

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.

According to Ukraine's Ministry for Development of Economy, Trade and Agriculture, Ukrainian wheat exports now total

Wheat Futures Contact: NCDEX Price							Date: 20.02.2020 at 5:00 PM		
Contract Month	+/-	Open	High	Low	Close	Volume	Ch. From previous day	OI	Ch. From previous day
20-Feb	0	2182	2182	2182	2182	10	10	20	0
20-Mar	0	2192	2192	2192	2192				
20-Apr	0	2202	2202	2202	2202				

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 20.02.2020

Centre	Market	Variety	Prices (Rs/Qtl)		Change
			20-Feb-20	19-Feb-20	
Delhi	Lawrence Road	Mill Delivery	2210	2205	5
	Narella	Mill Quality Loose	2150	Closed	-
	Nazafgarh	Mill Quality Loose	2100	Closed	-
Gujarat	Rajkot	Mill Delivery	Closed	Closed	-
	Ahmedabad	Mill Delivery	Closed	Closed	-
	Surat	Mill Delivery	Closed	Closed	-
	Dhrol	Mill Quality Loose	2570	2550	20
M.P.	Indore	Mill Delivery	2215	2215	Unch
	Bhopal	Mill Quality Loose	2080	2040	40
Rajasthan	Kota	Mill Quality Loose	2050	2060	-10
		Mill Delivery	2150	2150	Unch
U.P.	Kanpur	Mill Delivery	2100	2100	Unch
	Mathura	Mill Quality Loose	NA	NA	-
	Kosi	Mill Quality Loose	2050	2050	Unch
	Hathras	Mill Quality Loose	2020	2150	-130
	Aligarh	Mill Quality Loose	1960	Closed	-
Punjab	Khanna	Mill Quality Loose	1920	1900	20
	Ludhiana (Jagraon)	Mill Delivery	NA	NA	-
Haryana	Sirsa	Mill Delivery loose	2050	2050	Unch
	Hodal	Mill Delivery	NA	NA	-

	Bhiwani	Mill Quality Loose	2050	2100	-50
	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	2060	2080	-20
FOR	Kandla (Rajasthan-Rajkot)	Mill Quality	Closed	Closed	-
	Gandhidham (Rajasthan-Rajkot)	Mill Quality	Closed	Closed	-

Wheat (CBOT) Future Price: 14.02.2020					
Contract Month	Open	High	Low	Close	Change
20-Mar	563.00	565.75	553.00	565.25	-1.50
20-May	560.00	564.00	551.50	562.50	-2.50
20-Jul	558.50	561.75	550.50	561.25	-1.25
20-Sep	564.50	567.25	556.50	567.00	-1.00
20-Dec	573.50	576.75	566.00	576.50	-0.50
21-Mar	581.75	585.00	574.00	584.75	-0.25

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.