



**NCDEX**

Pragati ka Solid Exchange



**NICR**

NCDEX Group Company

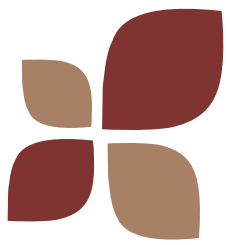
# MONTHLY COMMODITY DIGEST

**JULY 2022**



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## From MD's Desk



**Arun Raste**  
MD & CEO, NCDEX

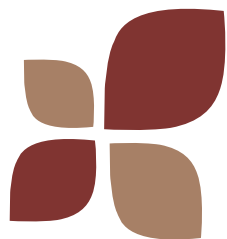
**W**hat a month June was! A slump in the global commodities market, a secular fall in prices of energy to metals and farm commodities. While being part of a risk mitigation platform, an exchange professional should not have a view on prices. But, what happened in the past year or so in the commodities sector looked a bit over the top and the readings of the risk-o-meter were also on the rise. Commodities commanded premiums beyond supply deficits, for wide ranging reasons such as logistical disruptions, war, geopolitical worries across West Asia, Asia Pacific and China, EU and Russia etc. The perceived inflationary impact of these factors adversely impacted the market in India. To that extent, there is reason to believe that this extra flab in form of premiums seems to have been wiped out in June, in turn normalizing the risk level in the market.

The oil and oilseeds basket has experienced a sharp correction and price risk levels have shot up drastically for processors. In such a situation, market-driven tools are the most efficient solution for market participants. The value chain is now driving the agenda of restoring the edible oil &

oilseeds contracts, this indicates a change in mindset and a better understanding amongst the physical market about the economic relevance of these tools.

On the domestic side of the market, July has started on a better note for farmers due to revival in monsoon bringing widespread rains across key agricultural states. This has raised hopes of a recovery in Kharif sowing, which lagged significantly until a week ago. The Food and Agriculture Organisation of the United Nations witnessed a third consecutive monthly decline in the Food Price Index for June. The decline may be sharper in India after the government directive to cut edible oil prices by Rs. 15 a ltr with immediate effect and consumers may get some relief from the inflation. However, a falling rupee may limit the benefits of global fall in prices of agri-commodities.

With multiple external factors affecting the impact of price volatility - it's pertinent that policy makers reinstate the suspended agri derivative contracts in domestic markets to protect interest of the players in the agri value chain.



**Mr. Madan Sabnavis**  
Chief Economist,  
Bank of Baroda

**T**he recent inflation spiral in India, going by both the CPI and WPI, has impacted all industries. This is so especially due to the surge in global commodity prices which range from crude oil to metals to food products including wheat and corn. Almost every industry has been impacted as a user or seller. Now the question is: have companies been hedging their price risk?

Companies have been increasing the final prices of their products due to the rise in raw material costs. This started from the third quarter of FY22 and has continued since, which has in turn added to CPI inflation for household goods and consumer products.

## Bring back futures trading in oils, pulses

That futures trading fuels inflation remains unproven. In fact, it may help in cooling down prices

Vegetable oils have already been under strain as India imports around 60 per cent of its edible oil requirements. With international prices being distorted due to the Ukraine war where both Russia and Ukraine are major global suppliers, the impact has been quite severe with prices almost doubling in a year. The government has had to do some firefighting by cutting duties to cool prices.



Similarly the wheat episode is remarkable because a country with one of the highest outputs has witnessed an increase in prices. The reason is that with supplies from the war region being cut off, there is an incentive to export to cash in on higher prices, leading to lower domestic procurement.

The oils and wheat episodes have impacted industry besides households. The entire food processing industry as well as services such as hospitality, tourism, airports etc. are affected by higher prices which get passed on to the consumer. Ideally manufacturers of oils, confectionery, bakery products, hedge their raw material risk on commodity exchanges.

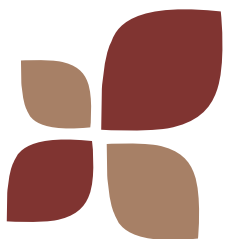
But this is not possible today as there is a ban on futures trading in the entire oil complex (seeds and oil) as well as chana and wheat. This means that there is no option to hedge the price risk and the higher cost has to be absorbed by the firms. They would do so up to a point beyond which the consumers will have to pay higher prices.

The rise in prices can be seen already in the MRP of various products and menu cards of restaurants and there could be more hikes in the offing.

The irony of a ban on futures trading in oils and wheat is stark. The ostensible reason for this ban is to curb the rising prices. This is a hypothesis that has never been proved and is more impressionistic.

(Contd...)





But by banning such hedging options, companies perform pass on the higher raw material (input) cost to the consumer which adds to inflation. This anomaly needs to be corrected by removing bans on futures trading in agricultural commodities.

### No Proof

Interestingly, there is no evidence so far of futures trading fuelling inflation. An expert committee set up under Abhijit Sen over a decade ago pointed to this aspect. Subsequent studies have also not established any causal link between futures trading and inflation. Yet, successive governments have instinctively banned futures trading whenever prices increase, on the mistaken notion that futures trading leads to inflation.

As all futures contracts are delivery based, which means that open positions have to be closed out or result in delivery, it is hard to distort the market. Besides exchanges have in place sound risk practices such as position and price limits to restrict volatility in the market.

Bans have been in vogue in this market since 2007 when tur and urad were banned for futures trading. These were rather robust contracts where the dal and



spices mills were actively hedging their risk. subsequently, there have been bans on rice, wheat, soya oil, soyabean, guar seed, guar gum, sugar, chana etc. The latest set of bans include rice, wheat, moong, crude palm oil, Chana etc.

