

Wheat Domestic Fundamentals:

Supply side for FAQ is likely to be good as ample stock is available in domestic market due to three consecutive good production years. Government has procured 34.1 MMT in MY 2019-20 lower by 1.6 MMT compared to MY 2018-19. Demand from south Indian millers is good after application of 40% import duty. No import parity has also increased demand for domestic wheat.

All India weekly average prices decreased by 2.94 percent to Rs. 2127.05 per quintal during the week ended 07th October 2019. Wheat average price were ruling at Rs 2191.38 per quintal during 24-30 September 2019. As compared to prices in the week 01-07 October 2018, the prices are firm by 4.54 percent. Prices are expected to remain steady to firm in coming days due to no import parity and likely increase in demand in domestic market.

The agriculture ministry has proposed to increase Minimum support price (MSP) of wheat from current Rs 1840 per quintal to Rs 1925 per quintal. The proposal is still under consideration. The increase in MSP is likely to boost sowing of wheat.

Monsoon rainfall in India was above average by 10% in 2019. Furthermore, extra rains in June-September will also help in providing adequate soil moisture for winter crops, thereby boosting yields. Under normal conditions another good harvest of wheat may be on the cards in upcoming Rabi season.

As per latest update, Madhya Pradesh is focusing on Malwa-nimar region to make up for losses suffered in kharif season by increasing rabi acreage. Wheat acreage in 2019 was 60 lakh hectares and it is likely to cross 63 lakh hectares in 2020. Given good soil moisture and abundant availability of water in reservoir a bumper crop can be expected under normal conditions.

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 \$341.60 (Rs 24099.88) per tonne and \$468.50 (Rs 33052.39) 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 23750-24350 per tonne. Therefore, as of now, there is no parity for wheat imports.

Government has sold 513100 tonnes of wheat in OMSS until third tender in September'19. No rakes were sold. State government and bulk consumers bought 201550 tonnes and 311550 tonnes of wheat respectively. In the month of September'19 government has sold 176400 tonnes in three tenders against offered quantity of 5798523 tonnes. For second, third and fourth quarter reserve price will be Rs 2135 per quintal, Rs 2190 per quintal and Rs 2245 per quintal respectively. 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 17.02 thousand tonnes in the month of August-2019. The quantity in August-2019 was exported at an average FOB of \$ 314.51 per tonne and the major destinations were Nepal, Somalia, Sri Lanka and Reunion. Exports are likely to be at lower side as other countries are able to provide quality wheat at competitive prices.

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.

International Market Update:

As per latest update, Japan's ministry of agriculture bought 114012 MT of food quality wheat from United States and Canada. Around 60052 MT has been bought from United States and 53960 tonnes from Canada. Japan is the world's sixth largest importer in the world. The quantity is expected to be loaded between 21st November-20th December.

GASC has purchased 295000 tonnes of Ukrainian and Russian wheat through tender. Of the total quantity 115000 tonnes has been sourced from Ukraine and 180000 tonnes has been sourced from Russia. Grain export offered 60000 tonnes of Russian wheat at FoB \$204.72 per tonne, Grain export offered 60000 tonnes of Russian wheat at FoB \$205.15 per tonne, Hakkon offered 55000 tonnes of Ukrainian wheat at FoB \$201.60 per tonne, Posco offered 60000 tonnes of Russian wheat at FoB \$206.50 per tonne and Louis Dreyfus export offered 60000 tonnes of Ukrainian wheat at FoB \$206.67 per tonne

Black sea milling wheat prices became firm by \$6-7 per tonne at Novorossiysk and \$6 per tonne at Odessa port compared to last week. Increase in global demand and farmer's policy to hold on to grains supported the prices. As of now Russian milling wheat with 12.5% protein content at Novorossiysk and Odessa port are being quoted at FoB \$191-196/tonne and FoB \$190-194/tonne.

South Korea's largest animal feed maker has bought, NOFI, has bought around 60000 tonnes of feed wheat at \$225.87 C&F. The quantity is expected to arrive around 20th Jan-2020. The seller is expected to be trading house glencore.

IGC has kept wheat production forecast unchanged at 764 MMT for 2019-20. However, carryover stocks have increased to a decade high at 272 MMT. Milling and feed wheat are expected to be available in abundant quality however high quality wheat is under close watch due to unfavorable weather conditions.

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

Wheat Futures Contract: NCDEX Price							Date:11.10.2019 at 5:00 PM		
Contract Month	+/-	Open	High	Low	Close	Volume	Ch. From previous day	OI	Ch. From previous day
19-Oct	+9	2091	2100	2080	2100	820	+650	910	-800
19-Nov	-10	2130	2135	2120	2120	820	+800	1280	+800
19-Dec	0	2169	2169	2169	2169	0	0	0	0

Spread	Oct-19	Nov-19	Dec-19
Spot Narella			
19-Oct	0		
19-Nov		20	
19-Dec			49

Stocks	Demat	In-Process	Total	EDD
	10.Oct.19	10.Oct.19	10.Oct.19	07.Oct.19
Delhi	-	-	-	-
Itarsi	-	-	-	-
Kanpur	-	-	-	-
Kota	21433	0	21433	21433
Baran	-	-	-	-

