

Wheat Domestic Fundamentals:

Wheat procurement for the Rabi marketing season 2021-22 is nearly complete in India's various states. Wheat was procured in excess of 433.32 LMT, a record high compared to 387.4 LMT in previous seasons. With MSPs of Rs.85,581.02 crore, the current RMS procurement operations have already benefited over 49.16 lakh farmers. This season's procurement volume is also bigger than the previous four years record. According to FCI, there were approx. 19,036 wheat procurement centres during the rabi marketing season of 2021-22.

In the month of May, India exported 4.96 lakh tonnes of wheat. Indian wheat has recently been in high demand for export. According to the DGCIS data, India exported 2.28 Lakh tonnes in the current fiscal year as of April 2021. In 2020-21 fiscal year, the country exported total 2.08 MMT.

This Rabi season, government procured 132.10 LMT of wheat from Punjab, higher from MP's procurement record of 128.08 LMT in 2021-22. However, it was procured lower at 127.14 LMT from Punjab compared to 129.42 LMT in MP during 2020-21.

During the current Rabi marketing season, the government may exceed its revised wheat procurement target of 433.5 lakh tonnes. Bihar may extend procurement till July 15, 2021, perhaps raising the set value for the current season. This season, 16 lakh tonnes of wheat were transferred by rail from mandies in Punjab, Haryana, and Madhya Pradesh during the pick procurement period, resulting in a reduction in mandies oversupply and smooth procurement procedures.

Punjab Government and agencies have procured 132.10 lakh metric tonnes of wheat, 2 lakh metric tonnes with more than 8 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.

As per ministry recent estimates, India is likely to produce higher Wheat crop in 2020-21. The country may produce 108.75 million tonnes in this season which is higher by 0.89% from 107.86 from last year record amid good monsoon rain last year.

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.

International Market Update:

CBOT prices edged higher after forecast for hot, dry conditions in the Northern Plains and Canadian Prairies that threaten the production of spring wheat in both countries.

USDA cut U.S. wheat supply in July 2021, lowering domestic usage and export, and lowering ending stocks for 2021/21, which might support an increase in the CBOT price in the near future. In July'21 report, U.S. wheat output for 2021/22 is estimated to be 47.52 MMT, down from 51.66 MMT in June '21 report. Total supplies are expected to be 74.43 MMT, down from 78.24 MMT in the June report. The country's ending stockpiles have decreased to 18.09 MMT from 20.95 MMT in the previous report.

According to a recent report from the National Statistics Bureau, China is expected to produce 134 million tonnes of summer wheat in 2021, up 2% from 2020. However, adverse weather conditions may have an impact on the fresh crop. Heavy rains in portions of the primary producing provinces, including Shandong, Henan, Hebei, and Hubei, impacted the new crop and harmed its quality before and during harvest. While, USDA has projected its production at 136 million tonnes in 2021/22.

Weather Outlook: Fresh spell of heavy rainfall activity over northern parts of India from 17th July and continuation of ongoing enhanced rainfall activity along the west coast till 19th July.

Wheat Futures Contract: NCDEX Price							Date:17.07.2021 at 5:00 PM		
Contract Month	+/-	Open	High	Low	Close	Volume	Ch. From previous day	Open Int.	Ch. From previous day
21-July	-	-	-	-	-	-	-	-	-
21-Aug	-	-	-	-	1778	-	-	-	-
21-Sep	-	-	-	-	-	-	-	-	-