Besides companies dealing with these products, even user industries like the farsan (bhujia) segments, have been impacted and they have been compelled to increase their prices by passing on the higher input costs, as they would not be in a position to hedge their price risk on both — besan and edible oils, which are the main ingredients.

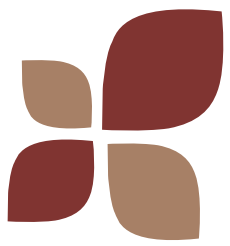
By imposing a ban the market has been pushed back and the entire value chain ends up being impacted

which ends with the farmer. The restoration of futures trading in 2003 was done with the idea of commercialising the agricultural sector to ensure the benefits percolate to the farmer.

Exchanges like NCDEX have had good deliveries taking place indicating thereby that value chain participants were trading.

Further, farmer producer organisations (FPOs) have been active in the market with SEBI taking some aggressive initiatives. At the same time corporates find hedging useful even when they don't take physical delivery as it is a powerful tool to protect their margins.

(Contd...)



Companies even today hedge their price risk on international exchanges when opportunities are denied within the country. Metal companies hedge on LME, though the contracts offered by MCX have found favour over the year. The same holds for crude oil related products. The ban on futures trading on oils and wheat as well as chana needs to be withdrawn immediately. This will help in multiple ways.

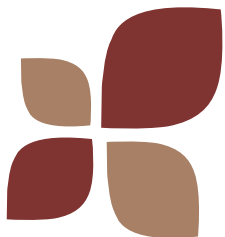
First, it will help companies hedge their price risk. Second, it can help to reduce further increases in prices. Third, it will help strengthen Indian commodity exchanges which need business to survive. An exchange like NCDEX which had dominance in agricultural products, today is barely able to clock even ₹1,000 crore of average daily volume.

Today it has been seen that there are only two exchanges that have survived, and while MCX has done well in the metals and energy domains, NCDEX has been sliding down in the present environment. There is need to grow the market and not destroy it.

The present scenario is scary for the market. It affects not just the exchanges which provide a platform for trading but the entire value chain that has been built and nurtured in the last two decades.

*This article was earlier published in The Hindu Business Line. The writer views are personal.*





**Ms. Vandana Bharti**  
AVP,  
Commodity Research,  
SMC Global

**M**onsoon brings cheers for any economy, especially Economy like India which is still having 60% rain fed area. Indian economy is vitally linked with the monsoon because of its water resources. It influences the Indian economy, in which 18% contribution in GDP is contributed by Agriculture. A good monsoon season contributes to adequate agriculture production which keeps inflation under check. This year too, normal monsoon predictions has given a sigh of relief to the economy, which is facing higher inflation; both domestic and imported inflation. We are heading for a normal monsoon for the fourth consecutive year, which will not only improve the agricultural supply but also increase the agri export in 2022.

Kharif Crops which is also known as Monsoon Crop are planted at the starting of the season, end of May or early June, and Kharif crops are harvested after the

# Monsoon to Bring Cheers to India Economy

monsoon or starting October. In detail; India is the world's biggest producer of sugar, cotton, and pulses and the second-biggest producer of wheat and rice. The success of these crops is largely determined by the June-September monsoon, which delivers about 70% of the country's annual rainfall. The India Meteorological Department (IMD) updated the



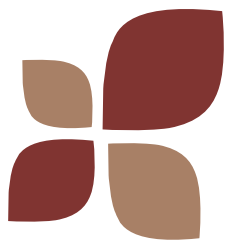
forecast for 2022 southwest monsoon to 103 per cent of the Long Period Average (LPA), from 99 per cent of LPA predicted in April as La Niña conditions are expected to prevail during the entire stretch of the four-month monsoon season.

The southwest monsoon's revival this month, after a relatively dry June, has led to the area sown under kharif crops exceeding last year's levels for the first

time in the current planting season. The only crop where sowing is significantly lagging behind is rice, where deficient rains in Uttar Pradesh have pulled down acreages under the staple cereal. According to the Union Agriculture Ministry's latest compiled data as on July 15, farmers have planted a total area of 592.11 lakh hectares (lh) so far in this kharif season from June. This is more than the 591.30 lh covered during the corresponding period last year.

A good monsoon will mean more farm related employment leading to a higher cash flow into the economy, all with a positive impact on the overall GDP. A 1% change in monsoon brings 0.34% change in agriculture driven GDP. A normal monsoon can increase GDP of transport, storage, trade and communication sector by 1 to 3% in agri dominated states like Uttar Pradesh. On flip side, if we have delayed monsoon then it can affect electricity generation by 13%.

To conclude a sufficient monsoon is necessary to keep rising prices of agricultural commodities in check and also help in ensuring good production for maintaining a positive food security status of India.



**Mr. Ajay Kedia**  
Founder Director,  
Kedia Advisory Ltd.

## Agri Commodities

Agriculture is the primary source of livelihood for approx 65% of India's population. We can see how the majority of us are correlated with the agri commodities, yet still so many of us don't participate or enter in the futures or derivatives market. It is believed that some sort of myth is related to agri commodities, but instead what they actually are is missing the proper education for it which creates a fear in them to participate, but we have seen that the year 2022 has taught us everything one needs to learn in the market. Now let's look at these factors furthermore.

# Factors affecting Agri Commodities and Current Scenario

## Factors affecting Agri Commodities prices

The factors affecting Agri Commodities are mainly categorized into 2 categories; i.e. Micro Factors and Macro factors. Let's look at them below.

Micro Factors	Macro Factors
Sowing	Inflation
Weather	Government sanctions
Government Policies (MSP)	Gross Domestic Product (GDP)
Alternate crops pricing	Trade agreements
Ending Stocks	Interest rates
Fertilizers Cost	International Prices

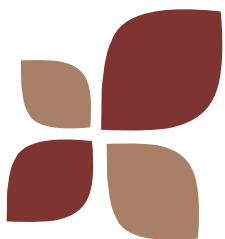
In agri commodities, the prices are primarily affected by the Micro factors, then the secondary factors (Macro) also affect the prices.

