

Wheat Domestic Fundamentals:

As per latest update, area sown until 27th December-19 is 297.02 lakh hectares compared to 270.75 lakh hectare in the previous Rabi season. The normal area is 305.58 lakh hectares. Acreage under wheat has increased in the states of Madhya Pradesh, Gujarat, Maharashtra and Rajasthan till date.

As per market sources, wheat stock in central pool as on 1st December'19 stood at 351.75 lakh tonnes down by 5.89% compared to last month. This quantity is higher by around 14.84% compared to last year for the same month. Government has already applied import duty on wheat to curb imports and provide support to domestic prices. Therefore, government has abundant supplies this year to tackle any unexpected rise in wheat prices by selling more quantity in open market.

All India weekly average prices increased by 0.76 percent to Rs. 2236.04 per quintal during the week ended 28th December 2019. Wheat average price were ruling at Rs 2219.24 per quintal during 16-23 December 2019. As compared to prices in the week 24-31 December 2018, the prices are higher by 8.30 percent. Prices are expected to remain steady to firm in coming days amid good demand in the domestic market.

The Food Ministry of India has decided to hike the wheat base price to Rs. 2245/100 kg during January –March quarter from the current base price of Rs.2190/100 kg. The government started offering wheat at a base price of 2080 rupees per 100 kg in Apr-Jun and subsequently, raised it by 55 rupees every quarter. This year's base price under the auction includes a 50% interest rate and warehouse charges. In non-wheat producing states, the rail freight from Ludhiana is added to the base price.

According to FCI, wheat stocks in the central pool as on 1st December 2019, is reported at 351 lakh metric tonnes, which is at seven-year high. Stocks have increased amid 'open-ended' procurement in recent years, as a result of which the Centre has been procuring a third of the wheat output, against about 25 per cent some years back. This year farmers in Madhya Pradesh, Gujarat and Maharashtra are shifting from chana towards wheat following higher soil moisture and water availability leading to higher acreage till date. Storage will become an issue for the government following higher stocks currently and another year of expected bumper production. Weather in the coming days will determine the actual output of wheat.

Wheat WPI has increased from 160.6 in October -2019 to 164.4 in November-2019. Monthly wheat inflation has increased by 2.37 percent in November-2019 compared to previous month.

India received monsoon rains during the June-September season that were 10% above average and the rainfall continued during October and November, increasing soil moisture levels required for crop sowing. Farmers are likely to increase the acreage under wheat as it a more stable crop following purchase by the government. However sowing has been delayed following wet weather and yield could be affected. Much depends on the weather conditions in the coming days.

India has raised MSP by Rs 85 per quintal to Rs 1925 per quintal for MY 2020-21. The hike in MSP is lowest in last three years. Even though this increase is lower it has still widened the gap between domestic and international prices. India wheat FoB at Kandla is ruling around \$312 per tonne compared to \$203.5 per tonne for Russian wheat with 11.5 percent protein content.

As per trade source, India has exported around 21.40 thousand tonnes in the month of November-2019. The quantity in November-2019 was exported at an average FOB of \$ 298.15 per tonne and the major destinations were Bangladesh, Nepal, Jordan, UAE and Sri Lanka. Exports are likely to be at lower side as other countries are able to provide quality wheat at competitive prices.

International Market Update:

Ukraine has sown more wheat than expected this year. However dry weather has damaged some fields due for harvesting next year. As of Dec. 1, farmers planted 6.4 million hectares of wheat for the next season crop, about 8% more than the area estimated by the government's agriculture portal. Compared with last year, the acreage is about the same. This is above market expectation. Winter wheat seeds need moisture to grow into young plants that are robust enough to endure the cold season. The winter crop makes up more than 90% of Ukraine's total wheat harvest.

According to the National Statistics Office, Germany's winter wheat sown area for the 2020 harvest has been reduced by 7.1pc on the year to about 2.83 million hectares. Farmers had turned to other crops such as rapeseed.

The Taiwan Flour Millers' Association purchased 104,600 tonnes of milling wheat to be sourced from the United States in a tender which closed on Thursday according to European Trade sources. The wheat was bought in two consignments comprising various wheat types for shipment from the US Pacific Northwest coast in February and March 2020.

According to trade sources, Iran has bought up to 1 million metric tonnes of wheat from international markets in recent weeks. Imports are expected from Russia and European Union countries including Germany. Iran is planning to import 3 million tonnes of wheat this Iranian calendar year ending in spring 2020, according to an official from the country's Federation of Food Industry Associations.

Wheat crop in Western Australia is estimated to be lower by another 470,000 tonnes to 5.38 MMT, down by 4.77 lakh metric

Wheat Futures Contract: NCDEX Price							Date:02.01.2020 at 5:00 PM		
Contract Month	+/-	Open	High	Low	Close	Volume	Ch. From previous day	OI	Ch. From previous day
20-Jan	-2.00	2232	2230	2200	2230	40	-	40	-
20-Feb	-	-	-	-	-	-	-	-	-
20-Mar	-	-	-	-	-	-	-	-	-

Spread	Jan-19	Feb-20	Mar-20
Spot Narella	-		
20-Jan	-		
20-Feb		-	
20-Mar			-

Stocks	Demat	In-Process	Total	EDD
	31.Dec.19	31.Dec.19	31.Dec.19	30.Dec.19
Delhi	-	-	-	-
Itarsi	-	-	-	-
Kanpur	-	-	-	-
Kota	967	-	967	967
Baran	-	-	-	-

