

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 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 25.86 thousand tonnes in the month of January-2020. The quantity in January-2020 was exported at an average FOB of \$ 305.64 per tonne and the major destinations were Bangladesh, Nepal, Somalia, UAE and Korea. 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 the final estimates released by the Ministry of National Food Security and Research (MNFS&R), Pakistan, wheat during the current season was sown over an area of 8.839 million hectares against the set target of 9.062 million hectares which might affect wheat production target of 27.03 MMT fixed by the government. In Sindh, the second largest producer after Punjab, wheat was sown over an area of 1.115 million hectares against the target of 1.150 million hectares. Acreage has reduced in the major growing regions amid late start of sugarcane crushing, climatic change, heavy rains and snowfall during the sowing season.

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.

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 24.11.2018

Centre	Market	Variety	Prices (Rs/Qtl)		Change
			17-Feb-20	15-Feb-20	
Delhi	Lawrence Road	Mill Delivery	2210	2210	Unch
	Narella	Mill Quality Loose	2150	2150	Unch
	Nazafgarh	Mill Quality Loose	2125	2120	5
Gujarat	Rajkot	Mill Delivery	2300	2300	Unch
	Ahmedabad	Mill Delivery	2315	2315	Unch
	Surat	Mill Delivery	2340	2360	-20
	Dhrol	Mill Quality Loose	2280	2470	-190
M.P.	Indore	Mill Delivery	2190	2190	Unch
	Bhopal	Mill Quality Loose	2025	2030	-5
Rajasthan	Kota	Mill Quality Loose	2025	2060	-35
		Mill Delivery	2125	2150	-25
U.P.	Kanpur	Mill Delivery	2100	2050	50
	Mathura	Mill Quality Loose	NA	NA	-
	Kosi	Mill Quality Loose	2050	2050	Unch
	Hathras	Mill Quality Loose	2150	2050	100
	Aligarh	Mill Quality Loose	2070	2020	50
Punjab	Khanna	Mill Quality Loose	1875	1900	-25
	Ludhiana (Jagraon)	Mill Delivery	NA	NA	-
Haryana	Sirsa	Mill Delivery loose	2050	2050	Unch
	Hodal	Mill Delivery	NA	NA	-

	Bhiwani	Mill Quality Loose	2050	2070	-20
	Karnal	Mill Delivery	NA	NA	-
	Panipat	Mill Quality Loose	NA	NA	-
Tamil Nadu	Chennai	Mill Quality	2500	2500	Unch
	Madurai	Mill Quality	2557	2557	Unch
	Coimbatore	Mill Quality	2557	2557	Unch
Bihar	Khagariya	Mill Delivery	2000	2000	Unch
	Muzaffarpur	Mill Delivery	2080	2050	30
FOR	Kandla (Rajasthan-Rajkot)	Mill Quality	NA	NA	-
	Gandhidham (Rajasthan-Rajkot)	Mill Quality	NA	NA	-

Centre	Market	Variety	Prices (Rs/Qtl)		Change
			17-Feb-20	15-Feb-20	
Gujarat	Rajkot	Lokwan	2300	2310	-10
M.P.	Indore	Lokwan	2400	2400	Unch
	Bhopal	Lokwan	2250	2250	Unch
	Bina	Sarbati 306	2350	2300	50
Rajasthan	Kota	Lokwan Bilty	NA	NA	-
	Baran	Lokwan	NA	NA	-

Wheat Arrivals in Key Centers:

Centre	Market	Variety	Arrivals (Bags/Qtl)		Change
			17-Feb-20	15-Feb-20	
Delhi	Lawrence Road	Mill Delivery	5000	6000	-1000
	Narella	Mill Quality Loose	300	200	100
	Nazafgarh	Mill Quality Loose	100	25	75
Gujarat	Rajkot	Mill Quality Loose	1200	700	500
	Dhrol	Mill Quality Loose	39	8	31
M.P.	Indore	Mill Quality Loose	4000	4000	Unch
Rajasthan	Kota	Mill Quality	1000	1500	-500
U.P.	Kanpur	Mill Quality Loose	800	1000	-200
	Mathura	Mill Quality Loose	NA	NA	-
	Kosi	Mill Quality Loose	100	100	Unch
	Hathras	Mill Quality Loose	600	50	550
	Aligarh	Mill Quality Loose	120	100	20
Punjab	Khanna	Mill Quality Loose	700	700	Unch
	(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	300	300	Unch

	Karnal	Mill Delivery	NA	NA	-
	Panipat	Mill Quality Loose	NA	NA	-

Wheat Products Delhi	17-Feb-20	15-Feb-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: 14.02.2020					
Contract Month	Open	High	Low	Close	Change
20-Mar	544.75	549.50	542.00	542.75	-1.50
20-May	545.50	548.75	541.00	541.50	-3.25
20-Jul	544.50	547.75	541.00	541.00	-3.50
20-Sep	550.50	553.75	547.00	547.25	-3.25
20-Dec	559.75	563.00	556.25	556.50	-3.50
21-Mar	567.25	570.50	565.00	565.00	-3.75

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