

Wheat Domestic Fundamentals:

Wheat procurement in Uttar Pradesh has been hit as traders/millers are directly buying from farmers at much lower rate compared to reserve price of Rs 2080 per quintal. Wheat procurement is likely to end in upcoming weeks and against a target of 5.5 MMT in Uttar Pradesh government has procured 3.4 MMT. However Wheat market is expected to trade steady to slightly firm due to increase in import duty and a likely increase in demand in upcoming weeks. Availability in domestic market is sufficient to meet domestic demand.

Government agencies have started procurement. Until 07th June'19 government has procured around 338.21 lakh tonnes of wheat. Of the total quantity procured, around 129.12 lakh tonnes have been procured from Punjab, 93.20 lakh tonnes from Haryana, 34.62 lakh tonnes from Uttar Pradesh, 67.25 lakh tonnes from Madhya Pradesh, 0.02 lakh tonnes from Bihar, 13.40 lakh tonnes from Rajasthan, 0.42 lakh tonnes from Uttrakhand, 0.12 lakh tonnes from Chandigarh, 0.05 lakh tonnes from Gujarat and 0.01 lakh tonnes from Himachal Pradesh. In Rabi marketing season 2019-20 government has set procurement target of 35.70 MMT.

Wheat market is expected to trade steady to slightly firm due to increase in import duty and a likely increase in demand in upcoming weeks. Increase in import duty is likely to put a complete halt on imports in MY 2019-20. Availability in domestic market is sufficient to meet domestic demand.

All India average monthly prices for wheat increased by 2.17 percent from Rs 2014.89 in April -2019 to Rs 2058.64 per qtl in May -2019. Average price in May-2019 is higher by 7.91 percent compared to Rs 1907.82 per quintal registered in May-2018. Prices are expected to remain steady to slightly firm in coming weeks due to hike in import duty and a likely increase in demand in upcoming weeks.

India mainly imports wheat from Australia and Russia. Millers prefer Australian wheat over Russian/Ukrainian wheat due to better quality. As of now, Australian standard wheat (ASW) and Australian premium wheat (APW) is being quoted at \$342.09 (Rs 23751.31) per tonne and \$346.92 (Rs 24086.66) per tonne respectively, after including freight and import duty @40%. Local expenses will further add to cost. Whereas wheat mill quality price in Chennai and Coimbatore is ruling around Rs 23000 per tonne and Rs 23500 per tonne respectively.

The government is set to provide additional food grains under NFSA to ease the stock position. Under NFSA 5 kg of food grains are provided to people living below poverty line at a subsidized rate of Rs 1, Rs 2 and Rs 3 per kg for Coarse grains, rice and wheat respectively. The union cabinet may decide to provide an additional 2kg of food grains to every NFSA beneficiary. This move will result in reduction of carrying cost for various food grains with the government.

As per trade sources, after increase in import duty to 40 percent imports have decreased substantially. India has imported 498.77 MT of Australia prime hard wheat at Tuticorin port in the month of April-19. Imports are expected to be low this year due to good domestic availability and increase in import duty. Prior to this, India has imported around 1000 tonnes in the month of September-2018.

As per trade source, India has exported around 5.57 thousand tonnes in the month of April-2019. The quantity in April-2019 was exported at an average FOB of \$ 388.15 per tonne and the major destinations were Nepal, UAE and Sri Lanka. Exports are likely to be at lower side as other countries are able to provide quality wheat at competitive prices.

International Market Update:

As per latest update, hot and dry weather is likely to continue at Australia's east coast and there is only 30 percent chance of rainfall between June 01 and August 30. Furthermore, there is 70 percent probability that entire Australia will experience warmer than average temperatures. Private analyst are expecting wheat production to be around 18 MMT in 2019-20. Australia has already agreed to import 50000-60000 MT of wheat from Canada in upcoming weeks. In case of third consecutive lower production, Australia may be seen importing more wheat.

Russian wheat prices increased by \$2 per tonne in the past week. The firmness in prices was mainly due to increase in global benchmark such as CBOT. Wheat with 12.5 percent protein was quoted at FoB \$188 per tonne. Russia will start harvesting its winter wheat crop in late June or early July.

Major feed mill group of South Korea has purchased around 120000 tonnes of feed wheat in two consignments of 60000 tonnes each. One consignment was bought at \$207.90/tonne C&F schedule to arrive around September 30th and other at \$208.95/tonne C&F scheduled to arrive around November 30th. Feed wheat can be sourced from Black sea region.

Bangladesh has bought 50000 tonnes of wheat with 12.5 percent protein content from trading house Agrocorp at \$267.98 per tonne. The wheat can be sourced from United States, Canada, Russia or Ukraine. As per FAO Bangladesh's wheat imports for 2018-19 are expected to touch record high of 6 MMT. Demand for wheat in Bangladesh has increased as wheat is being substituted for more expensive rice.

Outlook: Cash market is likely to trade steady to firm in the near term.

