

Wheat Domestic Fundamentals:

As the government looks to liquidate its mounting stocks of wheat, flour millers have advised it to lower the rate at which wheat is sold for open market operations by Rs 500 a quintal, saying the move will help it to earn around Rs 16,000 crore in revenues. This is assuming that six million tonnes of wheat are liquidated after the price cut by way of domestic demand Food Corporation of India (FCI), the largest holder of wheat in India, also has direct control at which products such as atta, biscuits etc are available to the average consumer, particularly those outside the ambit of the public distribution system.

According to the data published on the Food Corporation of India (FCI) website, government agencies across the country have purchased 389.44 lakh tonnes of wheat in the current Rabi marketing year 2020-21.

FCI aims to promote increased purchases by private buyers under OMSS, which came down to nil in June, who didn't wish to be identified. The FCI has run out of storage facilities, and needs to offload the excess stock. The wholesale market price of wheat is less than the central agency's rate. Under OMSS, the FCI currently sells 'Grade A' wheat at Rs 2,135/quintal and the 'Grade B' at Rs 2,080/quintal. However, these rates are significantly higher than the current market prices of Rs 1,850-1,920/quintal. Under the scheme can be reduced to Rs 1,640/quintal for 'Grade A'. According to the consumer affairs ministry official wheat price under the scheme can be reduced to Rs 1,640/quintal for 'Grade A'.

In Madhya Pradesh three different co-operatives got drenched in rain due to lack of storage system for purchased wheat from farmers. the employees of the concerned institutions put wheat in yards for grading purpose. Residents living near that area are facing stink issues, due to which they've a punchnama for disposing off unusable wheat.

The Delhi government decided to provide monthly free ration from July to all PDS card holders till November 2020. This particular scheme helps nearly 71,40,938 people who get subsidized food grains. These include 68,465 Antodya Anna Yojna (AAY) households with 2,78,954 beneficiaries. The price is Rs 2 per kg for wheat and Rs 3 per kg for rice, which shall not be charged from the NFS beneficiaries while obtaining the ration from July till November. Regular entitlement under AAY category is 25 kg wheat per household, 10 kg rice per, household and one kg sugar per household.

Uttar Pradesh, has fallen short of its wheat purchase target this year as the agencies could purchase only 35.76 lakh tons of wheat against the set target to purchase 55 lakh tons. Last year the government had purchased 37.04 lakh tons of wheat.

The Haryana government will distribute wheat and pulses free of cost from July to November 2020 under the Pradhan Mantri Garib Kalyan Anna Yojana. The Food Civil Supplies and Consumer Affairs Department made pink, yellow and khaki ration card holders 5 kg per member wheat and one kg pulses per family free per month from April to June 2020 under the scheme in lockdown.

Prime Minister had yesterday announced the extension of Pradhan Mantri Garib Kalyan Ann Yojana till the end of November 2020. He said that the PMGKAY scheme is extended from July till the end of November 2020. the Department of Food and PD has worked out estimated cost under TPDS @ 5 Kg per person per month for three months i.e. April-June, 2020 would entail an estimated subsidy of Rs. 44,131 crore taking the estimated Economic Cost of Rs. 26,838.40/MT for wheat (as per BE 2020-2021).

As per the Food Corporation of India report dated 28.06.2020, FCI currently has 550.31 LMT wheat.

International Market Update:

China produced a record summer grain production in the year 2020. The yield of wheat in China this year is 13.16 MMT, which is 0.6 percent higher than the previous year. According to the data released on 15 July by the Chinese State Bureau of Statistics, the total production of China's summer grain in the year 2020 is 14.28 MMT, which is up by 0.9 percent from the year 2019 to more than 12 lakh 8 thousand tons. The yield of wheat is .16 MMT, which has increased by 0.6 percent over the previous year to more than 7 lakh 56 thousand tons.

The USDA reduced domestic production by 1.5mmt to 49.6mmt compared to last month on the back of record-low plantings of 14.84 million hectares (Mha) and an average yield of 3.34 metric tonne per hectare (mt/ha).

Fifty-six percent of the 2020 winter wheat acreage had been harvested by July 5, fourteen percentage points ahead of last year and 1 point ahead of the 5-year average. In Kansas, 80 percent of the state's winter wheat acreage was harvested by July 5, twenty-eight percentage points ahead of last year and 4 points ahead of average. As of July 5, fifty-one percent of the 2020 winter wheat acreage was reported in good to excellent condition, 1 percentage point below the

Wheat Futures Contract: NCDEX Price							Date: 16.07.2020 at 5:00 PM		
Contract Month	+/-	Open	High	Low	Close	Volume	Ch. From previous day	OI	Ch. From previous day
20-July	0	-	-	-	1881				
20-Aug	0	-	-	-	1889				
20-Sep	0	-	-	-	1889				

Spread	Jul-20	Aug-20	Sep-20
Spot Narella	-	-	-
20-Jul	-	-	-
20-Aug	-	-	-
20-July	-	-	-

Stocks	Demat	In-Process	Total	EDD
	23.Jun.20	23.Jun.20	23.Jun.20	20.Jun.20
Delhi	-	-	-	-
Itarsi	-	-	-	-
Kanpur	-	-	-	-
Kota	-	-	-	-

Wheat (CBOT) Future Price: 15.07.2020					
Contract Month	Open	High	Low	Close	Change
Jul-20	518.75	528.25	516.75	527.75	+9.00↑
Sep-20	533.25	541.00	530.50	540.50	+9.00↑
Dec-20	544.00	553.50	543.25	553.00	+9.00↑
Mar-21	553.25	561.50	553.25	561.50	+8.50↑
May-21	566.50	569.50	565.50	569.25	+8.25↑
Jul-21	570.00	572.50	570.00	572.25	+7.00↑

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.