

Wheat Domestic Fundamentals:

Wheat September future contract touched a high of Rs 2047 per quintal due to good domestic demand and no imports since March until July-18. Furthermore, lean season is likely to provide support to domestic prices. In near future wheat prices are likely to touch Rs 2100 per quintal. Government has ample stocks to control any unexpected surge in prices.

All India average monthly prices for wheat increased by 4.27 percent from Rs 1894.67 in July -2018 to Rs 1986.98 per qtl in August-2018. Average price in August is higher by 2.70 percent compared to Rs 1934.74 per quintal registered in August-2017. Prices are expected to trade steady to firm due to good demand in domestic market.

Supply side for FAQ is likely to be good as ample stock is available in domestic market due to good production and imports. Government has procured intensively and surpassed its procurement target of 32 MMT. Demand from south Indian millers is likely to pick up during lean season after application of 30% import duty. No import parity has also increased demand for domestic wheat.

As per trade sources imported wheat from various origins to Tuticorin port witnessed firm tone in the week. As of now Ukrainian wheat is Rs 2120-2130 per quintal. Australian Standard Wheat (ASW) and Australian Premium Wheat (APW) is not available in the domestic market. Stock of imported wheat has declined in past months as no quantity has been imported since February 2018 from Australia or Black sea region.

Government has offered 10636250 tonnes of wheat in OMSS since July until third tender in August out of which 470950 tonnes was sold. Total numbers of rakes sold were 3. State government and bulk consumers bought 197700 tonnes and 265300 tonnes of wheat respectively. 7950 tonnes was sold in dedicated movement. Government will sell wheat in open market at a reserve price of Rs 1900 per quintal in the second quarter i.e. July-September. For third and fourth quarter prices will be Rs 1925 per quintal and Rs 1950 per quintal respectively.

As per fourth advance estimate, wheat production has been pegged at 99.70 MMT compared to 98.61 MMT in its third advance estimate issued in the month of May-2018. Total food grain output is expected to be around 284.43 MMT compared to 279.51 MMT in earlier estimate.

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 July-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. As of now there is no import parity.

As per trade source, India has exported around 0.72 thousand tonnes in the month of July compared to 2.17 thousand tonnes in June. The quantity in July was exported at an average FOB of \$ 565.92 per tonne and the major destinations were Somalia, Sri Lanka, Nepal, UAE, Malaysia, Kuwait and Saudi Arabia. Exports are likely to be at lower side as other countries are able to provide quality wheat at competitive prices.

Previous Updates:

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 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.

International Market Update:

Russian milling wheat prices became weak by \$5 per tonne at Novorossiysk and \$4-5 per tonne at Odessa compared to last week. Russia doesn't have any plan to curb export of grains as of now. Furthermore, importers are expecting prices to ease down a little more. 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 \$215.00-221.00/tonne whereas milling wheat with 12.5% protein content at Odessa is being quoted at FoB \$216.00-221.00/tonne.

The Russian agriculture ministry has made it clear that it doesn't have any plan to curb export of grains as of now. This has led the grains market to ease a little bit. However, Russia has imposed complete export bans and duties in past years.

As per latest update, Japan's ministry of agriculture bought 107965 MT of food quality wheat from United States and Canada. Around 54412 MT has been bought from United States and 53553 MT of western red spring has been bought from Canada. Shipments from United States and Canada will be loaded between Oct 21 and Nov 20, 2018.

Egypt has purchased 60000 tonnes of Russian wheat through tender. Garant offered 60000 tonnes of Russian wheat at FOB \$217.90/tonne. The said quantities are to be delivered during 21-30 October-2018. In its previous tender on 28th August 2018, Egypt has bought 350000 tonnes of wheat from Russia and Ukraine.

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

Wheat Futures Contact: NCDEX Price							Date: 07.09.2018 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	+1	2047	2047	2020	2030	710	+50	2130	-540
18-Oct	+8	2012	2027	2012	2027	670	+190	1740	+510
18-Nov	0	2003	2003	2003	2003	0	0	0	0

Spread	Sep-18	Oct-18	Nov-18	
Spot Narela				
18-Sep	180			
18-Oct		-3		
18-Nov			-24	

Stocks	Demat	In- Process	Total	EDD
	06.Sep.18	06.Sep.18	06.Sep.18	03.Sep.18
Delhi	-	-	-	-
Itarsi	-	-	-	-
Kanpur	-	-	-	-
Kota	6712	0	6712	6712
Baran	30	0	30	30

