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Report Highlights:

On April 15, 2024, the Indian Metrological Department (IMD) predicted above normal 2024 monsoon rains. FAS New Delhi (Post) market year (MY) 2024/2025 (April-March) wheat production is forecast at a record 114 million metric tons (MMT), same as the U.S. Department of Agriculture (USDA) official forecast, on higher than initially expected yields in the northern Indian states due to favorable weather through the harvest. Post has adopted the USDA official forecasts for consumption, stocks, and trade for MY 2024/2025. Post is also adopting the USDA official MY 2024/2025 production forecast number for rice and corn on an expected above normal 2024 monsoon rains which will support higher plantings and yields. Consumption and stocks in Post's production-supply-distribution (PSD) tables are adjusted to reflect higher forecast production.

GENERAL INFORMATION

Breakout the Umbrellas; the Indian Metrological Department is Forecasting Above Normal 2024 Monsoon Rains

On April 15, 2024, the Indian Metrological Department (IMD) released the first long-range forecast of the 2024 southwest monsoon season (June-September), predicting above normal precipitation in the upcoming monsoon. The IMD predicts that quantitively the 2024 monsoon rainfall is likely to be about 106 percent of the long period average (LPA), with a margin of error of five percent.[1] The IMD reports that moderate El Niño conditions are prevailing over the equatorial Pacific region, which is likely to weaken further during the early part of the monsoon season, and La Niña conditions are likely to develop during the second-half of the monsoon season. The IMD forecast suggests high probability (61 percent) of an above-normal monsoon. The IMD will issue the updated forecast for the2024 monsoon in the last week of May 2024.[2]

India's southwest monsoon provides 70 percent of India's annual rainfall and essential soil moisture for cropping in about 55 percent of the total cultivable area (unirrigated) during the *kharif* season (fall harvested). A normal 2024 monsoon seasonal rainfall will be critical for meeting the U.S. Department of Agriculture's (USDA) official market year (MY) 2024/2025 area and production forecasts for rice, corn, sorghum, and millet. Local media reports suggest that the Indian government is deliberating on setting up the food grain production target for Indian crop year (ICY) 2024/2025 (July-June) at 340.4 million metric tons (MMT), which includes rice at 136.3 MMT, wheat at 115 MMT, corn at 38.85 MMT, barley at 2.25 MMT, other coarse grains at 18.1 MMT and pulses at 29.9 MMT.[3]

[1] The LPA for the country is average rainfall for the period 1971 to 2020 estimated at 87 centimeters.
[2] See, GAIN-INDIA (IN2024-0022) - India Forecasts Above Normal Southwest Monsoon for 2024
[3] The ICY 2024/2025 production targets for wheat and barley refers to MY 2025/2026 (April/March).

COMMODITY:

WHEAT

Table 1. India: Commodity, Wheat, Production-Supply-Distribution (PSD)

Wheat	**2022/2023**		**2023/2024**		**2024/2025**	
Market Year Begins	**Apr 2022**		**Apr 2023**		**Apr 2024**	
India	**USDA Official**	**New Post**	**USDA Official**	**New Post**	**USDA Official**	**New Post**
Area Harvested (1000 HA)	30459	30459	31401	31401	32000	32000
Beginning Stocks (1000 MT)	19500	19500	9500	9500	7500	7500
Production (1000 MT)	104000	104000	110554	110554	114000	114000
MY Imports (1000 MT)	53	53	120	120	300	300
TY Imports (1000 MT)	54	54	120	120	300	300
TY Imp. from U.S. (1000 MT)	0	0	0	0	0	0
Total Supply (1000 MT)	123553	123553	120174	120174	121800	121800
MY Exports (1000 MT)	5377	5377	330	330	300	300
TY Exports (1000 MT)	1626	1626	400	400	300	300
Feed and Residual (1000 MT)	6500	6500	6750	6750	6000	6000
FSI Consumption (1000 MT)	102176	102176	105594	105594	107000	107000
Total Consumption (1000 MT)	108676	108676	112344	112344	113000	113000
Ending Stocks (1000 MT)	9500	9500	7500	7500	8500	8500
Total Distribution (1000 MT)	123553	123553	120174	120174	121800	121800
Yield (MT/HA)	3.4144	3.4144	3.5207	3.5207	3.5625	3.5625