## Current Scenario

Since the beginning of 2022, corn, wheat, and soybean prices have increased 20% to 50% from already elevated levels. Supply disruptions due to the Russian invasion of Ukraine are a major cause of this price change, but inventory reductions over the past four years, poor growing season weather in major production regions in the India, US, South America and elsewhere, and strong demand from China and other importers are also important contributing factors. While since May'2022 the prospect of recessions is also weighing on commodity prices,

(Contd...)





majorly all agricultural commodities fell, offering some reprieve to rampant food inflation, as traders weigh incoming data on harvests and looming recessions in some major economies. The declines may offer some relief for global consumers who face rapidly increasing living costs and growing food insecurity. The United Nations' food price index has eased from a record high in March after Russia's invasion choked exports from Ukraine, one of the top grain and vegetable oil shippers.

Let's look at the current scenario and what reason has caused this to happen.

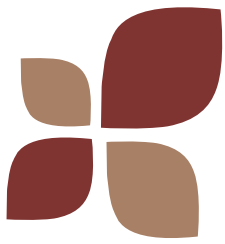
### TOP LOSERS

No	Item	% Change
1	Crude Palm Oil	-27.53
2	Guar Gum	-20.14
3	Refined Soy Oil	-16.63
4	Guar Seed	-15.90

AGRO COMMODITY PERFORMANCE			KEDIA ADVISORY	
Commodity	2-May-22	28-Jun-22	Rs Change	% Change
Castor Seed	7292.00	7350.00	58.00	0.80
Mentha Oil	1072.00	1016.30	-55.70	-5.20
Cotton	45500.00	42120.00	-3380.00	-7.43
Cottonseed Oilcake	2806.00	2623.00	-183.00	-6.52
Guar Seed 10MT	6321.00	5316.00	-1005.00	-15.90
Guar Gum	12415.00	9915.00	-2500.00	-20.14
Turmeric	8480.0	7898.00	-582.00	-6.86
Jeera	21925.0	21370.00	-555.00	-2.53
Coriander	12170.0	11402.00	-768.00	-6.31
Crude Palm Oil Spot	1613.90	1169.60	-444.30	-27.53
Soybean Spot	7276.00	6565.00	-711.00	-9.77
Refined Soy Oil Spot	1617.40	1348.50	-268.90	-16.63
Mustard Seed Spot	7410.00	7099.00	-311.00	-4.20
Chana Spot	4895.0	4794.00	-101.00	-2.06
Wednesday, June 29, 2022			www.kediaadvisory.com	

Agri Commodity past 2 month's performance.

(Contd...)



Recession fears are weighing on commodity prices, currently we can see that the majority of the Agri commodities have fallen sharply some commodities like Crude palm oil have even fallen more than 27% in the past 2 months. Price declines have been witnessed across all the agricultural commodities be it oilseeds, edible oils, grains or softs. International wheat, corn and soybean futures slid as investor fears of an economic downturn and improved sentiment over U.S. crops shifted attention from war disruption to Black Sea exports. On the domestic front as well the Government of India has set limits on exports of wheat, sugar etc. to stabilize prices and maintain enough for domestic consumption.

- We have seen that global inflation has reached at 40 years high level.
- The governments of various countries are trying to control inflation by taking some strict steps.
- Globally there is also the fear of recession in many countries.
- The ongoing covid situation in China has also created weak demand as we know that China is one of the major consuming countries in the world.

**Following accounted are the main reasons for it:**

**Commodity CRB Index  
fell (6 week low)**

**Firm  
Dollar Index  
which is at 20yrs High**

**Crude Oil still near  
\$115 a barrel**

**Tightening by  
Central Banks**

**High / Rising  
Interest Rates**

**Global Recession  
Fear**

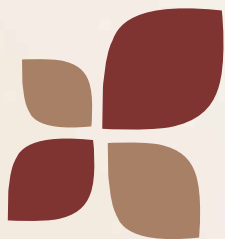
**Weak Chinese  
demand due to Covid**

**Baltic Dry Index  
falls to 2204  
Down 91 points**

**Indonesia announced  
an export acceleration  
scheme, (impacting edible oil)**

### **Conclusion**

First, we saw the importance of Agri commodities and the various factors that affect the price for it. Then we saw the current ongoing scenario and the reasons which have led to this situation.



## New Launches

### Introducing Options in Spices



*Coriander*

Field	Description
Underlying	DHANIYA
Tick Size	Rs. 1 per Quintal
Unit of trading	5 MT
Strike Interval	100
Number of Strikes	7-1-7



*Turmeric*

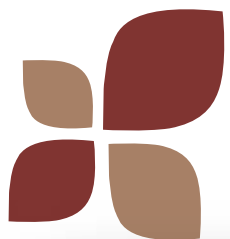
Field	Description
Underlying	TMCFGRNZM
Tick Size	Rs. 1 per Quintal
Unit of trading	5 MT
Strike Interval	100
Number of Strikes	10-1-10



*Jeera*

Field	Description
Underlying	JEERAUNJHA
Tick Size	Rs. 1 per Quintal
Unit of trading	3 MT
Strike Interval	100
Number of Strikes	10-1-10

