

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:

Japan's Ministry of Agriculture sought 110,565 metric tonnes of food quality wheat from the United States, Canada and Australia in a regular tender. The tender will close on Thursday. The wheat will be loaded between March 21 –April 30, 2020.

According to the latest monthly supply and demand report released by the USDA, global wheat exports are increased 1.8 MMT led by a 1.0 MMT increase for the EU on strong shipments and more competitive prices. World imports for 2019/20 are raised 1.9 MMT led by a 0.8 MMT increase for China and a 0.7 MMT increase for Turkey. For the 2019/20 market year, global consumption and ending stocks are lowered fractionally though world ending stocks remain record large. World wheat ending stocks have been reduced to 288.03 MMT, nearly unchanged from 288.08 MMT previously and above analyst's expectation of 287.44 MMT.

According to Ukraine's Ministry for Development of Economy, Trade and Agriculture, Ukrainian wheat exports now total 15.9 MMT for marketing year 2019/20. Total Ukrainian grain exports are up 30% year-over-year at 36.8 MMT.

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.

Wheat Futures Contract: NCDEX Price							Date: 13.02.2020 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	2100		
20-Feb	-25		
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 13.02.2020

Centre	Market	Variety	Prices (Rs/Qtl)		Change
			13-Feb-20	12-Feb-20	
Delhi	Lawrence Road	Mill Delivery	2210	2210	Unch
	Narella	Mill Quality Loose	2100	Closed	-
	Nazafgarh	Mill Quality Loose	2130	Closed	-
Gujarat	Rajkot	Mill Delivery	Closed	2300	-
	Ahmedabad	Mill Delivery	Closed	2320	-
	Surat	Mill Delivery	Closed	2350	-
	Dhrol	Mill Quality Loose	2560	2620	-60
M.P.	Indore	Mill Delivery	2190	2190	Unch
	Bhopal	Mill Quality Loose	2025	2025	Unch
Rajasthan	Kota	Mill Quality Loose	2035	2050	-15
		Mill Delivery	2150	2180	-30
U.P.	Kanpur	Mill Delivery	2050	2100	-50
	Mathura	Mill Quality Loose	NA	NA	-
	Kosi	Mill Quality Loose	2050	2050	Unch
	Hathras	Mill Quality Loose	2250	2125	125

	Aligarh	Mill Quality Loose	2020	Closed	-
Punjab	Khanna	Mill Quality Loose	1900	1900	Unch
	Ludhiana (Jagraon)	Mill Delivery	NA	NA	-
Haryana	Sirsa	Mill Delivery loose	2050	2050	Unch
	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	2000	2000	Unch
	Muzaffarpur	Mill Delivery	2100	2100	Unch
FOR	Kandla (Rajasthan-Rajkot)	Mill Quality	Closed	NA	-
	Gandhidham (Rajasthan-Rajkot)	Mill Quality	Closed	NA	-

Centre	Market	Variety	Prices (Rs/Qtl)		Change
			13-Feb-20	12-Feb-20	
Gujarat	Rajkot	Lokwan	Closed	2300	-
M.P.	Indore	Lokwan	2400	2400	Unch
	Bhopal	Lokwan	2200	2200	Unch
	Bina	Sarbati 306	2500	Closed	-
Rajasthan	Kota	Lokwan Bilty	2125	2150	-25
	Baran	Lokwan	NA	NA	-

Wheat Arrivals in Key Centers:

Centre	Market	Variety	Arrivals (Bags/Qtl)		Change
			13-Feb-20	12-Feb-20	
Delhi	Lawrence Road	Mill Delivery	5000	6500	-1500
	Narella	Mill Quality Loose	300	Closed	-
	Nazafgarh	Mill Quality Loose	50	Closed	-
Gujarat	Rajkot	Mill Quality Loose	Closed	700	-
	Dhrol	Mill Quality Loose	25	2	23

M.P.	Indore	Mill Quality Loose	3000	1500	1500
Rajasthan	Kota	Mill Quality	1100	1000	100
U.P.	Kanpur	Mill Quality Loose	1000	700	300
	Mathura	Mill Quality Loose	NA	NA	-
	Kosi	Mill Quality Loose	150	150	Unch
	Hathras	Mill Quality Loose	250	500	-250
	Aligarh	Mill Quality Loose	300	Closed	-
Punjab	Khanna	Mill Quality Loose	600	700	-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	200	200	Unch
	Karnal	Mill Delivery	NA	NA	-
	Panipat	Mill Quality Loose	NA	NA	-

Wheat (CBOT) Future Price: 12.02.2020

Contract Month	Open	High	Low	Close	Change
20-Mar	541.00	549.00	538.25	547.50	5.50
20-May	543.25	549.25	540.25	548.50	4.50
20-Jul	544.00	549.75	541.50	549.00	4.25
20-Sep	549.50	555.50	548.00	555.00	3.75
20-Dec	559.00	565.00	557.75	564.75	3.75
21-Mar	566.50	573.25	566.50	573.25	3.25

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