

Wheat Domestic Fundamentals:

As per Uttarakhand government, Minimum Support Price (MSP) of Wheat has been hiked by Rs. 65 to Rs. 1,925 per quintal from 1,860 per quintal.

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, 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.

International Market Update:

Pakistan is likely to harvest around 25.5 to 26.5 MMT of wheat against the production target of 27.03 MMT for Rabi 2019-2020, according to estimates by stakeholders. The main limiting factor hindering development of wheat plant was stated to be widespread attack of rust fungus diseases, which according to an estimate might dent output by at least one MMT.

Tunisia's state grains agency has purchased 125,000 metric tonnes of milling wheat in five 25,000 tonne consignments. The tender closed on Tuesday. The wheat is expected to be shipped between March 15 –May 25, 2020.

According to the latest estimates released by the International Grains Council (IGC), world wheat production is expected to rise to a record 769 MMT in the 2020/21 season boosted by a 2% rise in area. The upward revision for 2019/20 global wheat production was partly due to an improved outlook for India where the crop is now seen rising to 103.6 MMT, up from a previous forecast of 102.2 MMT and previous season's output of 99.7 MMT.

According to U.S. Department of Agriculture (USDA) statement, U.S wheat may now be shipped to Kenya as Kenya has agreed to lift a decade old prohibition on US wheat. This step will allow U.S. wheat from Idaho, Oregon and Washington states to Kenya regardless of state of origin or port of export.

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.

Wheat Futures Contract: NCDEX Price							Date: 28.02.2020 at 5:00 PM		
Contract Month	+/-	Open	High	Low	Close	Volume	Ch. From previous day	OI	Ch. From previous day
20-Feb	-50	2150	2150	2100	2100	20	-10	20	0
20-Mar	0	2150	2150	2150	2150				
20-Apr	0	2150	2150	2150	2150				

Spread	Feb-20	Mar-20	Apr-20
Spot Narella	2100		
20-Feb	0		
20-Mar		50	
20-Apr			0

Stocks	Demat	In-Process	Total	EDD
	27.Feb.20	27.Feb.20	27.Feb.20	24.Feb.20
Delhi	-	-	-	-
Itarsi	-	-	-	-
Kanpur	-	-	-	-
Kota	-	-	-	-
Baran	-	-	-	-

Wheat Daily Prices and Arrivals on 29.02.2020

Centre	Market	Variety	Prices (Rs/Qtl)		Change
			29-Feb-20	28-Feb-20	
Delhi	Lawrence Road	Mill Delivery	2210	2210	Unch
	Narella	Mill Quality Loose	2100	2100	Unch
	Nazafgarh	Mill Quality Loose	2100	2100	Unch
Gujarat	Rajkot	Mill Delivery	1900	1875	25
	Ahmedabad	Mill Delivery	2050	2025	25
	Surat	Mill Delivery	2100	2115	-15
	Dhrol	Mill Quality Loose	2200	2320	-120
M.P.	Indore	Mill Delivery	2100	2100	Unch
	Bhopal	Mill Quality Loose	2000	2025	-25
Rajasthan	Kota	Mill Quality Loose	1950	2025	-75
		Mill Delivery	2050	2100	-50
U.P.	Kanpur	Mill Delivery	2090	2090	Unch
	Mathura	Mill Quality Loose	2100	2100	Unch
	Kosi	Mill Quality Loose	2000	2000	Unch
	Hathras	Mill Quality Loose	2030	2030	Unch

	Aligarh	Mill Quality Loose	2030	2020	10
Punjab	Khanna	Mill Quality Loose	1940	1920	20
	Ludhiana (Jagraon)	Mill Delivery	NA	NA	-
Haryana	Sirsa	Mill Delivery loose	2050	2050	Unch
	Hodal	Mill Delivery	NA	NA	-
	Bhiwani	Mill Quality Loose	2070	2090	-20
	Karnal	Mill Delivery	NA	NA	-
	Panipat	Mill Quality Loose	NA	NA	-
Tamil Nadu	Chennai	Mill Quality	2450	2400	50
	Madurai	Mill Quality	2507	2457	50
	Coimbatore	Mill Quality	2507	2457	50
Bihar	Khagariya	Mill Delivery	2000	2000	Unch
	Muzaffarpur	Mill Delivery	2050	2050	Unch
FOR	Kandla (Rajasthan-Rajkot)	Mill Quality	NA	NA	-
	Gandhidham (Rajasthan-Rajkot)	Mill Quality	NA	NA	-

Centre	Market	Variety	Prices (Rs/Qtl)		Change
			29-Feb-20	28-Feb-20	
Gujarat	Rajkot	Lokwan	1900	1900	Unch
M.P.	Indore	Lokwan	2300	2300	Unch
	Bhopal	Lokwan	2100	2200	-100
	Bina	Sarbati 306	2300	2300	Unch
Rajasthan	Kota	Lokwan Bilty	2150	2200	-50
	Baran	Lokwan	NA	NA	-

Wheat Arrivals in Key Centers:

Centre	Market	Variety	Arrivals (Bags/Qtl)		Change
			29-Feb-20	28-Feb-20	
Delhi	Lawrence Road	Mill Delivery	6000	6000	Unch
	Narella	Mill Quality Loose	150	150	Unch
	Nazafgarh	Mill Quality Loose	50	50	Unch
Gujarat	Rajkot	Mill Quality Loose	3000	3000	Unch
	Dhrol	Mill Quality Loose	12	14	-2

M.P.	Indore	Mill Quality Loose	4000	4000	Unch
Rajasthan	Kota	Mill Quality	1500	900	600
U.P.	Kanpur	Mill Quality Loose	500	700	-200
	Mathura	Mill Quality Loose	160	190	-30
	Kosi	Mill Quality Loose	100	100	Unch
	Hathras	Mill Quality Loose	200	200	Unch
	Aligarh	Mill Quality Loose	600	200	400
Punjab	Khanna	Mill Quality Loose	700	700	Unch
	(Ludhiana)Jagraon	Mill Quality Loose	NA	NA	-
Haryana	Sirsa	Mill Quality Loose	200	200	Unch
	Hodal	Mill Quality Loose	50	50	Unch
	Bhiwani	Mill Quality Loose	300	400	-100
	Karnal	Mill Delivery	NA	NA	-
	Panipat	Mill Quality Loose	NA	NA	-

Wheat (CBOT) Future Price: 28.02.2020

Contract Month	Open	High	Low	Close	Change
20-Mar	531.00	531.25	515.50	529.00	-0.25
20-May	525.50	526.50	512.50	525.00	-2.50
20-Jul	525.25	527.00	514.00	526.25	-2.75
20-Sep	532.00	534.00	521.50	533.00	-3.00
20-Dec	543.50	544.00	532.50	543.50	-2.75
21-Mar	551.25	553.00	542.00	552.25	-2.75

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