(1000 HA), (1000 MT), (MT/HA).
MY = Marketing Year, begins with the month listed at the top of each column.
TY = Trade Year, which for Wheat begins in July for all countries. TY 2024/2025 = July 2024 - June 2025
OFFICIAL DATA CAN BE ACCESSED AT: PSD Online Advanced Query

PRODUCTION

MY 2024/2025 Production Forecast Raised: FAS New Delhi (Post) forecasts India's MY 2024/2025 (April-March) wheat production forecast at a record 114 MMT, the same as the USDA official forecast number, due to favorable weather through the harvest. While official yield reports are not yet available, Post's field sources report higher yields in northern India's key wheat production states of Uttar Pradesh, Punjab, Haryana, and Rajasthan due to favorable weather conditions and absence of any despite weather aberrations during the reproductive stage and through the harvest (February-April).

Timely planting under adequate soil moisture condition, extended winter, lower incidence of pests and diseases have supported higher yields compared to the last year two years. Relatively lower temperatures at the time of crop maturity and intensive crop management by wheat farmers, together supported better grain filling and bold grain size compared to last year.
FAS New Delhi is subsequently raising MY 2024/2025 wheat production higher to a record 114 MMT on estimated higher 3.6 metric tons (MT) per hectare than the earlier anticipated pre-harvest yield level of 3.5 MT per hectare.[4]

[4] See GAIN-INDIA (IN2024-0016) India Grain and Feed Annual 2024.

Procurement Likely Below Target: Despite the forecast record harvest and government measures to curtail private sector participation in wheat purchases during the procurement season, the Indian government's wheat procurement (April-July) under the minimum support price (MSP) program has been slightly behind last year due to relatively strong market prices compared to the government MSP.

Table 2. India: Government Procurement of Wheat by State (Quantity in MMT)

STATE	MY 2021/2022	*MY 2022/2023*	*MY 2023/2024*	*MY 2023/2024*	*MY 2024/2025*
	April-March	***April-March***	***April-March***	***Apr 1-May 19***	***Apr 1-May 19***
Punjab	13.22	9.65	12.12	12.11	12.40
Haryana	8.49	4.19	6.32	6.32	7.14
Madhya Pradesh	12.82	4.60	7.10	7.08	4.74
Uttar Pradesh	5.64	0.34	0.22	0.21	0.90
Rajasthan	2.34	0.00	0.44	0.40	0.92
Others	0.83	0.02	0.01	0.01	0.02
TOTAL	**43.34**	**18.79**	**26.20**	**26.13**	**26.12**

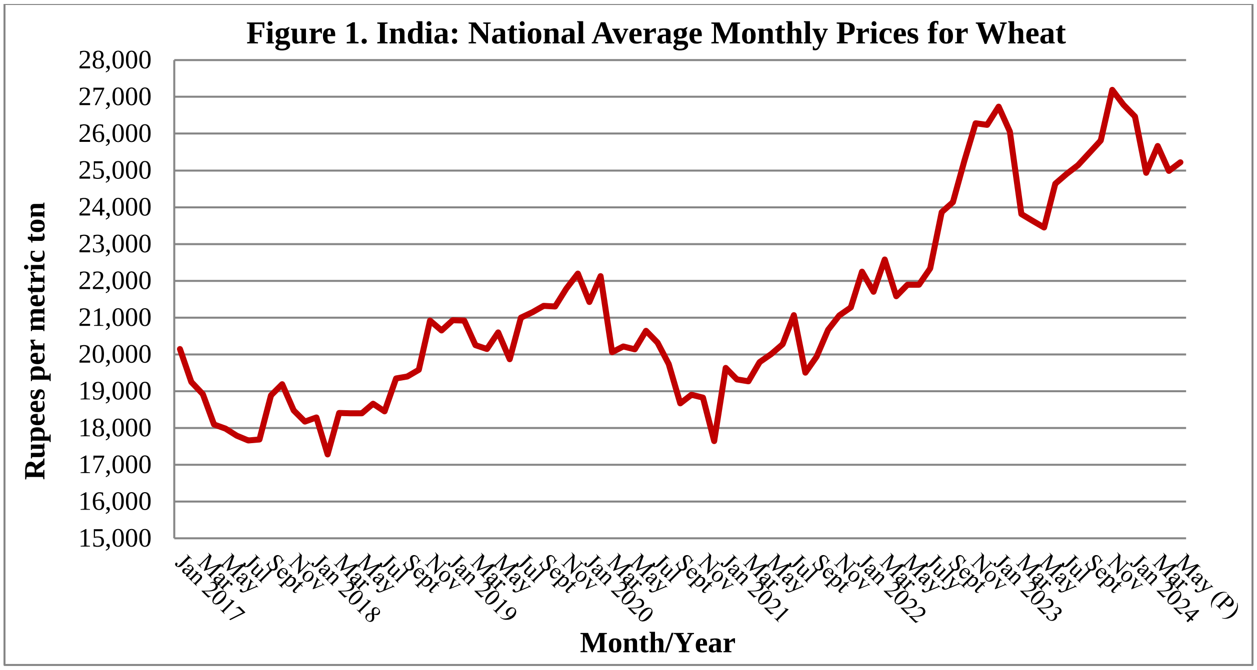
Source: Food Corporation of India; FAS New Delhi office research.