Wheat Daily Prices and Arrivals on 02.01.2020

Centre	Market	Variety	Prices (Rs/Qtl)		Change
			2-Jan-20	31-Dec-19	
Delhi	Lawrence Road	Mill Delivery	2355	2330	25
	Narella	Mill Quality Loose	2250	2260	-10
	Nazafgarh	Mill Quality Loose	2240	NA	-
Gujarat	Rajkot	Mill Delivery	2340	2300	40
	Ahmedabad	Mill Delivery	2390	2360	30
	Surat	Mill Delivery	2450	2450	Unch
	Dhrol	Mill Quality Loose	2550	2660	-110
M.P.	Indore	Mill Delivery	2400	2300	100
	Bhopal	Mill Quality Loose	2200	2200	Unch
Rajasthan	Kota	Mill Quality Loose	2190	2130	60
		Mill Delivery	2300	2230	70
U.P.	Kanpur	Mill Delivery	2180	2170	10
	Mathura	Mill Quality Loose	NA	2060	-
	Kosi	Mill Quality Loose	2200	2200	Unch
	Hathras	Mill Quality Loose	2250	2210	40
	Aligarh	Mill Quality Loose	2100	2130	-30
Punjab	Khanna	Mill Quality Loose	2120	2125	-5
	Ludhiana (Jagraon)	Mill Delivery	NA	NA	-
Haryana	Sirsa	Mill Delivery loose	2170	2160	10
	Hodal	Mill Delivery	NA	NA	-

	Bhiwani	Mill Quality Loose	2225	2210	15
	Karnal	Mill Delivery	NA	NA	-
	Panipat	Mill Quality Loose	NA	NA	-
Tamil Nadu	Chennai	Mill Quality	2500	2500	Unch
	Madurai	Mill Quality	2557	2557	Unch
	Coimbatore	Mill Quality	2557	2557	Unch
Bihar	Khagariya	Mill Delivery	2250	2200	50
	Muzaffarpur	Mill Delivery	2150	2000	150
FOR	Kandla (Rajasthan-Rajkot)	Mill Quality	NA	NA	-
	Gandhidham (Rajasthan-Rajkot)	Mill Quality	NA	NA	-

Centre	Market	Variety	Prices (Rs/Qtl)		Change
			2-Jan-20	31-Dec-19	
Gujarat	Rajkot	Lokwan	2350	2350	Unch
M.P.	Indore	Lokwan	2700	2650	50
	Bhopal	Lokwan	2350	2300	50
	Bina	Sarbati 306	2500	2500	Unch
Rajasthan	Kota	Lokwan Bilty	2350	2325	25
	Baran	Lokwan	NA	NA	-

Wheat Arrivals in Key Centers:

Centre	Market	Variety	Arrivals (Bags/Qtl)		Change
			2-Jan-20	31-Dec-19	
Delhi	Lawrence Road	Mill Delivery	3500	7000	-3500
	Narella	Mill Quality Loose	200	100	100
	Nazafgarh	Mill Quality Loose	100	NA	-
Gujarat	Rajkot	Mill Quality Loose	600	500	100
	Dhrol	Mill Quality Loose	23	22	1
M.P.	Indore	Mill Quality Loose	2500	5000	-2500
Rajasthan	Kota	Mill Quality	1500	2500	-1000
U.P.	Kanpur	Mill Quality Loose	700	500	200
	Mathura	Mill Quality Loose	NA	200	-
	Kosi	Mill Quality Loose	150	100	50
	Hathras	Mill Quality Loose	200	450	-250
	Aligarh	Mill Quality Loose	200	260	-60
Punjab	Khanna	Mill Quality Loose	600	500	100
	(Ludhiana)Jagraon	Mill Quality Loose	NA	NA	-
Haryana	Sirsa	Mill Quality Loose	200	300	-100
	Hodal	Mill Quality Loose	50	50	Unch
	Bhiwani	Mill Quality Loose	400	800	-400

	Karnal	Mill Delivery	NA	NA	-
	Panipat	Mill Quality Loose	NA	NA	-

Wheat Products Delhi	2-Jan-20	31-Dec-19	Change
Atta (50kg) Ordinary	1200	1200	Unch
Maida Grade 1 (50KG)	1400	1400	Unch
Suji (50kg)	1335	1335	Unch
Chokar (50 kg)	932	932	Unch
Chokar (34 kg)	634	634	Unch
Chakki Atta (50kg)	1362	1362	Unch
Chakki Atta (50kg) Special	1387	1387	Unch
Chakki Atta (90kg) Superfine	2511	2511	Unch
Chakki Atta (50kg) Superfine	1395	1395	Unch

Wheat (CBOT) Future Price: 31.12.2019					
Contract Month	Open	High	Low	Close	Change
20-Mar	555	559.75	553	558.75	2.75
20-May	556	562.75	556	561.75	2.75
20-Jul	559.5	564.75	558	563.5	2.50
20-Sep	565	570	563.75	568.75	2.50
20-Dec	574	578.75	572.25	577.75	2.50
21-Mar	582.25	586.5	582.00	586.00	2.50

Disclaimer: The information and opinions contained in the document have been compiled from sources believed to be reliable. The company does not warrant its accuracy, completeness and correctness. Use of data and information contained in this report is at your own risk. This document is not, and should not be construed as, an offer to sell or solicitation to buy any commodities. This document may not be reproduced, distributed or published, in whole or in part, by any recipient hereof for any purpose without prior permission from the Company. IASL and its affiliates and/or their officers, directors and employees may have positions in any commodities mentioned in this document (or in any related investment) and may from time to time add to or dispose of any such commodities (or investment). Please see the detailed disclaimer at <http://www.agriwatch.com/disclaimer.php> © 2020 Indian Agribusiness Systems Ltd.