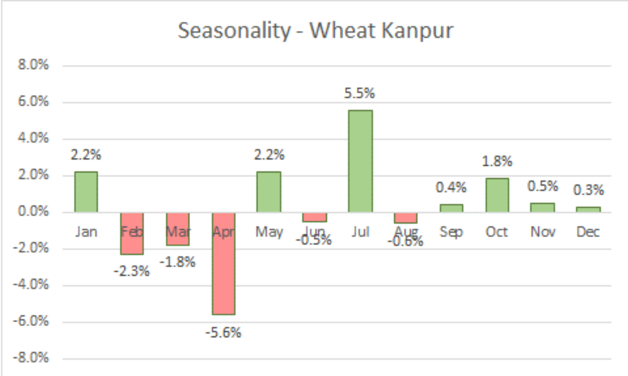
Notes:
1. Wheat CBOT prices in $/bushel. 1 bushel of wheat is equal to 60 pounds or 27.2155 kg.

Seasonality

Graph 1.7 – **Seasonality – Wheat Delhi**



Graph 1.8 – **Seasonality – Wheat Kanpur**



Inferences (Graph 1.7 & 1.8):

The seasonality chart is clearly hinting that wheat prices traditionally stay weak during February to April period. If the above finding will go right, we will see a weaker trend during February to April 2022 period.

Disclaimer