Wheat procurement in the major wheat producing states is likely to taper off by the end of May 2024. The Indian government may end up procuring about 27 MMT, slightly above last year's volume, but still well below the official procurement target of 30-32 MMT. Most of the wheat in in the Indian states of Punjab and Haryana has been procured by the government as high local taxes preclude any significant private purchases. However, the private trade more readily competes with government procurement in other states. As expected, there are reports of farmers again holding onto larger than normal wheat stocks for late season sales; that is, once government procurement finalizes in June.

Forecasted official procurement will be sufficient to meet the wheat required for government's National Food Security Act and other food security programs (18 MMT). However, there will be a lower surplus volume than last year's for the open market sales scheme to the private trade/millers under government market intervention aimed at containing domestic prices.[5]

Prices Firm: Despite the forecast record harvest, domestic prices remain relatively firm and well above the government's MSP in most production states. This is due to local millers covering their consumption needs and farmers/traders holding onto the harvest on expectation of higher prices during later part of the season. Local wheat prices in the major wheat surplus states (except for in Punjab and Haryana) during the month of May range from Indian rupees (INR) 23,210 ($280) to INR 24,180 ($292) per metric ton, well above the government's MSP of INR 22,750 ($274) per metric ton.

[5] The government wheat surplus for open market sales is estimated at 9 MMT, compared to the volume of 10.1 MMT released last year.



Source: [AgMarkNet](), Ministry of Agriculture and Farmers Welfare; FAS New Delhi Office research.

Market prices are likely to firm up further after the government's procurement ends this June 2024. Future price movement during the season will largely depend on the government policy measures during the season. For example, such measures will aim to curb the hoarding of wheat by speculators, open market sale of government wheat, and import duty changes.

Wheat Processor Seek Duty Removal: Media and industry reports highlight that India's wheat processing industry is demanding the removal of the 40 percent import duty levied on wheat in the domestic market and ease rising wheat price concerns. With the reported lowest opening stocks in last 16 years; along with procurement lagging behind target and wheat prices in the consumer states 15-20 percent higher than last year level, there are concerns. Indian industry associations are requesting that the government remove the import duty which will help processors in southern India to import wheat. This will help to increase consumption, while easing domestic prices and pressure on government for open market sales from their already tight wheat supplies. The government may review the request after the procurement season finalizes this June and after following the domestic prices movement.

TRADE

Export Ban to Stay for Now: Despite forecast record wheat production, the ban on wheat exports and wheat product is likely to continue through MY 2024/2025. In any case, international wheat prices are significantly lower than domestic prices limiting export opportunities to neighboring Nepal and Bhutan. FAS New Delhi is adopting the USDA official MY 2024/2025 export forecast of 300,000 MT at the current import duty of 40 percent, which will limit imports of higher quality wheat for processing and re-exports of value added products. Post continues to estimate MY 2024/2025 wheat and wheat product exports unchanged at 300,000 MT due to wheat and wheat product exports to neighboring countries by land routes.

CONSUMPTION/STOCKS

MY 2023/2024 and 2024/2025 Consumption Stocks Revised: FAS New Delhi is revising MY 2023/2024 ending stocks to 7.5 MMT based on the latest official stock estimates. By doing so, it is adopting the USDA official MY 2024/2025 forecast ending stocks of 8.5 MMT. Post is adjusting its consumption estimates based on the USDA official estimates.