**Live For Trade**



**Mr Ashok Agarwal,**  
Promoter and Executive Chairman, Globe Capital Market Ltd.

## The 8 From The Great

- 1 At what age did you do your first trade?**  
At the age of 31
- 2 What makes you passionate about it?**  
In financial market you are always engaged, up to date, something is always happening and you never get bored. In fact, when there are continuous holidays you miss the market and off course the financial market helps in raising the capital which is the best input for the growth of GDP in the country.
- 3 Key skills to excel in trading/?**
  - a. Put a Stop Loss - Your stop loss should be lower and you should not hurry in booking profit.
  - b. When you buy a stock you are a partner in that company.
  - c. Keep abreast of latest development but always be aware that anything can happen in this market. It is a single wicket tournament. Crude can go negative so always focus on keeping your wicket.
- 4 Do you believe in FOMO (Fear of Missing Out) in business?**  
I don't believe in FOMO but sometimes the feeling does come
- 5 How do you spend your downtime?**  
Going out and spending quality time with family, watching movies, t.v., reading books and traveling.
- 6 What inspires and motivates you?**  
Fact that you can make a difference to someone's life. Biggest inspiration and motivating factor is "Geeta" and when you want to motivate yourself look at the people below you and for inspiration look at the people above you.

- 7 Food/Fitness?**  
**Food-** I am a vegetarian and teetotaler and homemade food I enjoy the most  
**Fitness-** Yoga & Morning walk
- 8 How do you define success?**  
For me success is to set a target for myself and achieve it. But it is very transitory and the definitions and goals keep on changing but the biggest success is good health and love and affection you receive from the people around you and good you can do for others.



*Mr. Ashok Kumar Agarwal is also the Chief mentor of CPAI (Commodity participant association of India), an association of commodity & equity brokers. He is a fellow member of Institute of Chartered Accountants of India with vast experience in various fields of more than 35 years.*

*He was elected as the youngest ever President of the Delhi Stock Exchange Association Ltd. in 1993, 1994 & 2000. He was a member of the Executive Committee of NSE and currently is a member of Advisory Committee of NSE, BSE and MCX.*





# Fundamental Report - Bajra

## Arrival State Wise

In the current marketing year starting October 1, Bajra arrivals totalled 7,81,518 tonnes so far, up by 2.06% from the same in the corresponding period a year ago.

State-Wise (Qty in MT)	This Year (01/10/2021-30/06/2022)	Last Year (01/10/2020-30/06/2021)	% Change from Last Year
Rajasthan	2,97,511	3,24,553	-8.33%
Uttar Pradesh	2,00,368	1,37,437	45.79%
Gujarat	1,22,580	1,01,993	20.18%
Madhya Pradesh	58,785	28,151	108.82%
Maharashtra	55,652	60,181	-7.53%
Karnataka	39,470	98,841	-60.07%
Haryana	5,437	7,213	-24.62%
India	<b>7,81,518</b>	<b>7,65,772</b>	<b>2.06%</b>

Source: Agmarknet

## Major Media News

### Govt hikes MSP of kharif crops by 4-9%

Source-

<https://www.thehindubusinessline.com/economy/agri-business/govt-hikes-msps-of-kharif-crops-by-4-9-focus-is-on-oilseeds-as-soyabean-gets-highest-raise/article65507516.ece#:~:text=The%20Cabinet%20on%20Wednesday%20approved,with%20the%20onset%20of%20monsoon.>

### Kharif MSP hiked 4-9% for 2022-23 season, largest spike in pulses, oilseeds

Source-

[https://www.business-standard.com/article/economy-policy/kharif-msp-hiked-5-9-for-2022-23-season-largest-spike-in-pulses-oilseeds-122060801010\\_1.html#:~:text=The%20government%20on%20Wednesday%20raised,in%20the%20past%20several%20years.](https://www.business-standard.com/article/economy-policy/kharif-msp-hiked-5-9-for-2022-23-season-largest-spike-in-pulses-oilseeds-122060801010_1.html#:~:text=The%20government%20on%20Wednesday%20raised,in%20the%20past%20several%20years.)

## Balance Sheet (India)

County	Attribute	2021-22	2022-23
India	Area Harvested	9,000	9,000
	Beginning Stocks	620	620
	Production	11,400	12,500
	Imports	0	0
	Total Supply	12,020	13,120
	Exports	0	0
	Domestic Consumption	11,400	12,600
	Ending Stocks	620	520
	Yield	1.27	1.39
World	Area Harvested	31,158	30,958
	Beginning Stocks	620	620
	Production	27,821	31,175
	Imports	0	0
	Total Supply	28,441	31,795
	Exports	0	0
	Domestic Consumption	27,821	31,275
	Ending Stocks	620	520
	Yield	0.89	1.01

Note: Data relates to all Millets not only to Pearl Millet. Pearl millet accounts for about around 50-60% of the total production of millets in India.

(Source: USDA)

Note- FSI-Food Seed Industry (\*Attribute Unit Description: Area in 1000 Ha; Yield in MT/Ha; Quantity in 1000 MT)



# Fundamental Report - Maize

## Arrival State Wise

In the Current marketing year that started on October 1, total maize arrivals are up 48.24% from the same period of last year.

State-Wise (Qty in MT)	This Year (01/10/2021-30/06/2022)	Last Year (01/10/2020-30/06/2021)	% Change from Last Year
Madhya Pradesh	19,61,736	8,44,815	132.21%
Maharashtra	5,99,539	5,06,180	18.44%
Uttar Pradesh	5,08,620	1,82,822	178.21%
Rajasthan	3,73,962	4,07,053	-8.13%
Telangana	3,52,605	2,43,310	44.92%
Karnataka	3,27,282	4,98,295	-34.32%
Chattisgarh	2,45,869	2,42,521	1.38%
Odisha	89,384	1,75,745	-49.14%
Gujarat	59,985	40,803	47.01%
Tamil Nadu	56,966	59,702	-4.58%
Punjab	45,357	49,656	-8.66%
Haryana	44,565	6,995	537.07%
<b>India</b>	<b>46,71,247</b>	<b>32,61,041</b>	<b>43.24%</b>

