

Wheat Domestic Fundamentals:

Demand for domestic wheat is likely to be good in MY 2018-19 as with increase in import duty to 30 percent there is no import parity. Furthermore, Production in exporting countries like Australia and Russia is likely to stay at lower side, which is keeping their export prices at higher side. Prices in Russia have already touched a 40-month high. Therefore, demand for wheat will be, to a large extent, dependent on domestically available wheat.

As per trade sources, import quotes for wheat from various origins to Tuticorin port, witnessed firm tone in the week. As of now Tuticorin port price for ASW is Rs 2245-2255 per quintal and Ukrainian wheat is Rs 2040-2050 per quintal. Wheat supplies are likely to tighten this year. Stock of imported wheat has declined in past months as no quantity has been imported since February 2018 from Australia or Ukraine.

All India weekly average prices decreased by 0.66 percent to Rs. 1898.00 per quintal during the week ended 23rd July 2018. Wheat average price were ruling at Rs 1910.64 per quintal during 09-15 July 2018. As compared to prices in the week 16-23 July 2017, the prices are weak by 0.02 percent. Prices are expected to remain firm in coming days due to increase in import duty and good domestic demand.

As per trade sources, after increase in import duty to 30 percent imports have decreased substantially. India has imported no wheat in the month of June-2018. Imports are expected to be low this year due to good domestic availability and increase in import duty. India has imported around 31000 tonnes in the month of February-2018. Production in exporting countries like Australia and Russia is likely to stay at lower side, which is likely to keep their export prices at higher side. Therefore, demand for wheat will be, to a large extent, dependent on domestically available wheat.

As per trade source, India has exported around 2.17 thousand tonnes in the month of June compared to 2.31 thousand tonnes in May. The quantity in June was exported at an average FOB of \$ 432.95 per tonne and the major destinations were Nepal, UAE, Malaysia, Kuwait and Singapore. Exports are likely to be at lower side as other countries are able to provide quality wheat at competitive prices.

Wheat WPI has increased slightly from 141.7 in May-2018 to 143.1 in June-2018. Monthly wheat inflation has increased by 0.99 percent in June -2018 compared to previous month. As compared to June-2017 wheat WPI has increased by around 5.14 percent. Wheat WPI is expected to stay steady to slightly firm in coming months.

Government agencies have started procurement since 15th March'18. For RMS 2018-19, government has procured around 355.22 lakh tonnes of wheat. Of the total quantity procured, around 126.91 lakh tonnes have been procured from Punjab, 87.39 lakh tonnes from Haryana, 50.88 lakh tonnes from Uttar Pradesh, 72.87 lakh tonnes have been procured from Madhya Pradesh, 15.31 in Rajasthan, 1.09 lakh tonnes from Uttarakhand, 0.14 lakh tonnes from Chandigarh, 0.37 lakh tonnes from Gujarat, 0.25 lakh tonnes from Bihar and 0.01 lakh tonnes from Himachal Pradesh. In Rabi marketing season 2018-19 government has set procurement target of 32 MMT. Government has abundant supplies this year, which will allow it to control any unexpected price rise.

International Market Update:

According to latest update by International Grains Council, the production forecast has been decreased by 16 million tons for crop year 2018-19. The production may touch 721 million tons in 2018-19 against 758 million tons for 2015-16. Lower production forecast for wheat may support global wheat prices.

Wheat Quality Australia (WQA) has downgraded some of its varieties to feed quality. Varieties such as meering, camm, mitre, annuello, mackellar, and H46 will only be received as feed. Furthermore, Australia is likely to produce 22 MMT of wheat in 2018-19 due to dry and hot weather and lower rainfall in east Australia. Australia's exports for 2018-19 are expected to be around 16 MMT. Furthermore, Australia is expected to face strong competition from Black sea region for market share.

Russian milling wheat prices became firm by \$9-10 per tonne at Novorossiysk and \$4-10 per tonne at Odessa compared to last week. Good demand and lower crop size in major producing countries compared to last year is providing support to prices. As per USDA, Russia is expected to produce 67.00 MMT in 2018 compared to 84.99 MMT in 2017. As of now Russian milling wheat with 12.5% protein content at Novorossiysk port is being quoted at FoB \$210.00-215.00/tonne whereas milling wheat whereas wheat with 12.5% protein content at Odessa is being quoted at FoB \$208.00-212.00/tonne.

As per latest update, France is likely to harvest 35.00 MMT of wheat compared to 36.6 MMT last year. Overall crop in EU is expected to be below 130 MMT due to hot and dry weather in northern/central parts of Europe.