Commodity:

Rice

Table 3. India: Commodity, Rice, Milled, PSD

Rice, Milled	2022/2023		2023/2024		2024/2025	
Market Year Begins	Oct 2022		Oct 2023		Oct 2024	
India	USDA Official	New Post	USDA Official	New Post	USDA Official	New Post
Area Harvested (1000 HA)	47832	47832	48000	48000	48500	48500
Beginning Stocks (1000 MT)	34000	34000	35000	35000	36500	36500
Milled Production (1000 MT)	135755	135755	134000	134000	138000	138000
Rough Production (1000 MT)	203653	203653	201020	201020	207021	207021
Milling Rate (.9999) (1000 MT)	6666	6666	6666	6666	6666	6666
MY Imports (1000 MT)	0	0	0	0	0	0
TY Imports (1000 MT)	0	0	0	0	0	0
TY Imp. from U.S. (1000 MT)	0	0	0	0	0	0
Total Supply (1000 MT)	169755	169755	169000	169000	174500	174500
MY Exports (1000 MT)	20245	20245	16000	16000	18000	18000
TY Exports (1000 MT)	17733	17716	16500	16500	18000	18000
Consumption and Residual (1000 MT)	114510	114510	116500	116500	120000	120000
Ending Stocks (1000 MT)	35000	35000	36500	36500	36500	36500
Total Distribution (1000 MT)	169755	169755	169000	169000	174500	174500
Yield (Rough) (MT/HA)	4.2577	4.2577	4.1879	4.1879	4.2685	4.2685
(1000 HA), (1000 MT), (MT/HA) MY = Marketing Year, begins with the month listed at the top of each column. TY = Trade Year, which for rice, milled begins in January for all countries. TY 2024/2025 = January 2025 - December 2025						
OFFICIAL DATA CAN BE ACCESSED AT: PSD Online Advanced Query						

PRODUCTION

FAS New Delhi Post is adopting the USDA official MY 2024/2025 production forecast of 138 MMT (record) from 48.5 million hectares on the forecasted above normal 2024 monsoon, which will likely support higher planting and yields compared to last year. Post is raising also the MY 2023/2024 production estimate to 134 MMT on reports of higher summer rice plantings.[6] These are occurring despite relatively higher summer temperatures and lower irrigation water availability for the summer crop.[7]

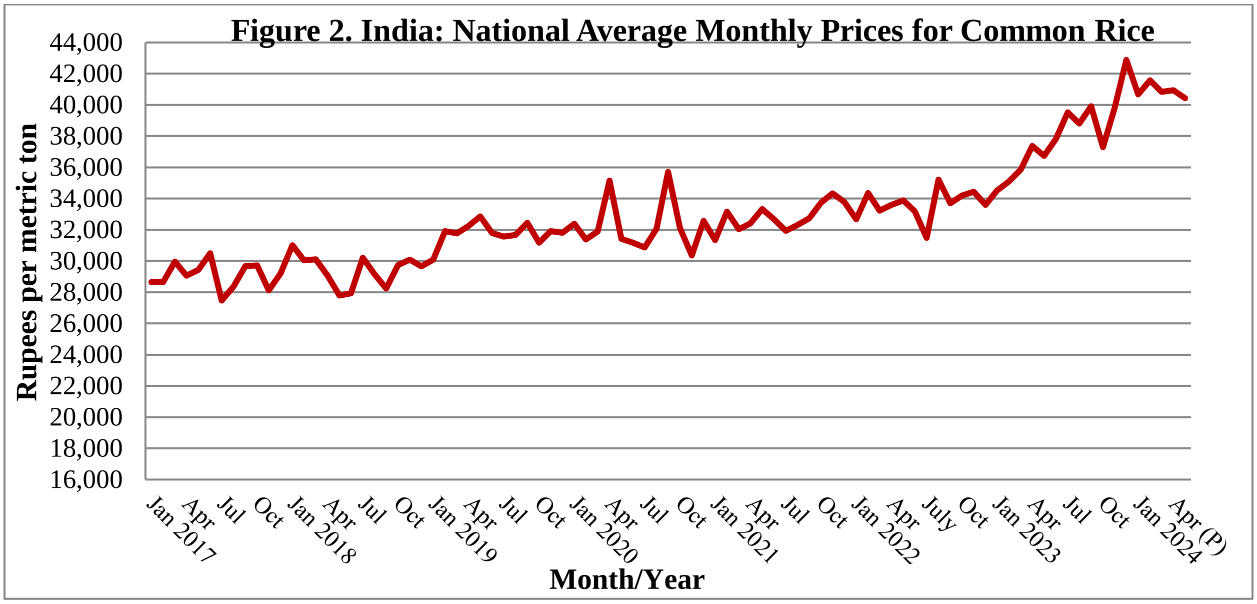
Procurement Lags Behind Last Year's: Despite near record MY 2023/2024 production, government rice procurement in MY 2023/2024 through May 19, 2024, was estimated at 48.8 MMT compared to 51.5 MMT during the corresponding period last year. All major rice