Source: Agmarknet

## Major Media News

### FG begins trials for new Tela maize variety

Source-

<https://businessday.ng/news/article/fg-begins-trials-for-new-tela-maize-variety/>

## Balance Sheet (India)

Country	Attribute	2021-22	2022-23
India	Area Harvested	9,900	9,800
	Beginning Stocks	2,095	2,020
	Production	33,000	31,500
	Imports	25	100
	Total Supply	35,120	33,620
	Exports	3,300	2,400
	Feed Dom. Consumption	18,000	18,500
	FSI Consumption	11,800	11,500
	Domestic Consumption	29,800	30,000
	Ending Stocks	2,020	1,220
	Yield	3.33	3.21
World	Area Harvested	2,06,468	2,03,457
	Beginning Stocks	2,93,246	3,10,920
	Production	12,16,066	11,85,806
	Imports	1,79,453	1,76,684
	Total Supply	16,88,765	16,73,410
	Exports	1,96,731	1,82,670
	Feed Dom. Consumption	7,48,695	7,47,926
	FSI Consumption	4,32,419	4,32,369
	Domestic Consumption	11,81,114	11,80,295
	Ending Stocks	3,10,920	3,10,445
	Yield	5.89	5.83

(\*Attribute Unit Description: Area in 1000 Ha; Yield in MT/Ha.; Quantity in 1000 MT); (\*\* FSI: Food Seed Industry)

# Fundamental Report - Rice

## Arrival State Wise

In the current marketing season that started on October 1, arrivals of Paddy (Dhan) (common variety) increased marginally by 2.48% so far from the same in the corresponding period a year ago.

State-Wise (Qty in MT)	This Year	Last Year	% Change from Last Year
	(01/10/2021-30/06/2022)	(01/10/2020-30/06/2021)	
Punjab	80,38,240	84,78,780	-5.20%
Chattisgarh	57,49,028	57,19,215	0.52%
Madhya Pradesh	23,72,026	15,31,632	54.87%
Uttar Pradesh	22,27,380	16,29,785	36.67%
Haryana	21,53,546	27,43,549	-21.51%
Telangana	10,30,201	7,54,964	36.46%
Uttarakhand	9,61,636	8,01,807	19.93%
Karnataka	8,95,667	12,51,316	-28.42%
Rajasthan	8,03,519	5,88,136	36.62%
Odisha	5,73,218	6,49,923	-11.80%
Tamil Nadu	3,23,534	3,28,931	-1.64%
NCT of Delhi	3,16,884	3,38,573	-6.41%
Maharashtra	2,12,915	1,13,582	87.45%
Gujarat	1,96,937	2,22,095	-11.33%
West Bengal	1,59,318	2,31,441	-31.16%
<b>India</b>	<b>2,60,25,478</b>	<b>2,53,95,175</b>	<b>2.48%</b>

Source: Agmarknet

## Major Media News

**Panicked traders step up forward Indian rice purchases after wheat export ban**

<https://www.thehindu.com/business/panicked-traders-step-up-forward-indian-rice-purchase-s-after-wheat-export-ban-sources/article65501290.ece>

## Balance Sheet - Rice Milled (India)

Country	Attribute	2021-22	2022-23
India	Area Harvested	47,000	47,000
	Beginning Stocks	37,000	38,700
	Production	1,29,660	1,30,500
	Rough Production	1,94,509	1,95,770
	Total Supply	1,66,660	1,69,200
	Exports	21,000	22,000
	Domestic Consumption	1,06,960	1,07,500
	Ending Stocks	38,700	39,700
	Yield	4.14	4.17
World	Area Harvested	1,66,570	1,66,911
	Beginning Stocks	1,88,014	1,87,305
	Production	5,13,671	5,15,348
	Rough Production	7,67,003	7,69,636
	Imports	52,257	52,481
	Total Supply	7,53,942	7,55,134
	Exports	52,910	54,199
	Domestic Consumption	5,13,727	5,17,497
	Ending Stocks	1,87,305	1,83,438
	Yield	4.61	4.61

(Source: USDA); \*Attribute Unit Description: Area in 1000 HA; Yield in MT/Ha; Quantity in 1000 MT

# Fundamental Report - Wheat

## Arrival State Wise

In 2022-23 marketing year (Apr-Mar), total arrivals reported are up by 12.25% from the same period last year.

State-Wise (Qty in MT)	This Year (01/04/2022-30/06/2022)	Last Year (01/04/2021-30/06/2021)	% Change from Last Year
Madhya Pradesh	61,00,231	32,47,157	87.86%
Punjab	45,10,859	82,47,003	-45.30%
Uttar Pradesh	38,15,165	15,77,149	141.90%
Haryana	11,44,879	6,25,110	83.15%
Rajasthan	10,49,764	10,82,558	-3.03%
Gujarat	2,28,489	2,02,947	12.59%
Maharashtra	1,66,545	1,80,029	-7.49%
Uttarakhand	51,707	58,730	-11.96%
Chhattisgarh	42,958	56,600	-24.10%
NCT of Delhi	37,067	23,229	59.57%
Bihar	22,345	-	0%
Karnataka	10,783	7,989	34.97%
<b>India</b>	<b>1,71,90,764</b>	<b>1,53,14,390</b>	<b>12.25%</b>

Source: Agmarknet

## Major Media News

### Despite export ban, FCI procures only 6 lakh tonnes of wheat

Source-  
<https://www.thehindubusinessline.com/economy/agri-business/despite-export-ban-fci-procures-only-6-lakh-tonnes-of-wheat/article65481038.ece>

### Turkey's rejection of Indian wheat may be 'political' or a 'corporate war'

Source-  
<https://www.thehindubusinessline.com/economy/agri-business/itc-group-sold-indian-wheat-shipment-rejected-by-turkey-to-a-swiss-trader/article65483025.ece>

