



# INDIAN WHEAT REPORT

11 DEC 24



## WHEAT MARKET UPDATE

- Govt has come into action to support the supply of wheat in the open market and is releasing 2.5 MMT of wheat under their Open Market scheme (OMSS) for sale to the local millers.
- The supply of wheat from the Govt coffers will come at MSP + Freight to the destination which shall bring the prices lower than the open market prices today, which shall help the millers average their purchase and get improved supplies too.
- The timing of the Govt OMSS has come as expected as the season is at its fag end with the private stocks tightening which could have pushed the wheat prices further up.
- With the Govt holding onto its stocks, OMSS at this point of time to feed the market with wheat seems to be well planned.
- How much it shall help to keep the prices under check need to be seen which shall be known in due course.
- *Wheat sowing is also happening at decent pace with Area under wheat reported to have reached 24 MN Ha against 23.4 MN HA last year at the same time.*
- *The wheat area is reported up 600 k HA from last year as of 9<sup>th</sup> Dec 2024 and area under wheat shall continue to grow in coming weeks especially in UP where the cane crop is being harvested.*
- GreenLeaf is expecting record area and production of wheat in the upcoming 25/26 season which should help relieve the wheat stock pressure and help control prices as well.
- What shall be important is to see the weather event in coming weeks.
- Weather is turning cooler which shall help with the growth of Wheat and help push the balance sowing of wheat.
- February weather as we have been mentioning shall be crucial and need to be watched as IMD has released the long term forecast and calling for rising temperatures in February in North where wheat is grown.
- This shall be bullish for the market and in case it happens and wheat crop is impacted, we shall have tight wheat balance sheet situation which shall be resolved through IMPORTS.
- So we have a case where IMPORTS shall become inevitable in case of crop failure and all the hard work of the Govt in keeping Imports at bay shall fail.
- But, if we have a good crop, then we should not see IMPORTS coming in for next 2 seasons.
- ALL EYES ON SUN AND MERCURY (in thermometers) to gauge temperature.



# IMD SEASONAL TEMP OUTLOOK HIGHLIGHTS

- Dec 2024 to Feb 2025, above normal min and max temperatures are likely over most part of the country.
- Even though above normal temp are expected, below normal cold wave days are expected over most parts of North West, Central and East and N East parts of the country.
- Major of the wheat is grown in North West, North and Central India where cold wave is expected.
- With cold wave, the temperature rise should not be too acute, should favour Wheat growth.
- Need to be seen till when the Cold Waves lasts and intensity of the same.

Fig 1 – Probability forecast of Min Temp for Dec 24 to Feb 25

Minimum Temperature Outlook for December 2024 to February 2025

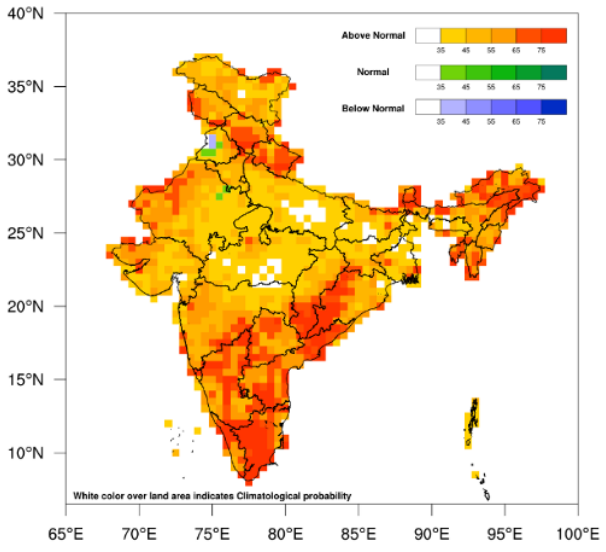


Fig 1 – Probability forecast of Max Temp for Dec 24 to Feb 25

Maximum Temperature Outlook for December 2024 to February 2025

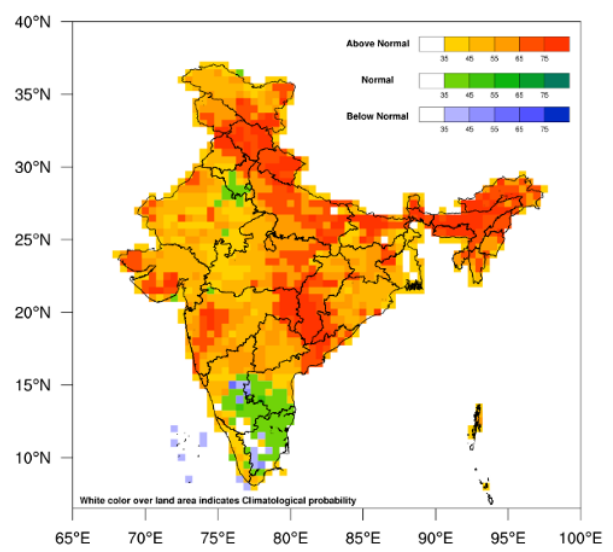
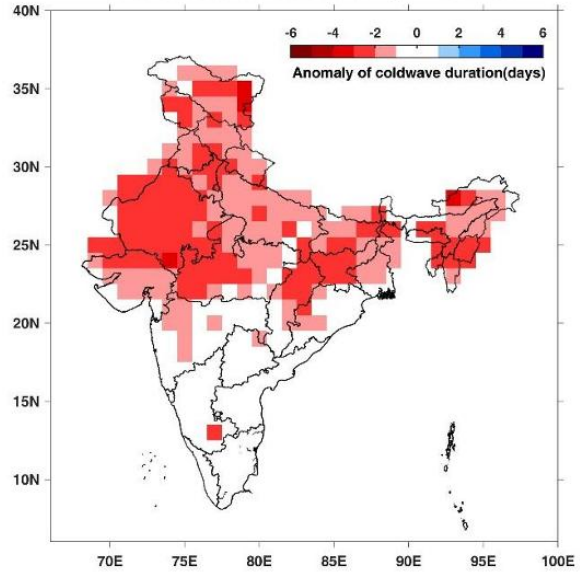