[6] The Ministry of Agriculture and Farmers Welfare provisional planting reports estimate summer rice planting through May 17, 2024 at 3.08 million hectares, compared to 2.81 million hectares same time last year.
[7] Central Water Commission reports live storage of 150 major reservoirs on May 16, 2024 at 45.3 billion cubic meter compared to 58 billion cubic meter same time last year and 49.1 billion cubic meter of average of last 10 years.

producing states have reported declines over last year except for the Indian states of Punjab and Chhattisgarh due to relatively higher market prices.

With additional procurement of *rabi* and summer rice likely to continue in the eastern and southern Indian states, government rice procurement in MY 2023/2024 is likely to be around 53 MMT compared to last year's volume of 56.9 MMT.

Prices Firm: Despite record domestic production and various export control measures, market prices have been relatively firm since the beginning of MY 2023/2023, scaling upwards to record levels by February 2024. While the prices have slightly eased since March, with the arrival of *rabi* rice, they are still significantly higher than last year's level during the corresponding period.



Source: AgMarkNet, Ministry of Agriculture and Farmers Welfare; FAS New Delhi Office research.

Average sport prices of coarse grade rice in the month of May 2024 has been over 10 percent higher than prices in May 2023. Spot prices for common grade coarse rice in the major production states range from INR 29,300 ($353) to INR 38,300 ($462) per ton. Prices are likely to remain steady in the balance of the MY 2023/2024 (June-September) as market speculate on the size of the harvest. However, prices during the last few months will largely depend on the progress of 2024 monsoon and planting of the upcoming MY 2024/2025 *kharif* rice crop.