## Balance Sheet - Wheat

Country	Attribute	2021-22	2022-23
India	Area Harvested	31,125	31,000
	Beginning Stocks	27,800	21,467
	Production	1,09,586	1,06,000
	Imports	25	25
	Total Supply	1,37,411	1,27,492
	Exports	8,033	6,500
	Feed Dom. Consumption	7,000	6,500
	FSI Consumption	1,00,911	98,000
	Domestic Consumption	1,07,911	1,04,500
	Ending Stocks	21,467	16,492
	Yield	3.52	3.42
World	Area Harvested	2,22,212	2,21,108
	Beginning Stocks	2,91,573	2,79,400
	Production	7,79,032	7,73,432
	Imports	1,95,389	2,01,461
	Total Supply	12,65,994	12,54,293
	Exports	1,99,388	2,04,586
	Feed Dom. Consumption	1,61,309	1,53,062
	FSI Consumption	6,25,897	6,29,798
	Domestic Consumption	7,87,206	7,82,860
	Ending Stocks	2,79,400	2,66,847
	Yield	3.51	3.5

Source: USDA

(\*Attribute Unit Description: Area in 1000 HA; Yield in MT/HA; Quantity in 1000 MT)





# Fundamental Report - Cotton

## Arrival State Wise

In the current marketing year (October to September), arrivals of cotton jumped 48.92%, compared with the same in the corresponding period a year ago.

State-Wise (Qty in MT)	This Year (01/10/2021-30/06/2022)	Last Year (01/10/2020-30/06/2021)	% Change from Last Year
Telangana	9,48,709	3,77,238	151.49%
Madhya Pradesh	8,71,093	3,46,364	151.50%
Gujarat	8,34,507	7,95,519	4.90%
Rajasthan	5,51,874	3,18,659	73.19%
Maharashtra	4,87,575	4,78,542	1.89%
Haryana	2,33,298	57,542	305.44%
Karnataka	86,926	1,47,819	-41.19%
Punjab	85,977	1,95,921	-56.12%
Andhra Pradesh	52,178	47,598	9.62%
Odisha	10,433	41,042	-74.58%
Tamil Nadu	7,894	3,425	130.49%
<b>India</b>	<b>41,77,950</b>	<b>28,13,231</b>	<b>48.51%</b>

Source: Agmarknet



## Major Media News

### Piyush Goyal calls for more cotton imports to tide over shortage

Source-

<https://www.financialexpress.com/market/commodities/piyush-goyal-calls-for-more-cotton-imports-to-tide-over-shortage/2543042/>

### Raw cotton export not feasible right now; PLI 2.0 on the anvil, says textiles secretary

Source-

<https://www.moneycontrol.com/news/business/raw-cotton-export-not-feasible-right-now-pli-2-o-on-the-anvil-says-textiles-secretary-8646511.html>

### Maharashtra Government's Scheme Will Benefit Cotton & Soybean Farmers

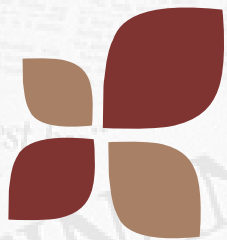
Source-

<https://krishijagran.com/agriculture-world/maharashtra-governments-scheme-will-benefit-cotton-soyabean-farmers/>

### Firm cotton prices to keep yarn-spinning stocks in check: Analysts

Source-

[https://www.business-standard.com/article/markets/firm-cotton-prices-to-keep-yarn-spinning-stocks-in-check-analysts-122062200349\\_1.html](https://www.business-standard.com/article/markets/firm-cotton-prices-to-keep-yarn-spinning-stocks-in-check-analysts-122062200349_1.html)



# News Digest

**01**

## Govt procures over 2.12 mt of chana so far

The target for chana procurement is around 2.9 mt for the current session. On account of higher chana procurement, the government currently has 3.58 mt of pulses of various varieties as buffer stock, against the norm of 2.3 mt. "In the coming months, we expect arrivals to decrease in mandis and at the same time demand from millers can be seen and this might bring mandi prices near to MSP," Harsha Rai, head, Mayur Global Corporation, a leading commodity firm, said.

<https://www.financialexpress.com/market/commodities/govt-procures-over-2-12-mt-of-chana-so-far/2544260/>

**02**

## Strive to maintain comparative advantage to sustain the growth in spice exports: Goyal

Urges industry to continue maintaining highest standards in production, processing and value addition

Union Minister of Commerce and Industry, Piyush Goyal, has called upon the spice exporters to strive to maintain the comparative advantage to sustain the growth in the spice sector.

"The world is moving towards food safety and quality compliant products. Therefore, the farmer community must explore the potential of natural farming methods", he said, while interacting with representatives of spice farmers and exporters.

<https://www.thehindubusinessline.com/economy/agri-business/strive-to-maintain-comparative-advantage-to-sustain-the-growth-in-spice-exports-goyal/article65503755.ece>

**03**

## Soyabean stakeholders expect area to rise this kharif season

Soyabean stakeholders are upbeat about the prospects, with farmers set to expand acreages this year on higher realisations. The trade expects area under soyabean to rise this year as planting has begun in States like Karnataka, while growers are awaiting monsoon in the key producing regions of Madhya Pradesh and Maharashtra. According to SOPA, stocks available with traders and farmers is estimated at 55.39 lakh tonnes, as of May-end. Soyabean prices, which had softened a bit in recent days, have started moving up again over the past one week. In Indore, the modal prices have moved up from ₹6,585 per quintal levels on June 1 to ₹6,740 on Monday.