Wheat Daily Prices and Arrivals on 05.07.2021

Centre	Market	Variety	Prices (Rs/Qtl)		Change
			17-Jul-21	16-Jul-21	
Delhi	Lawrence Road	Mill Delivery	1815	1825	-10
	Narella	Mill Quality Loose	1760	1760	Unch
	Nazafgarh	Mill Quality Loose	1700	1725	-25
Gujarat	Rajkot	Mill Delivery	1825	1820	5
	Ahmedabad	Mill Delivery	1900	1900	Unch
	Surat	Mill Delivery	1991	1990	1
	Dhrol	Mill Quality Loose	NA	1800	-
M.P.	Indore	Mill Delivery	1850	1850	Unch
	Bhopal	Mill Quality Loose	1700	1700	Unch
Rajasthan	Kota	Mill Quality Loose	1750	Closed	-
		Mill Delivery	1900	Closed	-
U.P.	Kanpur	Mill Delivery	Closed	1680	-
	Mathura	Mill Quality Loose	Closed	1630	-
	Kosi	Mill Quality Loose	Closed	1625	-
	Hathras	Mill Quality Loose	Closed	1600	-
	Aligarh	Mill Quality Loose	Closed	1630	-
Punjab	Khanna	Mill Quality Loose	1750	1750	Unch
	Ludhiana (Jagraon)	Mill Delivery	NA	NA	-
Haryana	Sirsa	Mill Delivery loose	1725	1725	Unch
	Hodal	Mill Delivery	NA	NA	-
	Bhiwani	Mill Quality Loose	1740	1730	10
	Karnal	Mill Delivery	NA	NA	-
	Panipat	Mill Quality Loose	NA	NA	-
Tamil Nadu	Chennai	Mill Quality	2100	Closed	-
	Madurai	Mill Quality	2157	Closed	-
	Coimbatore	Mill Quality	2157	Closed	-
Bihar	Khagariya	Mill Delivery	1700	1700	Unch
	Muzaffarpur	Mill Delivery	1725	1725	Unch
FOR	Kandla (Rajasthan-Rajkot)	Mill Quality	NA	NA	-
	Gandhidham (Rajasthan-Rajkot)	Mill Quality	NA	NA	-

Centre	Market	Variety	Prices (Rs/Qtl)		Change
			17-Jul-21	16-Jul-21	
Gujarat	Rajkot	Lokwan	1900	1900	Unch
M.P.	Indore	Lokwan	2000	2000	Unch
	Bhopal	Lokwan	2200	2200	Unch
	Bina	Sarbati 306	NA	NA	-
Rajasthan	Kota	Lokwan Bilty	1875	Closed	-
	Baran	Lokwan	2000	Closed	-

Wheat Arrivals in Key Centers:

Centre	Market	Variety	Arrivals (Bags/Qtl)		Change
			17-Jul-21	16-Jul-21	
Delhi	Lawrence Road	Mill Delivery	4000	4000	Unch
	Narella	Mill Quality Loose	150	200	-50
	Nazafgarh	Mill Quality Loose	50	100	-50
Gujarat	Rajkot	Mill Quality Loose	1300	1500	-200
	Dhrol	Mill Quality Loose	NA	101	-
M.P.	Indore	Mill Quality Loose	1800	1500	300
Rajasthan	Kota	Mill Quality	6000	Closed	-
U.P.	Kanpur	Mill Quality Loose	Closed	2500	-
	Mathura	Mill Quality Loose	Closed	2000	-
	Kosi	Mill Quality Loose	Closed	1500	-
	Hathras	Mill Quality Loose	Closed	400	-
	Aligarh	Mill Quality Loose	Closed	400	-
Punjab	Khanna	Mill Quality Loose	400	600	-200
	(Ludhiana)Jagraon	Mill Quality Loose	NA	NA	-
Haryana	Sirsa	Mill Quality Loose	200	300	-100
	Hodal	Mill Quality Loose	150	100	50
	Bhiwani	Mill Quality Loose	500	400	100
	Karnal	Mill Delivery	NA	NA	-
	Panipat	Mill Quality Loose	NA	NA	-

Wheat (CBOT) Future Price: 16.07.2021

Contract Month	Open	High	Low	Close	Change
Jul21	671.75	696.25	670.75	692.5	20.5
Sep21	678.75	703	677.75	699.75	21
Dec21	685.75	708.75	682.75	704.75	19
Mar22	687.75	711	683.5	706.75	17.5
May22	680.25	700	676.25	695.75	13
Jul22	680.25	700.75	680.25	697.75	11.75

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The third wave of Corona cases is expected to hamper overseas demand and put downward pressure on domestic wheat prices.