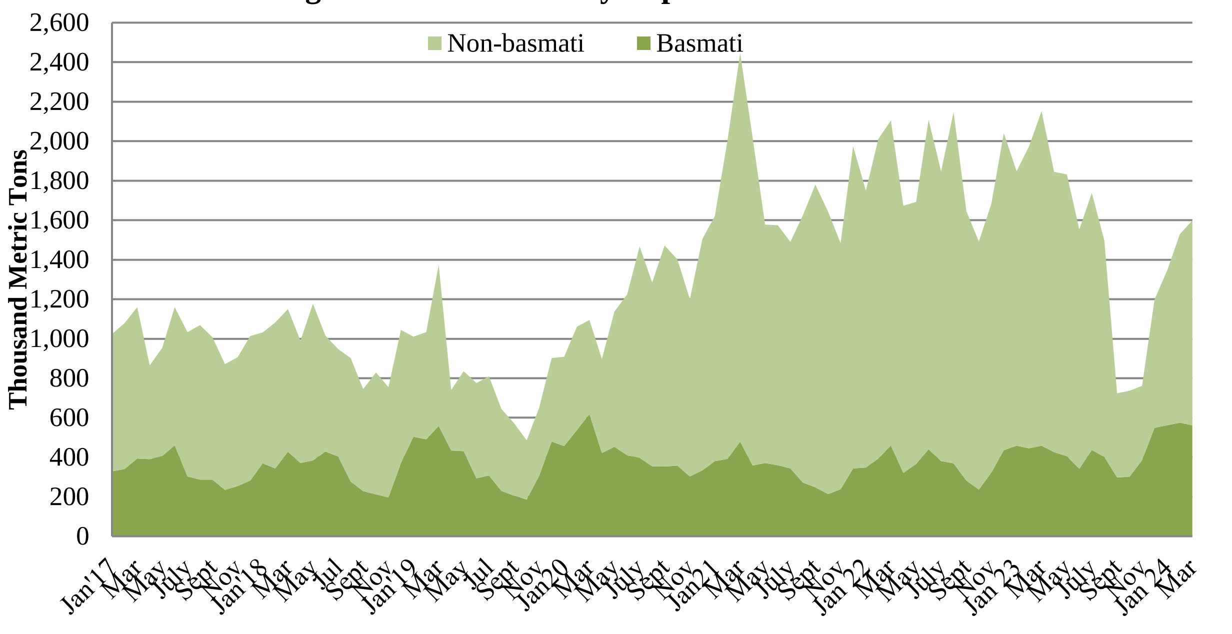
TRADE

MY 2023/2024 Exports Recover: The Indian government imposed various export control measures, resulting in a sharp decline in rice exports in the first quarter of MY 2023/2024. Exports are now partially recovering in the second quarter due to the renewed export allocation for coarse grain rice for select countries and strong exports of long grain basmati rice.[8] Post

[8]Monthly exports during January-March 2024 estimated at 1.5 MMT per month.

understands that the Indian government is unlikely to remove its export restrictions at least through end of calendar year (CY) 2024 out of food inflation concerns. However, it will continue with controlled export allocations of coarse grain rice to select countries.

Figure 3. India: Monthly Exports of Rice



Source: Monthly exports through March 2024 sourced from India's Ministry of Commerce and Industry/Directorate General of Commercial Intelligence and Statistics.

According to preliminary official statistics, rice exports from October 2022 to March 2024 are estimated at 7.2 MMT compared to 11.2 MMT for the corresponding period last year. Assuming no significant changes in the price parity for Indian rice during the remainer of the marketing year and government continued export allocation for the balance of the marketing year, MY 2023/2024 exports are likely to reach 16 MMT compared to last year's 20.2 MMT. Post continues to forecast MY 2024/2025 exports at 18 MMT on expected improved domestic supplies.

STOCKS

FAS New Delhi is adjusting upwards the forecast MY 2024/2025 ending stocks number to 36.5 MMT on forecasted record production.

COMMODITY:

Corn

Table 4. India: Commodity, Corn, PSD

Corn	**2022/2023**		**2023/2024**		**2024/2025**	
Market Year Begins	**Nov 2022**		**Nov 2023**		**Nov 2024**	
India	**USDA Official**	**New Post**	**USDA Official**	**New Post**	**USDA Official**	**New Post**
Area Harvested (1000 HA)	10744	10744	11000	11000	11000	11000
Beginning Stocks (1000 MT)	2395	2395	2658	2658	2678	2378
Production (1000 MT)	38085	38085	37500	37000	37500	37500
MY Imports (1000 MT)	0	0	20	20	0	0
TY Imports (1000 MT)	0	0	20	20	0	0
TY Imp. from U.S. (1000 MT)	0	0	0	0	0	0
Total Supply (1000 MT)	40480	40480	40178	39678	40178	39878
MY Exports (1000 MT)	3122	3122	800	600	600	500
TY Exports (1000 MT)	3195	3195	800	600	600	500
Feed and Residual (1000 MT)	20600	20600	22200	22200	23300	23300
FSI Consumption (1000 MT)	14100	14100	14500	14500	14700	14500
Total Consumption (1000 MT)	34700	34700	36700	36700	38000	37800
Ending Stocks (1000 MT)	2658	2658	2678	2378	1578	1578
Total Distribution (1000 MT)	40480	40480	40178	39678	40178	39878
Yield (MT/HA)	3.5448	3.5448	3.4091	3.3636	3.4091	3.4091

(1000 HA), (1000 MT), (MT/HA)
MY = Marketing Year, begins with the month listed at the top of each column
TY = Trade Year, which for Corn begins in October for all countries. TY 2024/2025 = October 2024 - September 2025

