

Wheat Domestic Fundamentals:

As per latest update, wheat stock in central pool as on 1st August'18 stood at 405.58 lakh tonnes down by 2.97% compared to last month. This quantity is higher by around 34.93% compared to last year for the same month. Government has surpassed their procurement target of 32 MMT this year. Government has already applied import duty on wheat to curb imports and provide support to domestic prices. The stock position as on 01st August'18 is highest in last four years. Therefore, government has abundant supplies this year to tackle any unexpected rise in wheat prices by selling more quantity in open market.

Wheat WPI has increased slightly from 143.1 in June-2018 to 144.9 in July-2018. Monthly wheat inflation has increased by 1.26 percent in July -2018 compared to previous month. As compared to July-2017 wheat WPI has increased by around 6.31 percent. Wheat WPI is expected to stay steady to slightly firm in coming months.

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 2290-2300 per quintal and Ukrainian wheat is Rs 2080-2100 per quintal. Australian Premium Wheat (APW) is not available in the domestic market. 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 Black sea region.

Wheat prices in Australia and Black sea region have become firm in past weeks. As of now, Russian wheat with 11.5 percent protein content and Australian standard wheat (ASW) is being quoted at \$312 per tonne and \$338 per tonne respectively, after including freight and import duty @30%. Local expenses will make imported wheat more expensive. Therefore, there is no parity for imported wheat as of now. Domestic demand for wheat is good and is likely to increase as lean season progresses.

Wheat price have increased considerably in past weeks. This increase in prices is burdening manufacturers like ITC and Britannia, who may in turn pass this burden onto consumers. Varun Berry, managing director of Britannia Industries said a 3 to 4 percent price increase across categories is on the cards.

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.

Previous Updates:

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.

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:

Egypt, one of the largest importers of wheat, has allowed wheat with 13.5 percent moisture for additional nine months and is effective retroactively from 03rd July'18. Egypt has purchased major quantity from Russia in recent years. However allowing wheat with higher moisture content will benefit other origins, such as France, which produces wheat with higher moisture content.

Western Australia accounts for around 10 MMT of wheat. Eastern Australia has seen driest July since 2002. As per Grain Industry Association of Western Australia, crop condition is near perfect and crops are ahead of where they would normally be in the season. Although wheat crop is now exposed to sudden hot weather or frost in six to seven weeks.

As per latest update, Japan's ministry of agriculture bought 150640 MT of food quality wheat from United States, Canada and Australia. Around 49180 MT has been bought from United States, 65450 MT of western red spring has been bought from Canada and 36010 MT of standard white wheat has been bought from west Australia. Shipments from United States, Canada and Australia will be loaded between Oct 01 and Oct 31, 2018.

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

Wheat Futures Contract: NCDEX Price							Date: 14.08.2018 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	+13	1975	1990	1985	1988	700	+420	2730	0
18-Sep	+4	1989	1990	1984	1990	130	-10	3740	+30
18-Oct	+6	1999	2005	2005	2005	10	-80	590	+10

Spread	Aug-18	Sep-18	Oct-18	
Spot Narela				
18-Aug	108			
18-Sep		2		
18-Oct			15	

Stocks	Demat	In- Process	Total	EDD
	13.Aug.18	13.Aug.18	13.Aug.18	13.Aug.18
Delhi	-	-	-	-
Itarsi	-	-	-	-
Kanpur	-	-	-	-
Kota	6095	0	6095	6095
Baran	30	0	30	30