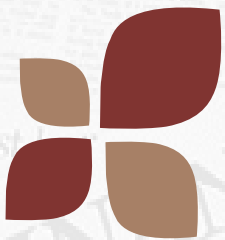
<https://www.thehindubusinessline.com/economy/agri-business/soyabean-stakeholders-expect-area-to-rise-this-kharif-season/article65503961.ece>

**04**

## Steel prices dip sharply on govt steps

The measures announced by the government to cool down prices of key items and certain industrial commodities have caused a sharp fall in steel prices. Data compiled by government agencies showed that the imposition or increase in export duty on some steel products had helped lower the price of galvanised plain sheet and coils by close to 10% between May 22 and June 8. Similarly, TMT prices are around 9.3% lower, while HR and CR coil prices have come down by 6% and 8%, respectively

<https://timesofindia.indiatimes.com/business/india-business/steel-prices-dip-sharply-on-govt-steps/articleshow/92193035.cms>

**05****Are farmers benefiting from MSP?**

For the 2022-23 Kharif season, the government has announced an MSP of Rs 6,600, up Rs 300 per quintal, with a return of 60 per cent on cost. According to the government, an increase in MSP for Kharif crops in the Marketing Season 2022-23 is in line with fixing the MSP at least 50 per cent over the all-India weighted average Cost of Production.

<https://www.thehindubusinessline.com/data-stories/data-focus/data-focus-are-farmers-benefiting-from-msp/article65532473.ece>

**06****Global edible oil prices plunge to six-month low, CPO slips below 5,000 MYR**

With edible oil prices plunging to a six-month low in global markets and are set to decline further, consumers can heave a sigh of relief. The development is also likely to allow the Indian government to breathe easier on concerns over surging inflation. In India, edible oil manufacturers have begun slashing prices and the trend is likely to continue with the Centre keeping a watchful eye on inflation.

<https://www.thehindubusinessline.com/economy/agri-business/global-edible-oil-prices-plunge-to-six-month-low-cpo-slips-below-5000-myr/article65548404.ece>

**07****Cotton acreage seen rising 12 per cent to 135 lakh ha despite drop in North**

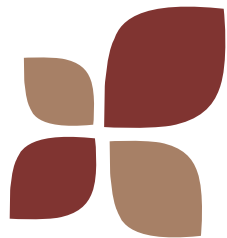
The Cotton Association of India (CAI), the apex trade body, is bullish about the sowing prospects this kharif season. "Sowing will increase by 12 per cent and go up to 133-135 lakh hectares from last year's 120 lakh," said Atul Ganatra, President, CAI.

<https://www.thehindubusinessline.com/economy/agri-business/cotton-acreage-seen-rising-12-per-cent-to-135-lakh-ha-despite-drop-in-north/article65549496.ece>

**08****Rain deficit for June shrinks to 8% as monsoon picks pace in North**

Rainfall deficit for the country as a whole shrunk to eight per cent as on June-end (June 30, Thursday) with the monsoon covering entire Uttar Pradesh, Himachal Pradesh and Jammu, Kashmir and Ladakh; entire Delhi (late by a day); some parts of Rajasthan, Punjab, Haryana and Chandigarh.

<https://www.thehindubusinessline.com/economy/agri-business/rain-deficit-for-june-shrinks-to-8-as-monsoon-picks-pace-in-north/article65585596.ece>



# Circular/Regulatory Changes\*

\*Till 15<sup>th</sup> July

**01**

## Release of Approved Securities and Commodities

This is in partial modification to our circular no. NCCL/CLEARING-019/2021 dated May 24, 2021, Currently all requests for release of securities / commodities received up to 8.00 a.m. are processed on the same day and the requests received after 8.00 a.m. are processed on the next day.

For details, click on

[https://ncdex.com/public/uploads/circulars/Intraday\\_Release\\_of\\_Securities\\_30062022\\_1656591794.pdf](https://ncdex.com/public/uploads/circulars/Intraday_Release_of_Securities_30062022_1656591794.pdf)

**02**

## Futures & Options Contracts Launch in July 2022 and Premium / Discount for grade / delivery location difference

Trading and Clearing Members are hereby informed that in terms of SEBI circular no. SEBI/HO/CDMRD/DRMP/CIR/P/2016/93 dated September 26, 2016 the amounts of Premium/Discount for differences in grades/delivery and location cost differences which would be treated as good delivery for the Futures contracts to be launched on July 01, 2022 on the Exchange are detailed in annexures attached in this circular. Refer to the enclosed link for more details.

For details, click on

[https://ncdex.com/public/uploads/circulars/Futures%20%20Options%20Contracts%20Launch%20in%20July%202022%20and%20Premium%20Discount%20for%20grade%20delivery%20location%20difference\\_1656589504.pdf](https://ncdex.com/public/uploads/circulars/Futures%20%20Options%20Contracts%20Launch%20in%20July%202022%20and%20Premium%20Discount%20for%20grade%20delivery%20location%20difference_1656589504.pdf)

**03**

## Clarifications on Margin collection & reporting

In accordance with the above mentioned circulars and in consultation with SEBI, member shall submit an undertaking to the Exchange on half yearly basis (i.e. April-September and October-March) confirming that penalty levied by clearing corporations on account of "short/non-collection of upfront margins from clients" is not being passed on to respective clients under any circumstances.

For details, click on

[https://ncdex.com/public/uploads/circulars/Clarification\\_Margin\\_Reporting\\_24062022\\_1656092990.pdf](https://ncdex.com/public/uploads/circulars/Clarification_Margin_Reporting_24062022_1656092990.pdf)

**04**

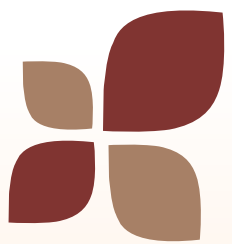
## Margin Obligations to be given by way of Pledge/Re-pledge

In continuation to the above mentioned subject of the circular, the Clearing members can provide their own securities through the Margin Pledge facility provided by NSDL and CDSL towards margin deposit requirement. The Clearing members can continue to provide their own securities using the existing facility of Approved custodians and there is no change in the existing process. Members can refer to the operational guidelines mentioned in the above mentioned circular for pledge through NSDL and CDSL.