Wheat Daily Prices and Arrivals on 07.09.2018

Centre	Market	Variety	Prices (Rs/Qtl)		Change
			7-Sep-18	6-Sep-18	
Delhi	Lawrence Road	Mill Delivery	2000	1990	10
	Narella	Mill Quality Loose	1860	1850	10
	Nazafgarh	Mill Quality Loose	1900	1900	Unch
Gujarat	Rajkot	Mill Delivery	Closed	Closed	-
	Ahmedabad	Mill Delivery	Closed	Closed	-
	Surat	Mill Delivery	Closed	Closed	-
	Dhrol	Mill Quality Loose	Closed	Closed	-
M.P.	Indore	Mill Delivery	Closed	Closed	-
	Bhopal	Mill Quality Loose	1975	Closed	-
Rajasthan	Kota	Mill Quality Loose	1850	Closed	-
		Mill Delivery	1950	Closed	-
U.P.	Kanpur	Mill Delivery	1820	1820	Unch
	Mathura	Mill Quality Loose	1815	1810	5
	Kosi	Mill Quality Loose	1910	NA	-
	Hathras	Mill Quality Loose	1810	Closed	-
	Aligarh	Mill Quality Loose	1825	Closed	-
Punjab	Khanna	Mill Quality Loose	1840	1820	20
	Ludhiana (Jagraon)	Mill Delivery	NA	NA	-
Haryana	Sirsa	Mill Delivery loose	1825	1825	Unch
	Hodal	Mill Delivery	1940	1940	Unch

	Bhiwani	Mill Quality Loose	1860	1850	10
	Karnal	Mill Delivery	NA	NA	-
	Panipat	Mill Quality Loose	NA	NA	-
Tamil Nadu	Chennai	Mill Quality	2350	Closed	-
	Madurai	Mill Quality	2407	Closed	-
	Coimbatore	Mill Quality	2407	Closed	-
Bihar	Khagariya	Mill Delivery	1800	1800	Unch
	Muzaffarpur	Mill Delivery	1820	1820	Unch
FOR	Kandla (Rajasthan-Rajkot)	Mill Quality	Closed	Closed	-
	Gandhidham (Rajasthan-Rajkot)	Mill Quality	Closed	Closed	-

Centre	Market	Variety	Prices (Rs/Qtl)		Change
			7-Sep-18	6-Sep-18	
Gujarat	Rajkot	Lokwan	Closed	Closed	-
M.P.	Indore	Lokwan	Closed	Closed	-
	Bhopal	Lokwan	2150	Closed	-
	Bina	Sarbati 306	2850	Closed	-
Rajasthan	Kota	Lokwan Bilty	2100	Closed	-
	Baran	Lokwan	1990	Closed	-

Wheat Arrivals in Key Centers:

Centre	Market	Variety	Arrivals (Bags/Qtl)		Change
			7-Sep-18	6-Sep-18	
Delhi	Lawrence Road	Mill Delivery	7000	8000	-1000
	Narella	Mill Quality Loose	250	400	-150
	Nazafgarh	Mill Quality Loose	100	150	-50
Gujarat	Rajkot	Mill Quality Loose	Closed	Closed	-
	Dhrol	Mill Quality Loose	Closed	Closed	-
M.P.	Indore	Mill Quality Loose	Closed	Closed	-
Rajasthan	Kota	Mill Quality	800	Closed	-
U.P.	Kanpur	Mill Quality Loose	500	500	Unch
	Mathura	Mill Quality Loose	100	250	-150
	Kosi	Mill Quality Loose	250	NA	-
	Hathras	Mill Quality Loose	70	Closed	-
	Aligarh	Mill Quality Loose	250	Closed	-
Punjab	Khanna	Mill Quality Loose	600	600	Unch
	(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	600	Unch

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

Wheat Products Delhi	7-Sep-18	6-Sep-18	Change
Atta (50kg) Ordinary	1050	1050	Unch
Maida Grade 1 (50KG)	1150	1150	Unch
Suji (50kg)	1200	1200	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: 06.09.2018					
Contract Month	Open	High	Low	Close	Change
18-Sep	490.00	492.25	486.00	486.00	-7.75
18-Dec	522.00	524.50	512.50	513.75	-8.00
19-Mar	543.25	544.75	533.75	535.00	-7.50
19-May	557.25	558.25	547.50	549.00	-7.50
19-Jul	554.00	555.00	545.00	547.25	-6.00
19-Sep	565.00	565.50	555.75	557.75	-7.00

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