

### Wheat Domestic Fundamentals:

**As per the latest update wheat cash market is likely to stay steady to slightly weak as stock in central pool is higher and new crop is at hand.** Likely bumper production this year and FCI urgency to release old stock may pressurize wheat cash market in coming weeks. If off take remains slow at this point of time. FCI may consider to decrease bench mark price.

**As per Govt. sources the second crop forecast of India is projected to produce a record 106.2 million tonnes** of wheat crop in 2019-20 because of favourable weather conditions and improve crop yields. Wheat output is expected to go up by 2.5% in the crop year. Which expected to reach 291.9 million tonnes in 2019-20 from 285.2 million tonnes last year.

**As per latest update, Due to weak demand from bulk buyers and largely steady arrivals,** Prices of wheat falls today as most bulk buyers moved to the government weekly auctions. In Indore and Jaipur arrivals were pegged steady at 1,000 and 800-900 bags.

**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 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 Chicago Board Of Trade, Chicago wheat futures slid for a fourth consecutive session on Monday.** The wheat contract on the Chicago Board Of Trade was down 1.5% to \$5.44 a bushel by 0402 GMT, near the session low of \$5.43 a bushel - the weakest since Feb.

**According to ABARES the wheat production was 15.2 million tonnes in 2019,** down from the 15.85mt they predicted in December and behind last year's crop of 17.3mt.g. Government commodity forecaster ABARES said the 2019 wheat production was 15.2 million tonnes, down from the 15.85mt they predicted in December and behind last year's crop of 17.3mt.

**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

Wheat Futures Contract: NCDEX Price							Date: 23.02.2020 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 24.11.2018

Centre	Market	Variety	Prices (Rs/Qtl)		Change
			24-Feb-20	22-Feb-20	
Delhi	Lawrence Road	Mill Delivery	2210	2210	Unch
	Narella	Mill Quality Loose	2125	2140	-15
	Nazafgarh	Mill Quality Loose	2100	2100	Unch
Gujarat	Rajkot	Mill Delivery	Closed	Closed	-
	Ahmedabad	Mill Delivery	Closed	Closed	-
	Surat	Mill Delivery	Closed	Closed	-
	Dhrol	Mill Quality Loose	2470	2480	-10
M.P.	Indore	Mill Delivery	2025	2215	-190
	Bhopal	Mill Quality Loose	2000	2020	-20
Rajasthan	Kota	Mill Quality Loose	2075	2075	Unch
		Mill Delivery	2130	2175	-45
U.P.	Kanpur	Mill Delivery	2110	2105	5
	Mathura	Mill Quality Loose	NA	NA	-
	Kosi	Mill Quality Loose	2025	2050	-25
	Hathras	Mill Quality Loose	2160	2020	140
	Aligarh	Mill Quality Loose	1960	1960	Unch

<b>Punjab</b>	Khanna	Mill Quality Loose	1950	1920	<b>30</b>
	Ludhiana (Jagraon)	Mill Delivery	NA	NA	-
<b>Haryana</b>	Sirsa	Mill Delivery loose	2070	2050	<b>20</b>
	Hodal	Mill Delivery	NA	NA	-
	Bhiwani	Mill Quality Loose	2080	Closed	-
	Karnal	Mill Delivery	NA	NA	-
	Panipat	Mill Quality Loose	NA	NA	-
<b>Tamil Nadu</b>	Chennai	Mill Quality	2500	2500	<b>Unch</b>
	Madurai	Mill Quality	2557	2557	<b>Unch</b>
	Coimbatore	Mill Quality	2557	2557	<b>Unch</b>
<b>Bihar</b>	Khagariya	Mill Delivery	#N/A	2000	-
	Muzaffarpur	Mill Delivery	#N/A	2060	-
<b>FOR</b>	Kandla (Rajasthan-Rajkot)	Mill Quality	Closed	Closed	-
	Gandhidham (Rajasthan-Rajkot)	Mill Quality	Closed	Closed	-

Centre	Market	Variety	Prices (Rs/Qtl)		Change
			24-Feb-20	22-Feb-20	
<b>Gujarat</b>	Rajkot	Lokwan	Closed	Closed	-
<b>M.P.</b>	Indore	Lokwan	2300	2500	<b>-200</b>
	Bhopal	Lokwan	2200	2200	<b>Unch</b>
	Bina	Sarbati 306	2300	2350	<b>-50</b>
<b>Rajasthan</b>	Kota	Lokwan Bilty	2225	2250	<b>-25</b>
	Baran	Lokwan	Closed	Closed	-

### Wheat Arrivals in Key Centers:

Centre	Market	Variety	Arrivals (Bags/Qtl)		Change
			24-Feb-20	22-Feb-20	
<b>Delhi</b>	Lawrence Road	Mill Delivery	4500	6000	<b>-1500</b>
	Narella	Mill Quality Loose	200	200	<b>Unch</b>
	Nazafgarh	Mill Quality Loose	40	20	<b>20</b>
<b>Gujarat</b>	Rajkot	Mill Quality Loose	Closed	Closed	-
	Dhrol	Mill Quality Loose	15	15	<b>Unch</b>
<b>M.P.</b>	Indore	Mill Quality Loose	5000	4000	<b>1000</b>
<b>Rajasthan</b>	Kota	Mill Quality	2000	500	<b>1500</b>

<b>U.P.</b>	Kanpur	Mill Quality Loose	500	400	100
	Mathura	Mill Quality Loose	NA	NA	-
	Kosi	Mill Quality Loose	100	100	Unch
	Hathras	Mill Quality Loose	300	200	100
	Aligarh	Mill Quality Loose	350	250	100
<b>Punjab</b>	Khanna	Mill Quality Loose	700	700	Unch
	(Ludhiana)Jagraon	Mill Quality Loose	NA	NA	-
<b>Haryana</b>	Sirsa	Mill Quality Loose	200	200	Unch
	Hodal	Mill Quality Loose	50	50	Unch
	Bhiwani	Mill Quality Loose	200	Closed	-
	Karnal	Mill Delivery	NA	NA	-
	Panipat	Mill Quality Loose	NA	NA	-

Wheat (CBOT) Future Price: 14.02.2020					
Contract Month	Open	High	Low	Close	Change
20-Mar	559.75	569.00	550.50	551.00	-9.00
20-May	559.25	568.25	551.00	552.00	-7.25
20-Jul	559.25	567.00	551.25	552.00	-6.75
20-Sep	567.00	572.25	557.25	558.00	-6.50
20-Dec	574.00	581.25	567.00	567.75	-6.50
21-Mar	583.00	588.75	575.50	575.75	-6.75

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