For details, click on

[https://ncdex.com/public/uploads/circulars/Margin\\_Obligations\\_to\\_be\\_given\\_by\\_way\\_of\\_PledgeRepledge\\_20062022\\_1655731507.pdf](https://ncdex.com/public/uploads/circulars/Margin_Obligations_to_be_given_by_way_of_PledgeRepledge_20062022_1655731507.pdf)





# Addressing farming issues with knowledge sharing and training

In Rajasthan's Jhalawar district, the village of Asnawar, the majority of the farmers are small and struggle to provide for their families on a regular basis. The main crops grown are soybean, groundnut, Maize, Urad, Moong, Til, Wheat, Coriander, Garlic, Onion, Orange, and Chana. Distress sell is prevalent due to low marketable surplus and little or no availability of neither suitable storage infrastructure. This frequently results in unsatisfactory price realization.

Cultivation costs are high since farmers are not aware of improved and efficient agriculture practices, and access to low-cost Agro chemicals are difficult. The other concern that local farmers were dealing with is the lack of digital knowledge. Farmers face difficulties since majority of government schemes, application procedures, crop information, and other related processes



*FPO BOD's with Corporate Buyers*

went online. A need of continuous hand holding and advice to access the information is very much need of the hour.

These challenges inspired Mr. Indar Raj Patidar, a progressive farmer from the Asnawar village, to

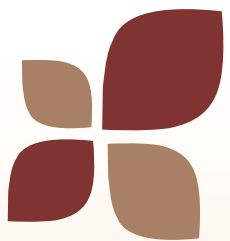
help farmers with market and technical knowledge and., with the support of NGO – Samdarshi Gramin Vikas Sanstha, Dharmashakti Kisan Agro Producer Company Limited was incorporated on 05th July 2016.

The FPC began its mission with just 60 members and started propagating various departmental subsidies, government schemes, etc. Additionally, they started sending the farmers information on mandi rates for various commodities, which assisted the farmers in making sales decisions and cut down on the extra expenses they would have incurred otherwise.

The FPC gradually expanded its operations to meet the needs of its farmer members. They began selling seeds, fertilizers, and agrochemicals, as well as assisting farmers with marketing their

(Contd...)





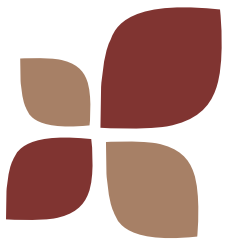
produce. To meet the fertilizer needs of their farmer members, the FPC contacted IFFCO and other companies. They also encouraged their members to attend other related trainings to learn more about various aspects of agriculture and marketing. The FPC began attracting more and more farmers with continuous efforts and gradual development of business activities, and it now has 1000 of them spread across 32 nearby villages. The company's share capital has now been increased to Rs 20 lakh.

On the output side, FPC started procuring wheat, mustard, onion, garlic, and pulses from local farmers and selling it to local APMC markets or institutional clients. Price risks were inevitable, but as time went, FPC's director gained experience and began obtaining better deals. In 2020 FPC came in touch with NCDEX through one of its Investors Education programs (IEP). Recognizing the benefits of hedging, the management of Dharmashakti Kisan Agro Producer Company Limited promptly registered

with NCDEX. By participating in the Options Familiarization program and buying PUT option at a strike price of Rs 5000/quintal for 100 MT mustard in Nov, 2020, The FPC got itself insured from any price drop in the future. A glimmer of optimism for the FPC arose from this trade as now tool was available which can prevent them from price fluctuations of the market. FPC was willing to trade mustard and wheat next year, but the suspension of these commodities put a halt to its plans. However, FPC continued to benefit from the market linkages support offered by NCDEX. This year, FPC sold 100 MT of wheat to a client introduced through NCDEX.

In the future, FPC believes they would be able to trade again once the commodities come back on exchange. The FPC has grading units for Wheat, Mustard, Soybean, Urad, and Moong, and they are now making plans to install a garlic grading unit in their FPC, which will help them fetch good market prices.





# Commodity Corner: Guar Seed



**Guar Seed**

## Contract Specifications

Commodity: **Guar Seed**

Ticker Symbol: **GUARSEED 10**

Basis: **Jodhpur**

Delivery Logic: **Compulsory Delivery**

Quotation: **RS./ quintal**

Trading and Delivery Unit: **5 MT**

Tick Size: **Re.1**

For more details click on the below link:

<https://ncdex.com/products/Guar Seed>

## GENERAL INTRODUCTION OF GUAR SEED

- ❖ India is the largest producer of Guar Seed, contributing 80-85% of Global production.
- ❖ Rajasthan is the major Guar producing state in India, contributing 70-80% of total production.
- ❖ Industrial output of Guar Seed are Guar Gum, Guar Churi and Guar Korma.

## SALIENT FEATURES OF GUAR CONTRACTS ON NCDEX PLATFORM

- ❑ Very high co-relation to the physical Guar market
- ❑ Adequate volume and liquidity
- ❑ Ideal Hedging and Risk Management Platform for value chain participants in Guar industry
- ❑ Widely accepted as benchmark for Guar prices across India and abroad
- ❑ Compulsory delivery contract with staggered delivery mechanism
- ❑ Premium/ Discount structure for fair pricing across the country
- ❑ Widely accepted quality specifications





# NCDEX

Pragati ka Solid Exchange

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