Wheat Futures Contact: NCDEX Price							Date:07.06.2019 at 5:00 PM		
Contract Month	Ch. from previous day	Open	High	Low	Close	Volume	Ch. From previous day	OI	Ch. From previous day
19-Jun	9	1952	1965	1952	1965	1520	-190	8820	-140
19-Jul	1	1984	1990	1983	1987	580	-900	6910	310
19-Aug	6	2016	2022	2021	2022	20	20	30	10

Spread	June-19	July-19	Aug-19
Spot Narella			
19-Jun	25		
19-Jul		22	
19-Aug			35

Stocks	Demat	In-Process	Total	EDD
	06.Jun.19	06.Jun.19	06.Jun.19	03.Jun.19
Delhi	-	-	-	-
Itarsi	-	-	-	-
Kanpur	-	-	-	-
Kota	30074	299	30373	28669
Baran	-	-	-	-

Wheat Daily Prices and Arrivals on 07.06.2019

Centre	Market	Variety	Prices (Rs/Qtl)		Change
			7-Jun-19	6-Jun-19	
Delhi	Lawrence Road	Mill Delivery	1990	1990	Unch
	Narella	Mill Quality Loose	1940	1925	15
	Nazafgarh	Mill Quality Loose	1865	1850	15
Gujarat	Rajkot	Mill Delivery	1975	1990	-15
	Ahmedabad	Mill Delivery	2050	2060	-10
	Surat	Mill Delivery	2100	2100	Unch
	Dhrol	Mill Quality Loose	2170	2250	-80
M.P.	Indore	Mill Delivery	1990	1990	Unch
	Bhopal	Mill Quality Loose	1825	1825	Unch
Rajasthan	Kota	Mill Quality Loose	1900	1900	Unch
		Mill Delivery	2075	2075	Unch
U.P.	Kanpur	Mill Delivery	1900	1900	Unch
	Mathura	Mill Quality Loose	1785	1790	-5
	Kosi	Mill Quality Loose	1900	1850	50
	Hathras	Mill Quality Loose	1960	1950	10
	Aligarh	Mill Quality Loose	1825	1850	-25
Punjab	Khanna	Mill Quality Loose	1875	1880	-5
	Ludhiana (Jagraon)	Mill Delivery	NA	NA	-
Haryana	Sirsa	Mill Delivery loose	1865	1865	Unch
	Hodal	Mill Delivery	NA	NA	-

	Bhiwani	Mill Quality Loose	1860	1860	Unch
	Karnal	Mill Delivery	NA	NA	-
	Panipat	Mill Quality Loose	NA	NA	-
Tamil Nadu	Chennai	Mill Quality	2300	2300	Unch
	Madurai	Mill Quality	2357	2357	Unch
	Coimbatore	Mill Quality	2357	2357	Unch
Bihar	Khagariya	Mill Delivery	1800	1800	Unch
	Muzaffarpur	Mill Delivery	1800	1800	Unch
FOR	Kandla (Rajasthan-Rajkot)	Mill Quality	NA	NA	-
	Gandhidham (Rajasthan-Rajkot)	Mill Quality	NA	NA	-

Centre	Market	Variety	Prices (Rs/Qtl)		Change
			7-Jun-19	6-Jun-19	
Gujarat	Rajkot	Lokwan	2100	2100	Unch
M.P.	Indore	Lokwan	2300	2300	Unch
	Bhopal	Lokwan	1950	1950	Unch
	Bina	Sarbati 306	2700	2700	Unch
Rajasthan	Kota	Lokwan Bilty	2000	2100	-100
	Baran	Lokwan	1950	1900	50

Wheat Arrivals in Key Centers:

Centre	Market	Variety	Arrivals (Bags/Qtl)		Change
			7-Jun-19	6-Jun-19	
Delhi	Lawrence Road	Mill Delivery	8000	7500	500
	Narella	Mill Quality Loose	1000	1000	Unch
	Nazafgarh	Mill Quality Loose	70	70	Unch
Gujarat	Rajkot	Mill Quality Loose	1000	1300	-300
	Dhrol	Mill Quality Loose	33	60	-27
M.P.	Indore	Mill Quality Loose	12000	10000	2000
Rajasthan	Kota	Mill Quality	20000	17000	3000
U.P.	Kanpur	Mill Quality Loose	5000	5000	Unch
	Mathura	Mill Quality Loose	2000	1000	1000
	Kosi	Mill Quality Loose	500	100	400
	Hathras	Mill Quality Loose	600	450	150
	Aligarh	Mill Quality Loose	4000	1100	2900
Punjab	Khanna	Mill Quality Loose	2000	3000	-1000
	(Ludhiana)Jagraon	Mill Quality Loose	NA	NA	-
Haryana	Sirsa	Mill Quality Loose	500	400	100
	Hodal	Mill Quality Loose	200	250	-50
	Bhiwani	Mill Quality Loose	200	200	Unch

	Karnal	Mill Delivery	NA	NA	-
	Panipat	Mill Quality Loose	NA	NA	-

Wheat Products Delhi	7-Jun-19	6-Jun-19	Change
Atta (50kg) Ordinary	1050	1050	Unch
Maida Grade 1 (50KG)	1225	1225	Unch
Suji (50kg)	1200	1200	Unch
Chokar (50 kg)	850	850	Unch
Chokar (34 kg)	578	578	Unch
Chakki Atta (50kg)	1200	1200	Unch
Chakki Atta (50kg) Special	1225	1225	Unch
Chakki Atta (90kg) Superfine	2270	2270	Unch
Chakki Atta (50kg) Superfine	1260	1260	Unch

Wheat (CBOT) Future Price: 06.06.2019					
Contract Month	Open	High	Low	Close	Change
19-Jul	492.00	514.00	487.75	510.00	19.25
19-Sep	498.75	517.00	494.00	514.25	16.50
19-Dec	512.50	528.25	506.25	525.75	14.75
20-Mar	523.50	538.75	517.75	536.50	13.25
20-May	530.00	544.25	524.50	542.25	12.00
20-Jul	535.00	547.50	528.00	545.50	11.25

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