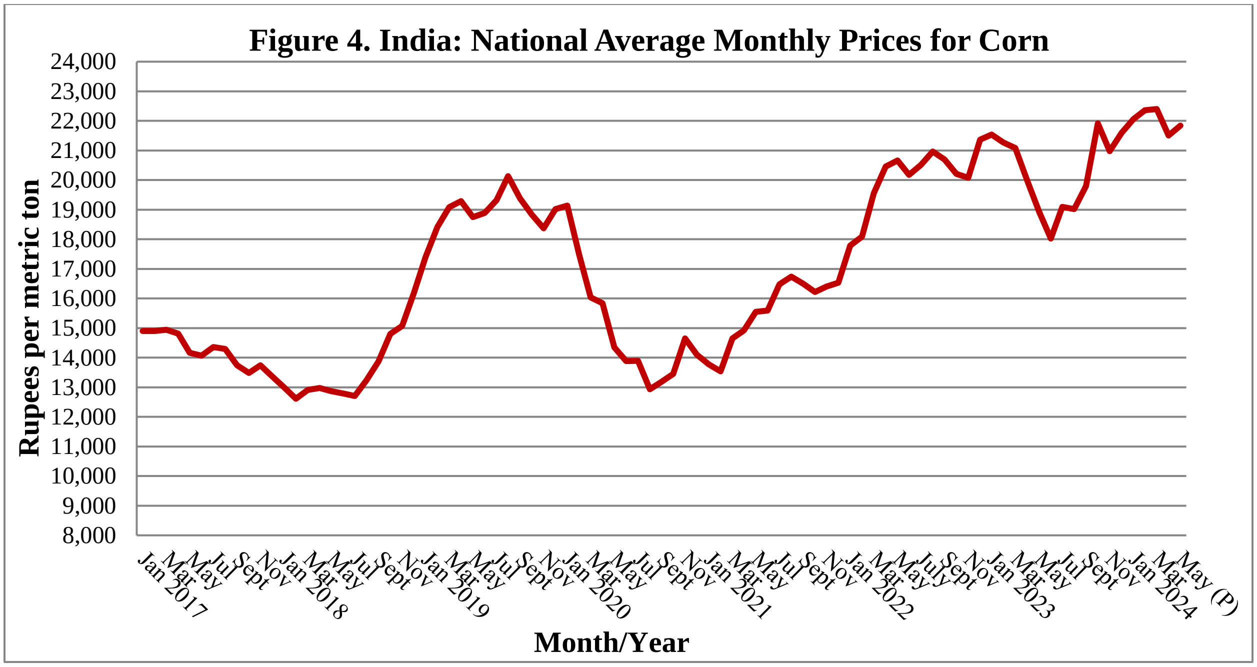
OFFICIAL DATA CAN BE ACCESSED AT: PSD Online Advanced Query

PRODUCTION

FAS New Delhi estimates MY 2023/2024 corn production slightly lower at 37 MMT from 11 million hectares based on the Ministry of Agriculture and Farmers Welfare (MoAFW) Second Advance Estimate and the current market demand-supply situation.[9] Post is adopting USDA official MY 2024/2025 corn production forecast of 37.5 MMT based on an expected above normal monsoon supporting timely plantings and higher yields compared to last year.

Prices Firm: Despite the near-record production estimate and a sharp decline in export demand, domestic corn prices have been relatively firm since the beginning of 2024. This is supporting relatively tighter domestic supplies.

[9] The MoAFW Second Advance Estimate for MY 2023/2024 estimate India's kharif and rabi corn production at 32.5 MMT compared to 35.4 MMT of last year. While the summer rice planting for MY 2023/2024 is estimated higher at 0.75 million hectares compared to 0.68 million hectares last year, yields are expected to be affected by relatively high temperatures.



Source: [AgMarkNet](), Ministry of Agriculture and Farmers Welfare; FAS New Delhi Office research.

Despite the arrival of rabi corn in March, average spot prices of corn in May 2022 are about 15 percent higher than last year. These are ranging from INR 20,460 ($247) per metric ton to INR 23,300 ($281) per metric ton in the major producing states. Prices are likely to remain strong through the balance of the marketing season premised on strong domestic demand from the poultry feed and starch industry.

TRADE

Exports Falter on Weak International Prices: Relatively weak international prices have rendered Indian corn export uncompetitive in the traditional neighboring and south Asian markets since September 2023. India's corn exports in MY 2023/2024, during the November 2023 through March 2024 period, are estimated declining to 207,000 MT compared to 1.89 MMT same time last year with exports being limited to neighboring Nepal and Bangladesh through land routes. Assuming current price parity for Indian corn versus corn from competing origins, MY 2023/2024 exports will barely reach 600,000 MT. India's MY 2024/2025 exports are forecast at 500,000 MT on foreseen tight domestic supplies.

CONSUMPTION/STOCKS

FAS New Delhi is adopting the USDA official consumption estimate and forecast for MY 2023/2024 and 2024/25. Post is revising MY 2023/2024 ending stocks lower to 2.38 MMT and 2024/2025 forecast ending stocks to 1.58 MMT.

Attachments:

No Attachments