

Wheat Domestic Fundamentals:

As per latest update, area sown until 24th January-20 is 334.35 lakh hectares compared to 299.08 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 experts bumper production seems on the card despite unseasonal rains and locusts attack in Rajasthan. This year there will be record food grain production led by wheat along with corn and jowar. Wheat production during Rabi 2019-20 is estimated at 109 MMT which is 6.27% higher than last year production of 102.1 MMT. Production of wheat is expected to increase following higher acreage amid increase in MSP. Farmers prefer wheat over other Rabi crops in irrigated areas because of assured return as FCI undertakes procurement at MSP. Secondly, prolonged cold waves and winter rainfall in certain states have contributed to increase in yield of wheat.

As per market sources, wheat stock in central pool as on 1st January'20 stood at 327.96 lakh tonnes down by 6.76% compared to last month. This quantity is higher by around 20.92% 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.

The reserve price of wheat under OMSS has been reduced to Rs 2,135/quintal for fair average quality (FAQ) and to Rs 2,080/quintal for lower quality. The benchmark price was Rs 2,245/quintal for the January-March period of 2019-20. When the OMSS scheme was announced in April last year, the government had fixed reserve price of wheat for each quarter during FY20. The objective was to liquidate more wheat with minimum losses. Reduction has been made to make space for the procurement of the new crop. According to trade sources, about 1.7 MT of wheat has been sold under OMSS, however official data showed it was less than a million tonne until November 28, 2019.

All India weekly average prices declined by 1.50 percent to Rs. 2344.75 per quintal during the week ended 18th January 2020. Wheat average price were ruling at Rs 2380.46 per quintal during 09-16 January 2020. As compared to prices in the week 16-23 January 2019, the prices are higher by 11.11 percent. Prices are expected to notice steady to weak tone in coming days amid expectation of bumper crop this season.

Wheat WPI has increased from 164.4 in November -2019 to 165.7 in December -2019. Monthly wheat inflation has increased by 0.79 percent in December -2019 compared to previous month.

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 18.31 thousand tonnes in the month of December-2019. The quantity in December-2019 was exported at an average FOB of \$ 286.37 per tonne and the major destinations were Bangladesh, Nepal, Somalia, 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:

Australia's major wheat exporting states of South Australia, Victoria and Western Australia have exported just over 3 MMT of wheat since October according to sources at S&P. This is close to the half-way mark of the country's anticipated exportable surplus of 7 -8 MMT for the current marketing year October 2019-September 2020. Philippines was the number one destination for Australian wheat exports over October-November at close to 300,000 metric tonnes followed by South Korea and Japan at 205,000 metric tonnes and 130,000 metric tonnes respectively.

China has bought about 1MMT of Australian, Canadian and French wheat as Beijing looks to fill import quotas set by the World Trade Organization, according to trade sources. The purchases are part of the 9.6 million-ton annual wheat quota China allocates to buyers.

Serbia will import around 30,000 tonnes of high-quality wheat by the end of April, as this year's wheat yield does not meet the high standards of domestic millers and confectioners.

Sindh has asked the federal government to stop wheat exports in view of the prevailing shortages that have led to a spike in the price of the commodity and their products. The country's wheat flour crisis has worsened in a last few weeks, affecting major cities such as Karachi, Hyderabad, and Lahore and with prices increasing up to Rs70/kilogramme in some areas.

Pakistan Government has approved the import of 300,000 tonnes of wheat to relieve a shortage of flour supplies that has created a crisis in the market. Prices of flour and bread shot up last week as the ingredient disappeared from shops and wholesale markets, while bread makers shut in protest towards selling the staple at controlled prices.

Wheat Futures Contract: NCDEX Price							Date: 30.01.2020 at 5:00 PM		
Contract Month	+/-	Open	High	Low	Close	Volume	Ch. From previous day	OI	Ch. From previous day
20-Feb	0	2075	2075	2075	2075			20	0
20-Mar	0	2188	2188	2188	2188				
20-Apr	0	2198	2198	2198	2198				

Spread	Feb-20	Mar-20	Apr-20
Spot Narella	2150		
20-Feb	-75		
20-Mar		113	
20-Apr			10

Stocks	Demat	In-Process	Total	EDD
	4.Jan.20	4.Jan.20	4.Jan.20	30.Dec.19
Delhi	-	-	-	-
Itarsi	-	-	-	-
Kanpur	-	-	-	-
Kota	20	-	20	967
Baran	-	-	-	-

