

Wheat Domestic Fundamentals:

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.

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 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. Furthermore, 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.

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.

IMD has already issued its forecast for normal monsoon during June-September'18 and rainfall is expected to be 97% of the LPA. However, IMD may downgrade its forecast for Monsoon during August and September which will eventually lead to fall in the prediction for entire season. Below normal monsoon will lead to lower soil moisture, which in turn will slightly affect yield of wheat during rabi season.

Previous Updates:

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:

As on 13th August, US have harvested 94 percent of winter wheat and 35 percent of spring wheat. Harvest in Ukraine is nearly complete and farmers have harvested around 24.9 MMT of wheat in 2018-19. In Saskatchewan, around 24 percent and 3 percent of winter wheat and durum wheat has been harvested respectively. As per Buenos Aires grain exchange wheat planted area in Argentina has increased by 7 percent compared to 6.1 million acres last year. Global wheat crop is expected to be lower this year, which is likely to provide support to global wheat prices.

Wheat crops have suffered in Northern Europe, Australia, Canada and Russia due to unfavourable weather conditions. USDA expects world production is likely to be around 729.63 MMT in 2018-19 compared to 758 MMT last year. Strategie Grains have lowered forecast for soft wheat in Europe from 130 MMT to 127.7 MMT. As per USDA, Russia's wheat crop is expected to be around 68 MMT down from 85 MMT last year. USDA did not change forecast for Australia but private forecasters believe the crop to be around 20 MMT. Lower availability will support global wheat prices.

Russian milling wheat prices became weak by \$2-3 per tonne at Novorossiysk and \$2-3 per tonne at Odessa compared to last week. After surge in prices during past weeks, prices have started easing. As per USDA, Russia is expected to produce 68.00 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 \$228.00-232.00/tonne whereas milling wheat whereas wheat with 12.5% protein content at Odessa is being quoted at FoB \$228.00-232.00/tonne.

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

Wheat Futures Contract: NCDEX Price							Date: 17.08.2018 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-Sep	+5	1982	1985	1981	1985	330	-160	4120	-20
18-Oct	+4	1991	1995	1995	1995	10	-20	590	-10
18-Nov	+3	2002	2002	2002	2005	0	0	0	0

Spread	Sep-18	Oct-18	Nov-18	
Spot Narela				
18-Sep	95			
18-Oct		10		
18-Nov			10	

Stocks	Demat	In- Process	Total	EDD
	17.Aug.18	17.Aug.18	17.Aug.18	13.Aug.18
Delhi	-	-	-	-
Itarsi	-	-	-	-
Kanpur	-	-	-	-
Kota	6533	179	6712	6095
Baran	30	0	30	30

Wheat Daily Prices and Arrivals on 18.08.2018

Centre	Market	Variety	Prices (Rs/Qtl)		Change
			18-Aug-18	17-Aug-18	
Delhi	Lawrence Road	Mill Delivery	1970	1970	Unch
	Narella	Mill Quality Loose	1890	1890	Unch
	Nazafgarh	Mill Quality Loose	1880	1880	Unch
Gujarat	Rajkot	Mill Delivery	1925	Closed	-
	Ahmedabad	Mill Delivery	2080	Closed	-
	Surat	Mill Delivery	2120	Closed	-
	Dhrol	Mill Quality Loose	NA	2000	-
M.P.	Indore	Mill Delivery	1950	Closed	-
	Bhopal	Mill Quality Loose	1950	Closed	-
Rajasthan	Kota	Mill Quality Loose	1850	1850	Unch
		Mill Delivery	1950	1950	Unch
U.P.	Kanpur	Mill Delivery	1815	1815	Unch
	Mathura	Mill Quality Loose	1800	1800	Unch
	Kosi	Mill Quality Loose	1785	1785	Unch
	Hathras	Mill Quality Loose	1800	1800	Unch
	Aligarh	Mill Quality Loose	1785	1780	5
Punjab	Khanna	Mill Quality Loose	1850	1850	Unch
	Ludhiana (Jagraon)	Mill Delivery	NA	NA	-
Haryana	Sirsa	Mill Delivery loose	1830	1830	Unch
	Hodal	Mill Delivery	1940	1940	Unch

	Bhiwani	Mill Quality Loose	1850	Closed	-
	Karnal	Mill Delivery	NA	NA	-
	Panipat	Mill Quality Loose	NA	NA	-
Tamil Nadu	Chennai	Mill Quality	2300	2300	Unch
	Madurai	Mill Quality	2357	2357	Unch
	Coimbatore	Mill Quality	2357	2357	Unch
Bihar	Khagariya	Mill Delivery	1700	1750	-50
	Muzaffarpur	Mill Delivery	1825	1850	-25
FOR	Kandla (Rajasthan-Rajkot)	Mill Quality	NA	Closed	-
	Gandhidham (Rajasthan-Rajkot)	Mill Quality	NA	Closed	-

Centre	Market	Variety	Prices (Rs/Qtl)		Change
			18-Aug-18	17-Aug-18	
Gujarat	Rajkot	Lokwan	2100	Closed	-
M.P.	Indore	Lokwan	2400	Closed	-
	Bhopal	Lokwan	2150	Closed	-
	Bina	Sarbati 306	3000	Closed	-
Rajasthan	Kota	Lokwan Bilty	2050	2050	Unch
	Baran	Lokwan	1975	1960	15

Wheat Arrivals in Key Centers:

Centre	Market	Variety	Arrivals (Bags/Qtl)		Change
			18-Aug-18	17-Aug-18	
Delhi	Lawrence Road	Mill Delivery	8000	8500	-500
	Narella	Mill Quality Loose	300	300	Unch
	Nazafgarh	Mill Quality Loose	100	100	Unch
Gujarat	Rajkot	Mill Quality Loose	1200	Closed	-
	Dhrol	Mill Quality Loose	NA	7	-
M.P.	Indore	Mill Quality Loose	2500	Closed	-
Rajasthan	Kota	Mill Quality	1000	1000	Unch
U.P.	Kanpur	Mill Quality Loose	500	500	Unch
	Mathura	Mill Quality Loose	700	800	-100
	Kosi	Mill Quality Loose	500	300	200
	Hathras	Mill Quality Loose	300	350	-50
	Aligarh	Mill Quality Loose	500	600	-100
Punjab	Khanna	Mill Quality Loose	NA	500	-
	(Ludhiana)Jagraon	Mill Quality Loose	NA	NA	-
Haryana	Sirsa	Mill Quality Loose	300	300	Unch
	Hodal	Mill Quality Loose	50	50	Unch
	Bhiwani	Mill Quality Loose	400	Closed	-

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

Wheat Products Delhi	18-Aug-18	17-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: 17.08.2018					
Contract Month	Open	High	Low	Close	Change
18-Sep	542.25	563.00	535.00	560.50	18.25
18-Dec	562.00	582.75	555.00	579.75	17.75
19-Mar	585.00	604.25	578.50	601.50	16.75
19-May	596.00	614.25	590.00	611.00	15.00
19-Jul	587.75	604.50	582.00	596.75	8.25
19-Sep	595.50	610.75	589.50	603.00	7.50

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