Fig 3 – Anomaly (Deviation from Normal) of Cold Wave Duration (days) for Dec 24 to Feb 25

Outlook for Cold wave duration during DJF 2024/2025



- Though the outlook of temperature does not look promising for Wheat and need to be monitored very closely.
- There have been news of Heat resistant qualities being used but how resistant they are going to be and to what extend they can protect the grain from damage will be known when the grain is ripe and ready for harvest.
- Loss of production this season shall lead to explosive price structure and deficit will have to be resolved through IMPORTS.

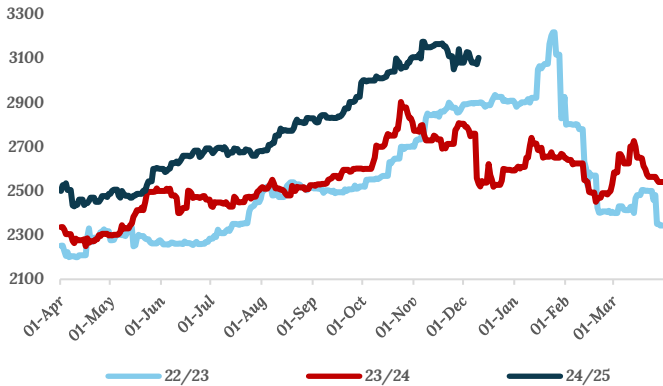


- If production is anywhere above 105 MMT (benchmark as per GreenLeaf), we think India will be able to survive another year without IMPORTS.

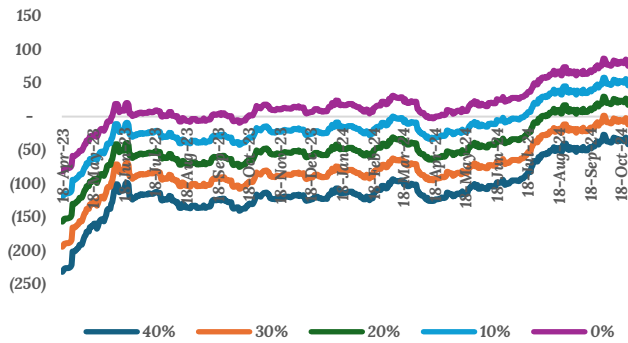


Daily Wheat Prices (Rs/Qtl)	Last Cl	Prev Cl	Last week	Last Month	Last yr	WoW	MoM	YoY
Delhi	3102	3073	3128	3150	2558	-0.9%	-1.5%	21.3%
Indore - MP	2935	2933	2919	3000	2622	0.6%	-2.2%	11.9%
Kanpur - UP	3025	3038	3000	2975	2625	0.8%	1.7%	15.2%
Gujarat - Rajkot	2925	2925	2900	3050	2700	0.9%	-4.1%	8.3%
Rajasthan	2875	2900	2900	3000	2700	-0.9%	-4.2%	6.5%
CBT	5.41	5.41	5.37	5.73	5.91	0.8%	-5.5%	-8.5%

Delhi Wheat Price Seasonality - Rs/Qtl



Import Parity Simulation at different import duty levels - \$/MT



## REVISED STOCK LIMIT BY THE GOVT OF INDIA FOR 2024-25 MARKETING SEASON

- Effort of the Govt to control the wheat prices can be seen from their recent decision of reducing the stock limits further.
- Tightening of the stock limit for Traders and Wholesalers shall reduce the demand of wheat for further speculation and also bring out the wheat from the existing stocks.
- Big chain retailer limit has been reduced from 10 MT to 5 MT and Processor shall be allowed to hold 50% of their monthly capacity till April 2025, reduction from initial 60% of their monthly capacity till Mar 2025.
- GreenLeaf view on the revised stock limit is that such changes are going to be just short term measures and at this time of the year most of the people will be looking to get rid of the stocks and prepare to add new stocks to their warehouses on arrival of new crop.
- The stocks are limited with the above participants but with large farmers as per GreenLeaf who do not fall under the ambit of the stock limits imposed by the Govt.
- Also the Govt has given 15 days to readjust their stocks to the new limits which is good enough time for any trader, processor or Big chain retailer to transfer the excess stocks to other party and adhere to the stock limits without doing away with the stocks in reality
- The new stock limit will be in place till 31<sup>st</sup> March 2025.

Entities	Existing Wheat Stock limit	Revised Wheat Stock Limit
Trader/Wholesaler	2000 MT	1000 MT
Retailer	10 Mt for each retail outlet	5 MT for each retail outlet
Big chain retailer	10 MT for each outlet (10 * total number of outlets) Mt at all their depots	5 Mt for each outlet subject to max qty of (5 x total no of outlets) Mt stock at all their outlets and depots put together
Processor	60% of monthly installed capacity x remaining months till 31 <sup>st</sup> Mar 25	50% of monthly installed capacity x remaining months till April 25

