

Wheat Domestic Fundamentals:

India has raised MSP by Rs 85 per quintal to Rs 1925 per quintal for MY 2020-21. The hike in MSP is lowest in last three years. Even though this increase is lower it has still widened the gap between domestic and international prices. India wheat FoB at Kandla is ruling around \$312 per tonne compared to \$203.5 per tonne for Russian wheat with 11.5 percent protein content.

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 \$371.00 (Rs 25988.55) per tonne and \$460.88 (Rs 32284.64) 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 23500-2400 per tonne. Therefore, as of now, there is no parity for wheat imports.

All India weekly average prices increased by 2.37 percent to Rs. 2186.54 per quintal during the week ended 23rd October 2019. Wheat average price were ruling at Rs 2135.90 per quintal during 09-15 October 2019. As compared to prices in the week 16-23 October 2018, the prices are firm by 8.35 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.

Wheat MSP for rabi marketing season 2020-21 has been increased by Rs 85 per quintal to Rs 1925 per quintal. The government further said that the increase in MSP is at least 1.5 times of all India weighted average cost of production. This move will motivate farmers to increase sowing of wheat.

As per trade source, India has exported around 10.64 thousand tonnes in the month of September-2019. The quantity in September-2019 was exported at an average FOB of \$ 373.12 per tonne and the major destinations were Nepal, Jordan, UAE and Somalia. Exports are likely to be at lower side as other countries are able to provide quality wheat at competitive prices.

As per market sources, wheat stock in central pool as on 1st October'19 stood at 393.16 lakh tonnes down by 5.24% compared to last month. This quantity is higher by around 10.36% compared to last year for the same month. Government has already applied import duty on wheat to curb imports and provide support to domestic prices. Therefore, government has abundant supplies this year to tackle any unexpected rise in wheat prices by selling more quantity in open market.

As per trade sources, India has imported 588.41 tonnes of Australian wheat during the month of September'19. The wheat has been imported in two lots. The first lot is for 484.74 MT at \$507.50 per tonne and the second lot is for 103.67 MT at \$406.49 per tonne. Both the prices are inclusive of import duty @ 40%. It can be seen that there is no import parity as mill quality and lokwan wheat in south India are being offered around Rs 2400 per quintal and Rs 2600 per quintal respectively. Therefore, the imported wheat is solely for the purpose of mixing to improve the overall quality of wheat.

Wheat WPI has increased from 156.5 in August -2019 to 158.3 in September-2019. Monthly wheat inflation has increased by 1.15 percent in September-2019 compared to previous month. As compared to September -2018 wheat WPI has increased by around 5.67 percent. Wheat WPI is expected to stay steady to firm in coming month.

International Market Update:

GASC has purchased 60000 tonnes of French wheat in a tender. The said quantity was purchased at \$ 214.86 per tonne. The seller was trading house Glencore. The wheat will be shipped during 05-15 December. In its last tender on 16th October GASC purchased 405000 tonnes of wheat.

Black sea milling wheat prices became firm by \$5-7 per tonne at Novorossiysk and \$6-7 per tonne at Odessa port compared to last week. Strong demand and weak supply by farmers supported the prices. As of now Russian milling wheat with 12.5% protein content at Novorossiysk and Odessa port are being quoted at FoB \$207-210/tonne and FoB \$205-209/tonne.

As per latest update, Phillipines has bought 165000 tonnes of feed wheat through tender. The said quantity will be delivered between December'19-February'20. The price range for feed wheat was \$253-255 per tonne C&F. The seller was trading house CBH and the wheat is likely to be sourced from Australia.

The Saudi Arabia Grain Organization has purchased 605000 tonnes wheat through tender. The wheat was bought at an average price of C&F \$242.51 per tonne. The said quantity will arrive at three different ports. Around 370000 tonnes will arrive at Jeddah port, 180000 tonnes at Dammam and the remaining 55000 tonnes at Jizan port. The wheat is expected to arrive in Saudi Arabia during February-March 2020. The seller has the option of selecting origin.

As per the National Australia Bank, wheat output is likely to be around 15.5 MMT well below the market expectation of 19.0 MMT due to third consecutive year of drought. "It is mainly due to heat, dry weather and frost," said Phin Ziebell, agribusiness economist at NAB.

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

Wheat Futures Contact: NCDEX Price							Date:01.11.2019 at 5:00 PM		
Contract Month	+/-	Open	High	Low	Close	Volume	Ch. From previous day	OI	Ch. From previous day
19-Nov	4	2131	2131	2131	2131	70	-60	1620	50
19-Dec	0	2136	2136	2136	2136	0	0	0	0
20-Jan	0	2214	2214	2214	2214	0	0	0	0

Spread	Nov-19	Dec-19	Jan-20
Spot Narella			
19-Nov	-29		
19-Dec		5	
20-Jan			78

Stocks	Demat	In-Process	Total	EDD
	31.Oct.19	31.Oct.19	31.Oct.19	28.Oct.19
Delhi	-	-	-	-
Itarsi	-	-	-	-
Kanpur	-	-	-	-
Kota	12008	0	12008	12217
Baran	-	-	-	-

