

### Wheat Domestic Fundamentals:

**As per latest update, area sown until 31<sup>st</sup> 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 February'20 stood at 303.66 lakh tonnes down by 7.41% compared to last month. This quantity is higher by around 26.89% 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 Croatia's statistical office, acreage under wheat in the autumn of 2019 declined by 4.2% to 136,000 hectares compared to previous year.**

**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.**

| Wheat Futures Contract: NCDEX Price |     |      |      |      |       |        | Date: 14.02.2020 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  | 10     | 10                          | 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 14.02.2020

| Centre    | Market        | Variety            | Prices (Rs/Qtl) |           | Change |
|-----------|---------------|--------------------|-----------------|-----------|--------|
|           |               |                    | 14-Feb-20       | 13-Feb-20 |        |
| Delhi     | Lawrence Road | Mill Delivery      | 2200            | 2210      | -10    |
|           | Narella       | Mill Quality Loose | 2100            | 2100      | Unch   |
|           | Nazafgarh     | Mill Quality Loose | 2120            | 2130      | -10    |
| Gujarat   | Rajkot        | Mill Delivery      | 2250            | Closed    | -      |
|           | Ahmedabad     | Mill Delivery      | 2300            | Closed    | -      |
|           | Surat         | Mill Delivery      | 2325            | Closed    | -      |
|           | Dhrol         | Mill Quality Loose | 2560            | 2560      | Unch   |
| M.P.      | Indore        | Mill Delivery      | 2190            | 2190      | Unch   |
|           | Bhopal        | Mill Quality Loose | 2050            | 2025      | 25     |
| Rajasthan | Kota          | Mill Quality Loose | 2060            | 2035      | 25     |
|           |               | Mill Delivery      | 2150            | 2150      | Unch   |
| U.P.      | Kanpur        | Mill Delivery      | 2050            | 2050      | Unch   |
|           | Mathura       | Mill Quality Loose | NA              | NA        | -      |
|           | Kosi          | Mill Quality Loose | 2050            | 2050      | Unch   |
|           | Hathras       | Mill Quality Loose | 2050            | 2050      | Unch   |

|            |                               |                     |      |        |      |
|------------|-------------------------------|---------------------|------|--------|------|
|            | Aligarh                       | Mill Quality Loose  | 2025 | 2020   | 5    |
| Punjab     | Khanna                        | Mill Quality Loose  | 1890 | 1900   | -10  |
|            | Ludhiana (Jagraon)            | Mill Delivery       | NA   | NA     | -    |
| Haryana    | Sirsa                         | Mill Delivery loose | 2060 | 2050   | 10   |
|            | Hodal                         | Mill Delivery       | NA   | NA     | -    |
|            | Bhiwani                       | Mill Quality Loose  | 2200 | 2100   | 100  |
|            | Karnal                        | Mill Delivery       | NA   | NA     | -    |
|            | Panipat                       | Mill Quality Loose  | NA   | NA     | -    |
| Tamil Nadu | Chennai                       | Mill Quality        | 2500 | 2550   | -50  |
|            | Madurai                       | Mill Quality        | 2557 | 2607   | -50  |
|            | Coimbatore                    | Mill Quality        | 2557 | 2607   | -50  |
| Bihar      | Khagariya                     | Mill Delivery       | 2000 | 2000   | Unch |
|            | Muzaffarpur                   | Mill Delivery       | 2050 | 2100   | -50  |
| FOR        | Kandla (Rajasthan-Rajkot)     | Mill Quality        | NA   | Closed | -    |
|            | Gandhidham (Rajasthan-Rajkot) | Mill Quality        | NA   | Closed | -    |

| Centre    | Market | Variety      | Prices (Rs/Qtl) |           | Change |
|-----------|--------|--------------|-----------------|-----------|--------|
|           |        |              | 14-Feb-20       | 13-Feb-20 |        |
| Gujarat   | Rajkot | Lokwan       | 2250            | Closed    | -      |
| M.P.      | Indore | Lokwan       | 2400            | 2400      | Unch   |
|           | Bhopal | Lokwan       | 2250            | 2200      | 50     |
|           | Bina   | Sarbati 306  | 2300            | 2500      | -200   |
| Rajasthan | Kota   | Lokwan Bilty | NA              | 2125      | -      |
|           | Baran  | Lokwan       | NA              | NA        | -      |

### Wheat Arrivals in Key Centers:

| Centre  | Market        | Variety            | Arrivals (Bags/Qtl) |           | Change |
|---------|---------------|--------------------|---------------------|-----------|--------|
|         |               |                    | 14-Feb-20           | 13-Feb-20 |        |
| Delhi   | Lawrence Road | Mill Delivery      | 5000                | 5000      | Unch   |
|         | Narella       | Mill Quality Loose | 200                 | 300       | -100   |
|         | Nazafgarh     | Mill Quality Loose | 50                  | 50        | Unch   |
| Gujarat | Rajkot        | Mill Quality Loose | 500                 | Closed    | -      |
|         | Dhrol         | Mill Quality Loose | 3                   | 25        | -22    |

|                  |                   |                    |      |      |             |
|------------------|-------------------|--------------------|------|------|-------------|
| <b>M.P.</b>      | Indore            | Mill Quality Loose | 3000 | 3000 | <b>Unch</b> |
| <b>Rajasthan</b> | Kota              | Mill Quality       | 2000 | 1100 | <b>900</b>  |
| <b>U.P.</b>      | Kanpur            | Mill Quality Loose | 800  | 1000 | <b>-200</b> |
|                  | Mathura           | Mill Quality Loose | NA   | NA   | -           |
|                  | Kosi              | Mill Quality Loose | 200  | 150  | <b>50</b>   |
|                  | Hathras           | Mill Quality Loose | 60   | 250  | <b>-190</b> |
|                  | Aligarh           | Mill Quality Loose | 300  | 300  | <b>Unch</b> |
| <b>Punjab</b>    | Khanna            | Mill Quality Loose | 700  | 600  | <b>100</b>  |
|                  | (Ludhiana)Jagraon | Mill Quality Loose | NA   | NA   | -           |
| <b>Haryana</b>   | Sirsa             | Mill Quality Loose | 200  | 200  | <b>Unch</b> |
|                  | Hodal             | Mill Quality Loose | 50   | 50   | <b>Unch</b> |
|                  | Bhiwani           | Mill Quality Loose | 200  | 200  | <b>Unch</b> |
|                  | Karnal            | Mill Delivery      | NA   | NA   | -           |
|                  | Panipat           | Mill Quality Loose | NA   | NA   | -           |

### Wheat (CBOT) Future Price: 13.02.2020

| Contract Month | Open   | High   | Low    | Close  | Change       |
|----------------|--------|--------|--------|--------|--------------|
| <b>20-Mar</b>  | 548.50 | 550.50 | 540.75 | 544.25 | <b>-3.25</b> |
| <b>20-May</b>  | 548.50 | 550.50 | 541.50 | 544.75 | <b>-3.75</b> |
| <b>20-Jul</b>  | 548.75 | 550.00 | 541.50 | 544.50 | <b>-4.50</b> |
| <b>20-Sep</b>  | 555.00 | 555.75 | 547.50 | 550.50 | <b>-4.50</b> |
| <b>20-Dec</b>  | 563.75 | 565.00 | 557.00 | 560.00 | <b>-4.75</b> |
| <b>21-Mar</b>  | 571.75 | 572.50 | 565.50 | 568.75 | <b>-4.50</b> |

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