

Wheat Domestic Fundamentals:

Procurement of Wheat in ongoing RMS2021-22 is continuing smoothly in the procuring States of Haryana, Uttar Pradesh, Madhya Pradesh, Rajasthan, Himachal Pradesh, Delhi, and Jammu & Kashmir at MSP, as was done in previous seasons and till now (upto 17.05.2021) a quantity of over 373.51 LMT of Wheat has been procured against the last year corresponding purchase of 300.58 LMT. About 37.15 Lakh farmers have already been benefitted from the ongoing RMS procurement operations with MSP value of Rs. 72,406.11 Crore.

Punjab Government and agencies have procured 132.08 lakh metric tonnes of wheat, 2 lakh metric tonnes more than the target set by the state, with more than 9 lakh farmers receiving over Rs 23,000 crore directly into their bank accounts. It was the first time in Punjab that farmers were paid directly instead of through arhtiyas or middlemen.

According to a release from the FCI, the government has set the auction of good-quality wheat procured in 2021-22 marketing season at Rupees 21,500/mt (\$293/mt). In the 2020-21 marketing season, the government sold wheat slightly lower than the current prices, at Rupees 21,350/mt. The hike in fair-quality wheat is seen pushing up export prices of the grain, as most traders will turn to these auctions to purchase while most benchmark markets are shut due to COVID-19 related restrictions.

After procuring around 81 lakh MT wheat, government procurement agencies in Haryana have stopped the procurement operations in all 394 mandis. Expecting bumper produce this year, the government had increased the procurement target to 80 lakh MT against 74 lakh MT of last year. But the government figures revealed that around 83.50 lakh MT wheat arrived in mandis, and approximately 2.72 lakh MT is still lying unprocured.

The Pradhan Mantri Garib Kalyan Anna Yojana (PMGKAY) which was announced in 2020 for three months till July, is being re-implemented given the worsening situation due to the second wave of Covid-19. Govt. will provide 5-kg additional food grains for free to PDS beneficiaries under the PMGKAY for two months -- May and June. This time, they are not providing pulses under this scheme. The government has procured 258.74 lakh tonnes of wheat till 28 April 2021 so far.

Amid the second wave of Covid-19 and localized lockdown announced by some states have requested the Centre to consider releasing free food grains, similar to last year. If the government allocates wheat this year also then prices may move beneath from current level.

International Market Update:

Russian wheat export prices rose in the first 10 days of May, supported by higher prices in Chicago and Paris on corn supply concerns and despite low market activity during Russia's May 1-10 official holiday, analysts said on Tuesday. Russian wheat with 12.5% protein loading from Black Sea ports for supply in June was at \$278 a tonne free on board (FOB) at the end of last week, up \$13 from late April, the IKAR agriculture consultancy said.

Wheat prices fell across all major exporting countries since last month's WASDE with improved winter wheat conditions in several key production regions. Furthermore, some importers are delaying purchases awaiting the upcoming harvest in anticipation of lower new crop prices. The biggest reduction over the past month has been for Russia, where crop prospects have improved and export quotes have eased amid the current export policies, including the announcement of floating taxes for the new crop year. Its quotes are currently the most competitive. EU quotes have also eased and remain slightly above Russia. Argentine quotes have fallen modestly with slowing farmer sales. Australian quotes have edged somewhat lower with new supplies but remain supported by strong demand from Asian markets. Quotes from Canada are currently the highest among major suppliers.

India's wheat production estimates have been lowered to 105 million tonnes (mt) from 109 million tonnes by USDA because of the yield being affected in central and eastern regions of the country due to the early onset of summers in states like Madhya Pradesh, east and central Uttar Pradesh, Rajasthan, and Bihar.

The European Commission lowered its common wheat production forecast for 2021/22 to 124.8 MMT from its initial estimate of 126.7 MMT last month. Export projections were not changed and remain at 30.0 MMT. Soft wheat ending stocks are 11.4 MMT, down from 12.9 MMT called for last month. Despite the reduction, production would be more than the 117.2 MMT produced in 2020/21.

Ukraine's wheat harvest is expected to grow by 9.5% to 27.7 MMT this year and wheat exports are boosted to 21.0 MMT for the 2021/22 July-June season said the Ukrainian grain trader's union UGA.

| Wheat Futures Contact: NCDEX Price | | | | | | | Date: 17.05.2021 at 5:00 PM | | |
|------------------------------------|-----|------|------|-----|-------|--------|-----------------------------|-----------|-----------------------|
| Contract Month | +/- | Open | High | Low | Close | Volume | Ch. From previous day | Open Int. | Ch. From previous day |
| 21-May | - | - | - | - | 1899 | | | | |
| 21-Jun | - | - | - | - | 1904 | | | | |
| 21-July | - | - | - | - | 1910 | | | | |