Wheat Daily Prices and Arrivals on 01.11.2019

Centre	Market	Variety	Prices (Rs/Qtl)		Change
			01-Nov-19	31-Oct-19	
Delhi	Lawrence Road	Mill Delivery	2245	2235	10
	Narella	Mill Quality Loose	2160	2100	60
	Nazafgarh	Mill Quality Loose	2100	2080	20
Gujarat	Rajkot	Mill Delivery	2180	Closed	-
	Ahmedabad	Mill Delivery	2170	Closed	-
	Surat	Mill Delivery	2230	Closed	-
	Dhrol	Mill Quality Loose	2250	Closed	-
M.P.	Indore	Mill Delivery	2230	2230	Unch
	Bhopal	Mill Quality Loose	2100	2100	Unch
Rajasthan	Kota	Mill Quality Loose	2000	1980	20
		Mill Delivery	2150	2160	-10
U.P.	Kanpur	Mill Delivery	2080	2060	20
	Mathura	Mill Quality Loose	NA	NA	-
	Kosi	Mill Quality Loose	2010	2010	Unch
	Hathras	Mill Quality Loose	1960	1965	-5
	Aligarh	Mill Quality Loose	1950	1950	Unch
Punjab	Khanna	Mill Quality Loose	NA	NA	-
	Ludhiana (Jagraon)	Mill Delivery	NA	NA	-
Haryana	Sirsa	Mill Delivery loose	2080	2080	Unch
	Hodal	Mill Delivery	NA	NA	-

	Bhiwani	Mill Quality Loose	2175	2170	5
	Karnal	Mill Delivery	NA	NA	-
	Panipat	Mill Quality Loose	NA	NA	-
Tamil Nadu	Chennai	Mill Quality	2450	2500	-50
	Madurai	Mill Quality	2507	2557	-50
	Coimbatore	Mill Quality	2507	2557	-50
Bihar	Khagariya	Mill Delivery	2100	2100	Unch
	Muzaffarpur	Mill Delivery	2050	2025	25
FOR	Kandla (Rajasthan-Rajkot)	Mill Quality	NA	Closed	-
	Gandhidham (Rajasthan-Rajkot)	Mill Quality	NA	NA	-

Centre	Market	Variety	Prices (Rs/Qtl)		Change
			01-Nov-19	31-Oct-19	
Gujarat	Rajkot	Lokwan	2225	Closed	-
M.P.	Indore	Lokwan	2400	2400	Unch
	Bhopal	Lokwan	2350	2350	Unch
	Bina	Sarbati 306	2700	2700	Unch
Rajasthan	Kota	Lokwan Bilty	2250	2260	-10
	Baran	Lokwan	NA	NA	-

Wheat Arrivals in Key Centers:

Centre	Market	Variety	Arrivals (Bags/Qtl)		Change
			01-Nov-19	31-Oct-19	
Delhi	Lawrence Road	Mill Delivery	4000	6500	-2500
	Narella	Mill Quality Loose	200	300	-100
	Nazafgarh	Mill Quality Loose	100	100	Unch
Gujarat	Rajkot	Mill Quality Loose	500	Closed	-
	Dhrol	Mill Quality Loose	28	Closed	-
M.P.	Indore	Mill Quality Loose	4000	5000	-1000
Rajasthan	Kota	Mill Quality	5000	3000	2000
U.P.	Kanpur	Mill Quality Loose	700	800	-100
	Mathura	Mill Quality Loose	NA	NA	-
	Kosi	Mill Quality Loose	250	200	50
	Hathras	Mill Quality Loose	150	400	-250
	Aligarh	Mill Quality Loose	400	300	100
Punjab	Khanna	Mill Quality Loose	NA	NA	-
	(Ludhiana)Jagraon	Mill Quality Loose	NA	NA	-
Haryana	Sirsa	Mill Quality Loose	300	500	-200
	Hodal	Mill Quality Loose	NA	NA	-
	Bhiwani	Mill Quality Loose	400	300	100

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

Wheat Products Delhi	01-Nov-19	31-Oct-19	Change
Atta (50kg) Ordinary	1200	1200	Unch
Maida Grade 1 (50KG)	1400	1400	Unch
Suji (50kg)	1335	1335	Unch
Chokar (50 kg)	932	932	Unch
Chokar (34 kg)	634	634	Unch
Chakki Atta (50kg)	1362	1362	Unch
Chakki Atta (50kg) Special	1387	1387	Unch
Chakki Atta (90kg) Superfine	2511	2511	Unch
Chakki Atta (50kg) Superfine	1395	1395	Unch

Wheat (CBOT) Future Price: 31.10.2019					
Contract Month	Open	High	Low	Close	Change
19-Dec	510.00	512.25	501.00	508.75	-0.50
20-Mar	515.50	517.75	507.00	514.75	-0.25
20-May	520.50	522.50	512.25	519.25	-0.50
20-Jul	525.00	526.50	516.50	523.25	-1.25
20-Sep	532.25	533.00	524.00	530.00	-2.00
20-Dec	544.00	545.00	535.25	540.75	-2.50

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