Wheat Daily Prices and Arrivals on 30.01.2020

Centre	Market	Variety	Prices (Rs/Qtl)		Change
			30-Jan-20	29-Jan-20	
Delhi	Lawrence Road	Mill Delivery	2210	2210	Unch
	Narella	Mill Quality Loose	2150	Closed	-
	Nazafgarh	Mill Quality Loose	2155	Closed	-
Gujarat	Rajkot	Mill Delivery	2210	2210	Unch
	Ahmedabad	Mill Delivery	2240	2270	-30
	Surat	Mill Delivery	2300	2315	-15
	Dhrol	Mill Quality Loose	2505	2450	55
M.P.	Indore	Mill Delivery	2200	2230	-30
	Bhopal	Mill Quality Loose	2030	2030	Unch
Rajasthan	Kota	Mill Quality Loose	Closed	2080	-
		Mill Delivery	Closed	2180	-
U.P.	Kanpur	Mill Delivery	2110	2110	Unch
	Mathura	Mill Quality Loose	2150	2150	Unch
	Kosi	Mill Quality Loose	2100	2100	Unch
	Hathras	Mill Quality Loose	2100	2100	Unch

	Aligarh	Mill Quality Loose	Closed	Closed	-
Punjab	Khanna	Mill Quality Loose	1970	1975	-5
	Ludhiana (Jagraon)	Mill Delivery	NA	NA	-
Haryana	Sirsa	Mill Delivery loose	2100	2100	Unch
	Hodal	Mill Delivery	NA	NA	-
	Bhiwani	Mill Quality Loose	2100	2080	20
	Karnal	Mill Delivery	NA	NA	-
	Panipat	Mill Quality Loose	NA	NA	-
Tamil Nadu	Chennai	Mill Quality	Closed	2550	-
	Madurai	Mill Quality	Closed	2607	-
	Coimbatore	Mill Quality	Closed	2607	-
Bihar	Khagariya	Mill Delivery	2100	2100	Unch
	Muzaffarpur	Mill Delivery	2150	2150	Unch
FOR	Kandla (Rajasthan-Rajkot)	Mill Quality	NA	NA	-
	Gandhidham (Rajasthan-Rajkot)	Mill Quality	NA	NA	-

Centre	Market	Variety	Prices (Rs/Qtl)		Change
			30-Jan-20	29-Jan-20	
Gujarat	Rajkot	Lokwan	2300	2300	Unch
M.P.	Indore	Lokwan	2500	2500	Unch
	Bhopal	Lokwan	2200	2200	Unch
	Bina	Sarbati 306	2500	Closed	-
Rajasthan	Kota	Lokwan Bilty	Closed	2225	-
	Baran	Lokwan	NA	NA	-

Wheat Arrivals in Key Centers:

Centre	Market	Variety	Arrivals (Bags/Qtl)		Change
			30-Jan-20	29-Jan-20	
Delhi	Lawrence Road	Mill Delivery	5000	6000	-1000
	Narella	Mill Quality Loose	200	Closed	-
	Nazafgarh	Mill Quality Loose	100	Closed	-
Gujarat	Rajkot	Mill Quality Loose	150	500	-350
	Dhrol	Mill Quality Loose	7	11	-4

M.P.	Indore	Mill Quality Loose	2000	3000	-1000
Rajasthan	Kota	Mill Quality	Closed	1500	-
U.P.	Kanpur	Mill Quality Loose	500	700	-200
	Mathura	Mill Quality Loose	280	280	Unch
	Kosi	Mill Quality Loose	100	150	-50
	Hathras	Mill Quality Loose	200	200	Unch
	Aligarh	Mill Quality Loose	Closed	Closed	-
Punjab	Khanna	Mill Quality Loose	500	600	-100
	(Ludhiana)Jagraon	Mill Quality Loose	NA	NA	-
Haryana	Sirsa	Mill Quality Loose	200	200	Unch
	Hodal	Mill Quality Loose	50	50	Unch
	Bhiwani	Mill Quality Loose	400	300	100
	Karnal	Mill Delivery	NA	NA	-
	Panipat	Mill Quality Loose	NA	NA	-

Wheat Products Delhi	30-Jan-20	29-Jan-20	Change
Atta (50kg) Ordinary	NA	NA	-
Maida Grade 1 (50KG)	NA	NA	-
Suji (50kg)	NA	NA	-
Chokar (50 kg)	NA	NA	-
Chokar (34 kg)	NA	NA	-
Chakki Atta (50kg)	NA	NA	-
Chakki Atta (50kg) Special	NA	NA	-
Chakki Atta (90kg) Superfine	NA	NA	-
Chakki Atta (50kg) Superfine	NA	NA	-

Wheat (CBOT) Future Price: 29.01.2020					
Contract Month	Open	High	Low	Close	Change
20-Mar	571.00	573.25	561.00	562.25	-7.50
20-May	570.75	571.75	560.25	561.25	-7.25
20-Jul	568.25	570.75	559.25	560.50	-6.75
20-Sep	573.75	576.25	564.75	566.25	-6.75
20-Dec	582.75	584.00	573.25	575.00	-6.25
21-Mar	587.75	590.75	580.50	582.00	-6.25

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