Wheat Daily Prices and Arrivals on 18-May-21

| Centre | Market | Variety | Prices (Rs/Qtl) | | Change |
|------------|-------------------------------|---------------------|-----------------|-----------|--------|
| | | | 18-May-21 | 17-May-21 | |
| Delhi | Lawrence Road | Mill Delivery | 1890 | 1880 | 10 |
| | Narella | Mill Quality Loose | Closed | Closed | - |
| | Nazafgarh | Mill Quality Loose | Closed | Closed | - |
| Gujarat | Rajkot | Mill Delivery | Closed | 1800 | - |
| | Ahmedabad | Mill Delivery | Closed | 1860 | - |
| | Surat | Mill Delivery | Closed | 1970 | - |
| | Dhrol | Mill Quality Loose | NA | NA | - |
| M.P. | Indore | Mill Delivery | Closed | Closed | - |
| | Bhopal | Mill Quality Loose | Closed | Closed | - |
| Rajasthan | Kota | Mill Quality Loose | Closed | Closed | - |
| | | Mill Delivery | Closed | Closed | - |
| U.P. | Kanpur | Mill Delivery | 1700 | 1710 | -10 |
| | Mathura | Mill Quality Loose | 1735 | 1710 | 25 |
| | Kosi | Mill Quality Loose | 1730 | 1750 | -20 |
| | Hathras | Mill Quality Loose | 1720 | 1730 | -10 |
| | Aligarh | Mill Quality Loose | 1740 | 1730 | 10 |
| Punjab | Khanna | Mill Quality Loose | Closed | Closed | - |
| | Ludhiana (Jagraon) | Mill Delivery | NA | NA | - |
| Haryana | Sirsa | Mill Delivery loose | 1975 | 1975 | Unch |
| | Hodal | Mill Delivery | NA | NA | - |
| | Bhiwani | Mill Quality Loose | Closed | Closed | - |
| | Karnal | Mill Delivery | NA | NA | - |
| | Panipat | Mill Quality Loose | NA | NA | - |
| Tamil Nadu | Chennai | Mill Quality | Closed | Closed | - |
| | Madurai | Mill Quality | Closed | Closed | - |
| | Coimbatore | Mill Quality | Closed | Closed | - |
| Bihar | Khagariya | Mill Delivery | 1725 | 1725 | Unch |
| | Muzaffarpur | Mill Delivery | 1650 | 1650 | Unch |
| FOR | Kandla (Rajasthan-Rajkot) | Mill Quality | Closed | 0 | - |
| | Gandhidham (Rajasthan-Rajkot) | Mill Quality | Closed | 0 | - |

| Centre | Market | Variety | Prices (Rs/Qtl) | | Change |
|-----------|--------|--------------|-----------------|-----------|--------|
| | | | 18-May-21 | 17-May-21 | |
| Gujarat | Rajkot | Lokwan | Closed | 1900 | - |
| M.P. | Indore | Lokwan | Closed | Closed | - |
| | Bhopal | Lokwan | Closed | Closed | - |
| | Bina | Sarbati 306 | Closed | Closed | - |
| Rajasthan | Kota | Lokwan Bilty | Closed | Closed | - |
| | Baran | Lokwan | Closed | Closed | - |

Wheat Arrivals in Key Centers:

| Centre | Market | Variety | Arrivals (Bags/Qtl) | | Change |
|-----------|-------------------|--------------------|---------------------|-----------|--------|
| | | | 18-May-21 | 17-May-21 | |
| Delhi | Lawrence Road | Mill Delivery | 2500 | 6000 | -3500 |
| | Narella | Mill Quality Loose | Closed | Closed | - |
| | Nazafgarh | Mill Quality Loose | Closed | Closed | - |
| Gujarat | Rajkot | Mill Quality Loose | Closed | 500 | - |
| | Dhrol | Mill Quality Loose | NA | NA | - |
| M.P. | Indore | Mill Quality Loose | Closed | Closed | - |
| Rajasthan | Kota | Mill Quality | Closed | Closed | - |
| U.P. | Kanpur | Mill Quality Loose | 2000 | 2200 | -200 |
| | Mathura | Mill Quality Loose | 1000 | 4000 | -3000 |
| | Kosi | Mill Quality Loose | 2000 | 4000 | -2000 |
| | Hathras | Mill Quality Loose | 1000 | 1300 | -300 |
| | Aligarh | Mill Quality Loose | 2500 | 3000 | -500 |
| Punjab | Khanna | Mill Quality Loose | Closed | Closed | - |
| | (Ludhiana)Jagraon | Mill Quality Loose | NA | NA | - |
| Haryana | Sirsa | Mill Quality Loose | 1500 | 2000 | -500 |
| | Hodal | Mill Quality Loose | 3000 | 4000 | -1000 |
| | Bhiwani | Mill Quality Loose | Closed | Closed | - |
| | Karnal | Mill Delivery | NA | NA | - |
| | Panipat | Mill Quality Loose | NA | NA | - |

| Wheat (CBOT) Future Price: 17.05.2021 | | | | | |
|--|-------------|-------------|------------|--------------|---------------|
| Contract Month | Open | High | Low | Close | Change |
| Jul21 | 704.00 | 707.50 | 692.00 | 699.75 | -7.50↓ |
| Sep21 | 701.75 | 705.75 | 691.00 | 699.50 | -7.00↓ |
| Dec21 | 706.50 | 709.00 | 694.50 | 702.75 | -7.00↓ |
| Mar22 | 710.50 | 712.00 | 699.25 | 707.00 | -7.00↓ |
| May22 | 701.00 | 702.00 | 692.00 | 699.25 | -7.00↓ |
| Jul22 | 667.75 | 667.75 | 659.75 | 666.00 | -7.00↓ |

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