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

Wheat Futures Contract: NCDEX Price							Date: 27.07.2018 at 5:00 PM		
Contract Month	Ch. from previous day	Open	High	Low	Close	Volume	Ch. From previous day	OI	Ch. From previous day
18-Aug	+8	1971	1972	1961	1970	550	-510	5960	-80
18-Sep	+2	1985	1990	1982	1989	430	+20	2190	+10
18-Oct	0	2000	2000	1999	2000	60	+40	80	+50

Spread	Aug-18	Sep-18	Oct-18	
Spot Narela				
18-Aug	14			
18-Sep		19		
18-Oct			11	

Stocks	Demat	In- Process	Total	FED
	27.July.18	27.July.18	27.July.18	23.July.18
Delhi	-	-	-	-
Itarsi	-	-	-	-
Kanpur	-	-	-	-
Kota	6095	0	6095	6095
Baran	30	0	30	30

Wheat Daily Prices and Arrivals on 28.07.2018

Centre	Market	Variety	Prices (Rs/Qtl)		Change
			28-Jul-18	27-Jul-18	
Delhi	Lawrence Road	Mill Delivery	2000	1980	20
	Narella	Mill Quality Loose	1850	1825	25
	Nazafgarh	Mill Quality Loose	NA	NA	-
Gujarat	Rajkot	Mill Delivery	Closed	Closed	-
	Ahmedabad	Mill Delivery	2100	2100	Unch
	Surat	Mill Delivery	2125	2125	Unch
	Dhrol	Mill Quality Loose	2080	2015	65
M.P.	Indore	Mill Delivery	Closed	Closed	-
	Bhopal	Mill Quality Loose	1900	1900	Unch
Rajasthan	Kota	Mill Quality Loose	1850	1855	-5
		Mill Delivery	1960	1960	Unch
U.P.	Kanpur	Mill Delivery	1830	1850	-20
	Mathura	Mill Quality Loose	1800	1800	Unch
	Kosi	Mill Quality Loose	Closed	Closed	-
	Hathras	Mill Quality Loose	1800	1800	Unch
	Aligarh	Mill Quality Loose	1800	1840	-40
Punjab	Khanna	Mill Quality Loose	1810	1810	Unch
	Ludhiana (Jagraon)	Mill Delivery	NA	NA	-
Haryana	Sirsa	Mill Delivery loose	1835	1845	-10
	Hodal	Mill Delivery	1920	1920	Unch

	Bhiwani	Mill Quality Loose	1870	1860	10
	Karnal	Mill Delivery	NA	NA	-
	Panipat	Mill Quality Loose	NA	NA	-
Tamil Nadu	Chennai	Mill Quality	2300	2270	30
	Madurai	Mill Quality	2357	2357	Unch
	Coimbatore	Mill Quality	2357	2357	Unch
Bihar	Khagariya	Mill Delivery	1750	1750	Unch
	Muzaffarpur	Mill Delivery	1830	1830	Unch
FOR	Kandla (Rajasthan-Rajkot)	Mill Quality	Closed	Closed	-
	Gandhidham (Rajasthan-Rajkot)	Mill Quality	Closed	Closed	-

Centre	Market	Variety	Prices (Rs/Qtl)		Change
			28-Jul-18	27-Jul-18	
Gujarat	Rajkot	Lokwan	Closed	Closed	-
M.P.	Indore	Lokwan	Closed	Closed	-
	Bhopal	Lokwan	2200	2200	Unch
	Bina	Sarbati 306	Closed	Closed	-
Rajasthan	Kota	LokwanBilty	2000	2000	Unch
	Baran	Lokwan	2000	2000	Unch

Wheat Arrivals in Key Centers:

Centre	Market	Variety	Arrivals (Bags/Qtl)		Change
			28-Jul-18	27-Jul-18	
Delhi	Lawrence Road	Mill Delivery	8000	5000	3000
	Narella	Mill Quality Loose	100	200	-100
	Nazafgarh	Mill Quality Loose	NA	NA	-
Gujarat	Rajkot	Mill Quality Loose	Closed	Closed	-
	Dhrol	Mill Quality Loose	23	21	2
M.P.	Indore	Mill Quality Loose	Closed	Closed	-
Rajasthan	Kota	Mill Quality	600	500	100
U.P.	Kanpur	Mill Quality Loose	600	500	100
	Mathura	Mill Quality Loose	150	200	-50
	Kosi	Mill Quality Loose	Closed	Closed	-
	Hathras	Mill Quality Loose	30	50	-20
	Aligarh	Mill Quality Loose	400	700	-300
Punjab	Khanna	Mill Quality Loose	NA	NA	-
	(Ludhiana)Jagraon	Mill Quality Loose	NA	NA	-
Haryana	Sirsa	Mill Quality Loose	200	150	50
	Hodal	Mill Quality Loose	50	50	Unch
	Bhiwani	Mill Quality Loose	400	700	-300

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

Wheat Products Delhi	28-Jul-18	27-Jul-18	Change
Atta (50kg) Ordinary	1100	1100	Unch
Maida Grade 1 (50KG)	1175	1175	Unch
Suji (50kg)	1250	1250	Unch
Chokar (50 kg)	900	900	Unch
Chokar (34 kg)	615	615	Unch
Chakki Atta (50kg)	1150	1150	Unch
Chakki Atta (50kg) Special	1175	1175	Unch
Chakki Atta (90kg) Superfine	2130	2130	Unch
Chakki Atta (50kg) Superfine	1185	1185	Unch

Wheat (CBOT) Future Price:27.7.2018					
Contract Month	Open	High	Low	Close	Change
18-Sep	536.00	542.00	525.25	530.50	-6.00
18-Dec	556.75	561.25	545.00	550.00	-6.50
19-Mar	571.75	576.50	560.75	566.00	-6.00
19-May	576.25	581.50	567.75	572.25	-5.50
19-Jul	575.25	581.25	568.50	573.50	-3.00
19-Sep	583.00	586.25	575.75	580.25	-2.50

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