

Wheat Domestic Fundamentals:

As per trade sources, after increase in import duty to 40 percent imports have decreased substantially. India has imported no wheat in the month of August-19. Imports are expected to be low this year due to good domestic availability and increase in import duty. India has imported around 498.77 tonnes in the month of April-2019.

As per latest update, Rajasthan government has sought to increase the ceiling limit for wheat under food security act. In view of the increase in population an additional 26000 tonnes of wheat is required. The existing ceiling is for 4.46 crores beneficiaries whereas the requirement is for 4.82 crores beneficiaries.

All India weekly average prices increased by 2.22 percent to Rs. 2126.53 per quintal during the week ended 08th September 2019. Wheat average price were ruling at Rs 2080.43 per quintal during 24-31 August 2019. As compared to prices in the week 01-08 September 2018, the prices are firm by 2.40 percent. Prices are expected to remain steady to firm in coming days due to hike in import duty and likely increase in demand in domestic market.

India mainly imports from Australia and Russia. Millers prefer Australian wheat over Russian/Ukrainian wheat due to better quality. As of now, Russian wheat with 12.5 percent protein content and Australian premium wheat (APW) is being quoted at \$338.80 (Rs 24291.96) per tonne and \$445.34 (Rs 31930.88) per tonne respectively, after including freight and import duty @40%. Local expenses will further add to cost. Whereas wheat mill quality price in Chennai is ruling around Rs 23000-23500 per tonne. Therefore, as of now, there is no parity for wheat imports.

Wheat production in Punjab has remained on higher side in past years. However this high production may have led to over exploitation of ground water. Of the total 138 blocks in Punjab around 109 have been marked as over exploited in terms of underground water and the remaining are in safe zone. The number of tube wells have increased from 2.8 lakhs to 14.5 lakhs since 1980s. The rigid cropping pattern of wheat-paddy has also aggravated the problem.

As per latest update, demand for loose and unbranded wheat has reduced as consumers in urban as well as semi-urban areas are shifting to packed and branded wheat. Furthermore, easier availability of packed wheat and increase in income are also playing a vital role. Around 70 percent of millers are small/medium wheat mills and rest are large wheat millers. Therefore, small/medium millers are facing heat due to fall in demand as they are already operating on thin margins.

Government has sold 336700 tonnes of wheat in OMSS until fourth tender in August'19. No rakes were sold. State government and bulk consumers bought 245850 tonnes and 90580 tonnes of wheat respectively. In the month of August'19 government has sold 152000 tonnes against offered quantity of 7819470 tonnes. Millers/traders have bought as much quantity as they could during arrival season due to higher reserve price. This was the main reason for lower sale through OMSS. Stock with millers/traders has diminished and sales through OMSS is likely to witness an increasing trend in upcoming weeks.

As per trade source, India has exported around 23.57 thousand tonnes in the month of July-2019. The quantity in July-2019 was exported at an average FOB of \$ 363.97 per tonne and the major destinations were Nepal, UAE, Sri Lanka and Bahrain. Exports are likely to be at lower side as other countries are able to provide quality wheat at competitive prices.

International Market Update:

Russian milling wheat prices became weak by \$2 per tonne at Novorossiysk compared to last week. Export quotes are being influenced by ample availability in global market and low demand. As of now Russian milling wheat with 12.5% protein content at Novorossiysk port is being quoted at FoB \$182-185/tonne. Furthermore increase in Russian wheat crop forecast by 0.5 MMT to 74.90 MMT has also kept prices under pressure.

As per latest update, bumper crop of wheat is expected in France. Farm ministry is estimating the crop to be near 39.45 MMT. Export are expected to reach 11.0 MMT, highest since 2015-16. Good competition can be expected from France on FoB basis. However, freight rates will continue to play a crucial role.

As per latest update, Thailand Feed Mill Association has bought 70000 tonnes of feed wheat through tender. The wheat was bought at \$220.50 per tonne cost and freight for December delivery. Wheat can be sourced from optional origins.

Indonesian flour mills have bought two varieties (White and Red winter) of United States wheat. Flour millers bought 55000 tonnes. White wheat was purchased at \$255 per tonne Cost & Freight and red winter wheat was purchased at \$245 per tonne Cost & Freight. The said quantity will be delivered in October.

As per latest update, dry weather in Argentina has hit wheat crop amid expectations of bumper crop. Argentina is expecting to produce 21 MMT of wheat. If the current situation continues wheat crop production in argentine may fall below expectations. Although ample availability in global market will ensure that there are no unexpected increase in prices.

