

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.

Yellow rust has been reported in certain areas of Punjab and Haryana. This might bring down the yield. However agriculture departments are taking all possible measures to ensure the spread of the disease does not go beyond control. Farmers have been suggested to adopt remedial measures to deal with the situation. In Punjab, yellow rust has been reported in a few villages of Ropar, Hoshiarpur and Pathankot districts. In Haryana, it has been detected in the wheat crop in a few villages of Panchkula, Yamunanagar and Ambala.

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:

According to IKAR Consultancy, Russian wheat production this year could be around 79.5 MMT. Farmers have sown a record winter wheat area this season.

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.

| Wheat Futures Contract: NCDEX Price | | | | | | | Date: 31.01.2020 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 | 10 | 10 | 20 | 0 |
| 20-Mar | 0 | 2187 | 2187 | 2187 | 2187 | | | | |
| 20-Apr | 0 | 2198 | 2198 | 2198 | 2198 | | | | |

| Spread | Feb-20 | Mar-20 | Apr-20 |
|--------------|--------|--------|--------|
| Spot Narella | 2140 | | |
| 20-Feb | -65 | | |
| 20-Mar | | 112 | |
| 20-Apr | | | 11 |

| 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 01.02.2020

| Centre | Market | Variety | Prices (Rs/Qtl) | | Change |
|-----------|---------------|--------------------|-----------------|-----------|--------|
| | | | 01-Feb-20 | 31-Jan-20 | |
| Delhi | Lawrence Road | Mill Delivery | 2210 | 2210 | Unch |
| | Narella | Mill Quality Loose | 2140 | 2140 | Unch |
| | Nazafgarh | Mill Quality Loose | 2140 | 2150 | -10 |
| Gujarat | Rajkot | Mill Delivery | 2215 | 2200 | 15 |
| | Ahmedabad | Mill Delivery | 2260 | 2260 | Unch |
| | Surat | Mill Delivery | 2300 | 2300 | Unch |
| | Dhrol | Mill Quality Loose | NR | 2490 | - |
| M.P. | Indore | Mill Delivery | 2200 | 2200 | Unch |
| | Bhopal | Mill Quality Loose | 2070 | 2070 | Unch |
| Rajasthan | Kota | Mill Quality Loose | 2060 | 2060 | Unch |
| | | Mill Delivery | 2125 | 2125 | Unch |
| U.P. | Kanpur | Mill Delivery | 2150 | 2110 | 40 |
| | Mathura | Mill Quality Loose | NA | NA | - |
| | Kosi | Mill Quality Loose | 2150 | 2150 | Unch |
| | Hathras | Mill Quality Loose | NR | 2200 | - |

| | | | | | |
|------------|-------------------------------|---------------------|--------|------|------|
| | Aligarh | Mill Quality Loose | Closed | 2040 | - |
| Punjab | Khanna | Mill Quality Loose | 1990 | 2000 | -10 |
| | Ludhiana (Jagraon) | Mill Delivery | NA | NA | - |
| Haryana | Sirsa | Mill Delivery loose | 2080 | 2100 | -20 |
| | Hodal | Mill Delivery | NA | NA | - |
| | Bhiwani | Mill Quality Loose | 2100 | 2100 | Unch |
| | Karnal | Mill Delivery | NA | NA | - |
| | Panipat | Mill Quality Loose | NA | NA | - |
| Tamil Nadu | Chennai | Mill Quality | 2550 | 2550 | Unch |
| | Madurai | Mill Quality | 2607 | 2607 | Unch |
| | Coimbatore | Mill Quality | 2607 | 2607 | Unch |
| Bihar | Khagariya | Mill Delivery | 2100 | 2100 | Unch |
| | Muzaffarpur | Mill Delivery | 2130 | 2130 | Unch |
| FOR | Kandla (Rajasthan-Rajkot) | Mill Quality | NA | NA | - |
| | Gandhidham (Rajasthan-Rajkot) | Mill Quality | NA | NA | - |

| Centre | Market | Variety | Prices (Rs/Qtl) | | Change |
|-----------|--------|--------------|-----------------|-----------|--------|
| | | | 01-Feb-20 | 31-Jan-20 | |
| Gujarat | Rajkot | Lokwan | 2300 | 2300 | Unch |
| M.P. | Indore | Lokwan | 2500 | 2500 | Unch |
| | Bhopal | Lokwan | 2225 | 2200 | 25 |
| | Bina | Sarbati 306 | 2500 | 2500 | Unch |
| Rajasthan | Kota | Lokwan Bilty | 2200 | Closed | - |
| | Baran | Lokwan | NA | NA | - |

Wheat Arrivals in Key Centers:

| Centre | Market | Variety | Arrivals (Bags/Qtl) | | Change |
|---------|---------------|--------------------|---------------------|-----------|--------|
| | | | 01-Feb-20 | 31-Jan-20 | |
| Delhi | Lawrence Road | Mill Delivery | 5000 | 6000 | -1000 |
| | Narella | Mill Quality Loose | 150 | 150 | Unch |
| | Nazafgarh | Mill Quality Loose | 50 | 80 | -30 |
| Gujarat | Rajkot | Mill Quality Loose | 400 | 400 | Unch |
| | Dhrol | Mill Quality Loose | NR | 9 | - |

| | | | | | |
|------------------|-------------------|--------------------|--------|------|-------------|
| M.P. | Indore | Mill Quality Loose | 1500 | 2000 | -500 |
| Rajasthan | Kota | Mill Quality | 1000 | 1000 | Unch |
| U.P. | Kanpur | Mill Quality Loose | 1400 | 800 | 600 |
| | Mathura | Mill Quality Loose | NA | NA | - |
| | Kosi | Mill Quality Loose | 100 | 110 | -10 |
| | Hathras | Mill Quality Loose | NR | 200 | - |
| | Aligarh | Mill Quality Loose | Closed | 350 | - |
| Punjab | Khanna | Mill Quality Loose | 700 | 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 | 01-Feb-20 | 31-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: 31.01.2020 | | | | | |
|--|-------------|-------------|------------|--------------|---------------|
| Contract Month | Open | High | Low | Close | Change |
| 20-Mar | 562.50 | 566.00 | 552.75 | 553.75 | -6.75 |
| 20-May | 560.50 | 563.75 | 551.75 | 552.50 | -6.00 |
| 20-Jul | 559.75 | 562.00 | 551.25 | 552.50 | -4.50 |
| 20-Sep | 564.75 | 567.75 | 557.75 | 559.00 | -4.00 |
| 20-Dec | 573.50 | 576.50 | 566.75 | 568.00 | -4.00 |
| 21-Mar | 583.25 | 583.50 | 574.25 | 575.50 | -3.75 |

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