Wheat Daily Prices and Arrivals on 11.10.2019

Centre	Market	Variety	Prices (Rs/Qtl)		Change
			11-Oct-19	10-Oct-19	
Delhi	Lawrence Road	Mill Delivery	2215	2215	Unch
	Narella	Mill Quality Loose	2100	2130	-30
	Nazafgarh	Mill Quality Loose	2125	2125	Unch
Gujarat	Rajkot	Mill Delivery	2120	2120	Unch
	Ahmedabad	Mill Delivery	2180	2170	10
	Surat	Mill Delivery	2260	2250	10
	Dhrol	Mill Quality Loose	2340	2240	100
M.P.	Indore	Mill Delivery	2130	2130	Unch
	Bhopal	Mill Quality Loose	2050	2050	Unch
Rajasthan	Kota	Mill Quality Loose	1990	1990	Unch
		Mill Delivery	2160	2160	Unch
U.P.	Kanpur	Mill Delivery	2100	2100	Unch
	Mathura	Mill Quality Loose	1980	1980	Unch
	Kosi	Mill Quality Loose	2000	1980	20
	Hathras	Mill Quality Loose	1960	1960	Unch
	Aligarh	Mill Quality Loose	1980	2000	-20
Punjab	Khanna	Mill Quality Loose	1960	1960	Unch
	Ludhiana (Jagraon)	Mill Delivery	NA	NA	-
Haryana	Sirsa	Mill Delivery loose	2040	2030	10
	Hodal	Mill Delivery	NA	NA	-

	Bhiwani	Mill Quality Loose	2120	2120	Unch
	Karnal	Mill Delivery	NA	NA	-
	Panipat	Mill Quality Loose	NA	NA	-
Tamil Nadu	Chennai	Mill Quality	2325	2325	Unch
	Madurai	Mill Quality	2382	2382	Unch
	Coimbatore	Mill Quality	2382	2382	Unch
Bihar	Khagariya	Mill Delivery	2050	2050	Unch
	Muzaffarpur	Mill Delivery	2000	2000	Unch
FOR	Kandla (Rajasthan-Rajkot)	Mill Quality	NA	NA	-
	Gandhidham (Rajasthan-Rajkot)	Mill Quality	NA	NA	-

Centre	Market	Variety	Prices (Rs/Qtl)		Change
			11-Oct-19	10-Oct-19	
Gujarat	Rajkot	Lokwan	2200	2150	50
M.P.	Indore	Lokwan	2300	2300	Unch
	Bhopal	Lokwan	2200	2200	Unch
	Bina	Sarbati 306	2500	2500	Unch
Rajasthan	Kota	Lokwan Bilty	2150	2150	Unch
	Baran	Lokwan	2000	2000	Unch

Wheat Arrivals in Key Centers:

Centre	Market	Variety	Arrivals (Bags/Qtl)		Change
			11-Oct-19	10-Oct-19	
Delhi	Lawrence Road	Mill Delivery	7000	8000	-1000
	Narella	Mill Quality Loose	300	200	100
	Nazafgarh	Mill Quality Loose	100	100	Unch
Gujarat	Rajkot	Mill Quality Loose	700	800	-100
	Dhrol	Mill Quality Loose	15	10	5
M.P.	Indore	Mill Quality Loose	4000	5000	-1000
Rajasthan	Kota	Mill Quality	5000	4500	500
U.P.	Kanpur	Mill Quality Loose	800	1000	-200
	Mathura	Mill Quality Loose	140	110	30
	Kosi	Mill Quality Loose	250	200	50
	Hathras	Mill Quality Loose	350	200	150
	Aligarh	Mill Quality Loose	2000	500	1500
Punjab	Khanna	Mill Quality Loose	600	500	100
	(Ludhiana)Jagraon	Mill Quality Loose	NA	NA	-
Haryana	Sirsa	Mill Quality Loose	200	300	-100
	Hodal	Mill Quality Loose	NA	NA	-
	Bhiwani	Mill Quality Loose	700	800	-100

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

Wheat Products Delhi	11-Oct-19	10-Oct-19	Change
Atta (50kg) Ordinary	1190	1190	Unch
Maida Grade 1 (50KG)	1365	1365	Unch
Suji (50kg)	1330	1330	Unch
Chokar (50 kg)	925	925	Unch
Chokar (34 kg)	648	648	Unch
Chakki Atta (50kg)	1350	1350	Unch
Chakki Atta (50kg) Special	1375	1375	Unch
Chakki Atta (90kg) Superfine	2493	2493	Unch
Chakki Atta (50kg) Superfine	1385	1385	Unch

Wheat (CBOT) Future Price: 10.10.2019					
Contract Month	Open	High	Low	Close	Change
19-Dec	499.50	504.25	487.50	493.00	-7.25
20-Mar	506.00	510.50	494.50	499.75	-7.25
20-May	511.25	515.25	500.00	505.25	-6.75
20-Jul	515.50	519.50	504.50	510.00	-6.25
20-Sep	524.00	527.00	512.75	517.75	-6.25
20-Dec	536.75	538.25	524.75	530.00	-6.75

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