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

Wheat Futures Contact: NCDEX Price							Date:13.09.2019 at 5:00 PM		
Contract Month	+/-	Open	High	Low	Close	Volume	Ch. From previous day	OI	Ch. From previous day
19-Sep	0	2032	2041	2029	2032	0	-190	6960	0
19-Oct	-7	2067	2074	2065	2074	40	-230	2300	0
19-Nov	-10	2090	2090	2090	2090	10	-30	50	+10

Spread	Sep-19	Oct-19	Nov-19
Spot Narella			
19-Sep	-8		
19-Oct		42	
19-Nov			16

Stocks	Demat	In-Process	Total	EDD
	12.Sep.19	12.Sep.19	12.Sep.19	10.Sep.19
Delhi	-	-	-	-
Itarsi	-	-	-	-
Kanpur	-	-	-	-
Kota	33579	0	33579	33718
Baran	-	-	-	-

Wheat Daily Prices and Arrivals on 13.09.2019

Centre	Market	Variety	Prices (Rs/Qtl)		Change
			13-Sep-19	12-Sep-19	
Delhi	Lawrence Road	Mill Delivery	2140	2140	Unch
	Narella	Mill Quality Loose	2040	2020	20
	Nazafgarh	Mill Quality Loose	2025	2025	Unch
Gujarat	Rajkot	Mill Delivery	2100	2100	Unch
	Ahmedabad	Mill Delivery	2175	2175	Unch
	Surat	Mill Delivery	2250	2250	Unch
	Dhrol	Mill Quality Loose	2300	2195	105
M.P.	Indore	Mill Delivery	2100	Closed	-
	Bhopal	Mill Quality Loose	2100	NA	-
Rajasthan	Kota	Mill Quality Loose	1940	Closed	-
		Mill Delivery	2050	Closed	-
U.P.	Kanpur	Mill Delivery	2040	2000	40
	Mathura	Mill Quality Loose	1880	1910	-30
	Kosi	Mill Quality Loose	1960	1960	Unch
	Hathras	Mill Quality Loose	1890	1890	Unch
	Aligarh	Mill Quality Loose	1930	1940	-10
Punjab	Khanna	Mill Quality Loose	1950	1950	Unch
	Ludhiana (Jagraon)	Mill Delivery	NA	NA	-
Haryana	Sirsa	Mill Delivery loose	2010	2010	Unch
	Hodal	Mill Delivery	NA	NA	-

	Bhiwani	Mill Quality Loose	2030	2030	Unch
	Karnal	Mill Delivery	NA	NA	-
	Panipat	Mill Quality Loose	NA	NA	-
Tamil Nadu	Chennai	Mill Quality	2400	Closed	-
	Madurai	Mill Quality	2457	Closed	-
	Coimbatore	Mill Quality	2457	Closed	-
Bihar	Khagariya	Mill Delivery	2050	2100	-50
	Muzaffarpur	Mill Delivery	2025	2000	25
FOR	Kandla (Rajasthan-Rajkot)	Mill Quality	NA	NA	-
	Gandhidham (Rajasthan-Rajkot)	Mill Quality	NA	NA	-

Centre	Market	Variety	Prices (Rs/Qtl)		Change
			13-Sep-19	12-Sep-19	
Gujarat	Rajkot	Lokwan	2175	2175	Unch
M.P.	Indore	Lokwan	2400	Closed	-
	Bhopal	Lokwan	2250	NA	-
	Bina	Sarbati 306	Closed	Closed	-
Rajasthan	Kota	Lokwan Bilty	2100	Closed	-
	Baran	Lokwan	1920	Closed	-

Wheat Arrivals in Key Centers:

Centre	Market	Variety	Arrivals (Bags/Qtl)		Change
			13-Sep-19	12-Sep-19	
Delhi	Lawrence Road	Mill Delivery	8000	8000	Unch
	Narella	Mill Quality Loose	300	200	100
	Nazafgarh	Mill Quality Loose	150	150	Unch
Gujarat	Rajkot	Mill Quality Loose	600	700	-100
	Dhrol	Mill Quality Loose	35	20	15
M.P.	Indore	Mill Quality Loose	2000	Closed	-
Rajasthan	Kota	Mill Quality	2000	Closed	-
U.P.	Kanpur	Mill Quality Loose	700	800	-100
	Mathura	Mill Quality Loose	400	250	150
	Kosi	Mill Quality Loose	200	300	-100
	Hathras	Mill Quality Loose	100	100	Unch
	Aligarh	Mill Quality Loose	400	500	-100
Punjab	Khanna	Mill Quality Loose	400	500	-100
	(Ludhiana)Jagraon	Mill Quality Loose	NA	NA	-
Haryana	Sirsa	Mill Quality Loose	200	200	Unch
	Hodal	Mill Quality Loose	30	25	5
	Bhiwani	Mill Quality Loose	200	300	-100

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

Wheat Products Delhi	13-Sep-19	12-Sep-19	Change
Atta (50kg) Ordinary	1155	1155	Unch
Maida Grade 1 (50KG)	1333	1333	Unch
Suji (50kg)	1285	1285	Unch
Chokar (50 kg)	850	850	Unch
Chokar (34 kg)	578	578	Unch
Chakki Atta (50kg)	1305	1305	Unch
Chakki Atta (50kg) Special	1330	1330	Unch
Chakki Atta (90kg) Superfine	2412	2412	Unch
Chakki Atta (50kg) Superfine	1340	1340	Unch

Wheat (CBOT) Future Price: 12.09.2019					
Contract Month	Open	High	Low	Close	Change
19-Sep	484.25	489.00	482.00	485.75	8.25
19-Dec	479.00	486.00	472.50	483.75	6.25
20-Mar	485.25	492.25	479.00	489.25	5.25
20-May	489.00	496.50	483.25	493.25	4.75
20-Jul	493.25	499.25	487.00	496.25	4.50
20-Sep	500.50	506.75	494.50	503.25	4.00

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