Wheat Daily Prices and Arrivals on 14.08.2018

Centre	Market	Variety	Prices (Rs/Qtl)		Change
			14-Aug-18	13-Aug-18	
Delhi	Lawrence Road	Mill Delivery	1980	1980	Unch
	Narella	Mill Quality Loose	1880	1880	Unch
	Nazafgarh	Mill Quality Loose	1900	1900	Unch
Gujarat	Rajkot	Mill Delivery	1930	1925	5
	Ahmedabad	Mill Delivery	2030	2070	-40
	Surat	Mill Delivery	2080	2120	-40
	Dhrol	Mill Quality Loose	NA	1995	-
M.P.	Indore	Mill Delivery	1950	1950	Unch
	Bhopal	Mill Quality Loose	2000	2000	Unch
Rajasthan	Kota	Mill Quality Loose	1850	1850	Unch
		Mill Delivery	1960	1960	Unch
U.P.	Kanpur	Mill Delivery	1810	1810	Unch
	Mathura	Mill Quality Loose	1805	1800	5
	Kosi	Mill Quality Loose	1775	1775	Unch
	Hathras	Mill Quality Loose	NR	NR	-
	Aligarh	Mill Quality Loose	1790	1780	10
Punjab	Khanna	Mill Quality Loose	1850	1840	10
	Ludhiana (Jagraon)	Mill Delivery	NA	NA	-
Haryana	Sirsa	Mill Delivery loose	1830	1830	Unch
	Hodal	Mill Delivery	1940	1940	Unch

	Bhiwani	Mill Quality Loose	1870	1860	10
	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	1850	1850	Unch
	Muzaffarpur	Mill Delivery	1850	1850	Unch
FOR	Kandla (Rajasthan-Rajkot)	Mill Quality	NA	NA	-
	Gandhidham (Rajasthan-Rajkot)	Mill Quality	NA	NA	-

Centre	Market	Variety	Prices (Rs/Qtl)		Change
			14-Aug-18	13-Aug-18	
Gujarat	Rajkot	Lokwan	2150	2100	50
M.P.	Indore	Lokwan	2400	2400	Unch
	Bhopal	Lokwan	2200	2200	Unch
	Bina	Sarbati 306	3000	3000	Unch
Rajasthan	Kota	Lokwan Bilty	2100	2100	Unch
	Baran	Lokwan	1990	1990	Unch

Wheat Arrivals in Key Centers:

Centre	Market	Variety	Arrivals (Bags/Qtl)		Change
			14-Aug-18	13-Aug-18	
Delhi	Lawrence Road	Mill Delivery	6500	7000	-500
	Narella	Mill Quality Loose	400	500	-100
	Nazafgarh	Mill Quality Loose	40	150	-110
Gujarat	Rajkot	Mill Quality Loose	800	900	-100
	Dhrol	Mill Quality Loose	NA	13	-
M.P.	Indore	Mill Quality Loose	3000	5000	-2000
Rajasthan	Kota	Mill Quality	3000	2000	1000
U.P.	Kanpur	Mill Quality Loose	500	600	-100
	Mathura	Mill Quality Loose	800	700	100
	Kosi	Mill Quality Loose	500	700	-200
	Hathras	Mill Quality Loose	NR	NR	-
	Aligarh	Mill Quality Loose	700	600	100
Punjab	Khanna	Mill Quality Loose	800	1500	-700
	(Ludhiana)Jagraon	Mill Quality Loose	NA	NA	-
Haryana	Sirsa	Mill Quality Loose	200	300	-100
	Hodal	Mill Quality Loose	50	50	Unch
	Bhiwani	Mill Quality Loose	600	300	300

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

Wheat Products Delhi	14-Aug-18	13-Aug-18	Change
Atta (50kg) Ordinary	1050	1050	Unch
Maida Grade 1 (50KG)	1150	1150	Unch
Suji (50kg)	1225	1225	Unch
Chokar (50 kg)	900	900	Unch
Chokar (34 kg)	615	615	Unch
Chakki Atta (50kg)	1100	1100	Unch
Chakki Atta (50kg) Special	1125	1125	Unch
Chakki Atta (90kg) Superfine	2045	2045	Unch
Chakki Atta (50kg) Superfine	1135	1135	Unch

Wheat (CBOT) Future Price: 13.08.2018					
Contract Month	Open	High	Low	Close	Change
18-Sep	546.50	549.75	530.50	533.50	-13.25
18-Dec	569.50	572.25	552.00	553.50	-16.00
19-Mar	590.25	594.00	573.75	575.50	-15.50
19-May	598.75	602.75	583.75	585.25	-13.50
19-Jul	591.00	595.25	579.25	581.25	-9.50
19-Sep	601.75	601.75	586.25	588.25	-9.50

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