

Wheat Domestic Fundamentals:

As per latest update, area sown until 31st January-20 is 336.18 lakh hectares compared to 299.30 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 increased by 15.63 percent to Rs. 2673.31 per quintal during the week ended 1st February 2020. Wheat average price were ruling at Rs 2312.03 per quintal during 24-31 January 2020. As compared to prices in the week 01-08 February 2020, the prices are higher by 26.56 percent. Prices are expected to trade steady to weak in coming days amid expected bumper crop this season. Though unseasonal rains, yellow rust and locust attacks have been reported in some areas, production is however expected to be higher 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 an agriculture ministry official, Egypt has planted 1.34 million hectares of wheat in the 2019-2020 season, slightly above the amount planted the previous year.

According to a report from the Foreign Agricultural Service of the USDA, Turkey's wheat imports during the first six months of marketing year 2019-20, June to November 2019, were almost double compared to previous year's imports during the same period at 5.5 MMT. The USDA anticipates the market year 2019-20 imports to increase to 8.5 MMT, on the basis that domestic consumption will continue to rise, and exports of wheat products will remain steady.

According to an agriculture ministry official, Egypt has planted 1.34 million hectares of wheat in the 2019-2020 season, slightly above the amount planted the previous year.

Japan's Ministry of Agriculture sought 120,000 metric tonnes of feed wheat to be loaded by May 31 and arrive in Japan by July 30, via a simultaneous buy and sell (SBS) auction that will be held on Feb. 12.

Soft wheat exports from French ports touched a six-year high in January despite intermittent dockers and tug boat strikes that saw some shipments delayed. About 1.33 MMT of soft wheat was exported from France last month, the highest in January since 2014 while 1.66 MMT was exported in total in the month.

According to the USDA, Canada's area seeded to all wheat was reduced by 40,000 hectares, area harvested reduced by 162,000 hectares, and production revised down by 144,000 tonnes to 32.35 MMT. Poor weather conditions, rail strikes and strong global competition in the wheat market have affected Canada's 2019-20 wheat exports.

Wheat Futures Contract: NCDEX Price							Date: 10.02.2020 at 5:00 PM		
Contract Month	+/-	Open	High	Low	Close	Volume	Ch. From previous day	OI	Ch. From previous day
20-Feb									
20-Mar	0	2191	2191	2191	2191				
20-Apr	0	2201	2201	2201	2201				

Spread	Feb-20	Mar-20	Apr-20
Spot Narella	2140		
20-Feb	-		
20-Mar		-	
20-Apr			-

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 10.02.2020

Centre	Market	Variety	Prices (Rs/Qtl)		Change
			10-Feb-20	07-Feb-20	
Delhi	Lawrence Road	Mill Delivery	2210	2210	Unch
	Narella	Mill Quality Loose	2140	2140	Unch
	Nazafgarh	Mill Quality Loose	2130	2130	Unch
Gujarat	Rajkot	Mill Delivery	2230	2230	Unch
	Ahmedabad	Mill Delivery	2270	2270	Unch
	Surat	Mill Delivery	2325	2325	Unch
	Dhrol	Mill Quality Loose	2620	2485	135
M.P.	Indore	Mill Delivery	2215	2215	Unch
	Bhopal	Mill Quality Loose	2030	2030	Unch
Rajasthan	Kota	Mill Quality Loose	2050	2060	-10
		Mill Delivery	2170	2180	-10
U.P.	Kanpur	Mill Delivery	2100	2120	-20
	Mathura	Mill Quality Loose	NA	NA	-
	Kosi	Mill Quality Loose	2100	2100	Unch
	Hathras	Mill Quality Loose	2150	2150	Unch

	Aligarh	Mill Quality Loose	2025	2000	25
Punjab	Khanna	Mill Quality Loose	1950	1960	-10
	Ludhiana (Jagraon)	Mill Delivery	NA	NA	-
Haryana	Sirsa	Mill Delivery loose	2050	2070	-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	2125	5
FOR	Kandla (Rajasthan-Rajkot)	Mill Quality	NA	NA	-
	Gandhidham (Rajasthan-Rajkot)	Mill Quality	NA	NA	-

Centre	Market	Variety	Prices (Rs/Qtl)		Change
			10-Feb-20	07-Feb-20	
Gujarat	Rajkot	Lokwan	2300	2300	Unch
M.P.	Indore	Lokwan	2500	2500	Unch
	Bhopal	Lokwan	2225	2225	Unch
	Bina	Sarbati 306	2500	2500	Unch
Rajasthan	Kota	Lokwan Bilty	2175	2175	Unch
	Baran	Lokwan	NA	NA	-

Wheat Arrivals in Key Centers:

Centre	Market	Variety	Arrivals (Bags/Qtl)		Change
			10-Feb-20	07-Feb-20	
Delhi	Lawrence Road	Mill Delivery	4500	5000	-500
	Narella	Mill Quality Loose	150	100	50
	Nazafgarh	Mill Quality Loose	100	100	Unch
Gujarat	Rajkot	Mill Quality Loose	500	400	100
	Dhrol	Mill Quality Loose	8	9	-1

M.P.	Indore	Mill Quality Loose	2500	2000	500
Rajasthan	Kota	Mill Quality	1200	800	400
U.P.	Kanpur	Mill Quality Loose	1000	800	200
	Mathura	Mill Quality Loose	NA	NA	-
	Kosi	Mill Quality Loose	250	100	150
	Hathras	Mill Quality Loose	60	150	-90
	Aligarh	Mill Quality Loose	300	300	Unch
Punjab	Khanna	Mill Quality Loose	800	600	200
	(Ludhiana)Jagraon	Mill Quality Loose	NA	NA	-
Haryana	Sirsa	Mill Quality Loose	400	200	200
	Hodal	Mill Quality Loose	50	50	Unch
	Bhiwani	Mill Quality Loose	300	300	Unch
	Karnal	Mill Delivery	NA	NA	-
	Panipat	Mill Quality Loose	NA	NA	-

Wheat (CBOT) Future Price: 07.02.2020

Contract Month	Open	High	Low	Close	Change
20-Mar	557.00	563.00	553.25	558.75	2.50
20-May	554.25	560.00	551.00	556.75	3.25
20-Jul	553.00	559.25	550.75	557.00	3.75
20-Sep	559.00	564.25	556.25	562.50	4.00
20-Dec	567.50	572.50	565.00	571.00	4.00
21-Mar	573.25	579.50	572.75	579.00	4.25

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.