

Wheat Domestic Fundamentals:

Wheat prices are moving towards MSP as arrival pressure is increasing. Demand from millers is low due to high moisture content. Dry weather has impacted sowing in Gujarat and Maharashtra. However traders expect this decline would be offset by favourable weather conditions in major producing states such as Uttar Pradesh, Madhya Pradesh, Rajasthan, Punjab and Haryana. Traders are expecting wheat crop to be around 95 MMT compared to ministry of agriculture's forecast of 99.12 MMT.

All India weekly average prices decreased by 5.99 percent to Rs. 2016.08 per quintal during the week ended 28th February 2019. Wheat average price were ruling at Rs 2144.46 per quintal during 16-23 February 2019. As compared to prices in the week 24-28 February 2018, the prices are firm by 14.07 percent. Prices are expected to remain weak in coming days due to abundant availability in domestic market.

Western disturbance accompanied with other climate factors has led to an extended winter. More rains have been experienced in Rajasthan, Punjab, Haryana, Madhya Pradesh and Western Uttar Pradesh. Reports of flattening or damage to Rabi crops have been received but the actual impact is still being assessed. However these showers are not expected to cause any extensive damage. Weather, in general, has been favorable for wheat crop and a good harvest can be expected in MY 2019-20.

India mainly imports from Australia and Russia. Wheat prices have become weak in both the countries. As of now, Russian wheat with 12.5 percent protein content and Australian premium wheat (APW) is being quoted at \$345.80 (Rs 24485) per tonne and \$333.22 (Rs 23600) per tonne respectively, after including freight and import duty @30%. Local expenses will further add to cost. Whereas wheat mill quality price in Chennai and Coimbatore is ruling around Rs 23000 per tonne and Rs 23500 per tonne respectively.

Wheat market is likely to remain weak in upcoming days due to ample availability in domestic market and expectation of good production in MY 2019-20. Despite abundant availability India was not able to export much as other countries are able to provide wheat at lower prices. Imports remained at lower side in MY 2018-2019.

As per latest update, area sown until 22nd February-19 is 299.68 lakh hectares compared to 300.12 lakh hectares in the previous Rabi season. The normal area is 306.29 lakh hectares. Acreage of wheat in Madhya Pradesh is higher as farmers have shifted from chickpea. This year, as on 01st February-19, farmers have sowed 60.00 lakh hectares of wheat in Madhya Pradesh compared to 53.16 Lakh hectares last year on same date. Lower acreage was reported in Maharashtra and Gujarat due to low availability of water.

As per trade source, India has exported around 4.51 thousand tonnes in the month of January-2019. The quantity in January-2019 was exported at an average FOB of \$ 375.89 per tonne and the major destinations were Nepal, 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 trade sources, after increase in import duty to 30 percent imports have decreased substantially. India has imported no wheat in the month of January-19. Imports are expected to be low this year due to good domestic availability and increase in import duty. India has imported around 1000 tonnes in the month of September-2018.

Previous Updates:

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.

International Market Update:

Russian milling wheat prices became weak by \$3 per tonne at Novorossiysk and \$2-4 per tonne at Odessa compared to last week. Wheat prices were weak due to weak export demand as buyers have started buying from Argentina, USA and France. As per IGC, Russia is expected to produce 71.60 MMT in 2018-19 compared to 85.10 MMT in 2017-18. As of now Russian milling wheat with 12.5% protein content at Novorossiysk port is being quoted at FoB \$233.00-236.00/tonne and milling wheat with 12.5% protein content at Odessa is being quoted at FoB \$233.00-237.00/tonne.

Sudan is expecting to buy 9 LMT of wheat from local farmers, which will meet around 42% of country's wheat demand. The purchase price will be \$38.95 per sack. Sudan has already faced anti-government protests after increase in bread prices.

Dry spell in Australia is likely to continue in coming months. This will lead to lower yields for wheat and ultimately resulting in third consecutive year of low production. Lower production in Australia is likely to keep global prices afloat.

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

| Wheat Futures Contact: NCDEX Price | | | | | | | Date:06.03.2019 at 5:00 PM | | |
|------------------------------------|-----------------------|------|------|------|-------|--------|----------------------------|-----|-----------------------|
| Contract Month | Ch. from previous day | Open | High | Low | Close | Volume | Ch. From previous day | OI | Ch. From previous day |
| 19-Mar | 0 | 1900 | 1928 | 1900 | 1900 | 30 | +20 | 60 | -10 |
| 19-Apr | +5 | 1862 | 1862 | 1862 | 1862 | 20 | -10 | 140 | +10 |
| 19-May | 0 | 1862 | 1862 | 1862 | 1862 | 0 | 0 | 0 | 0 |

| Spread | Mar-19 | Apr-19 | May-19 |
|--------------|--------|--------|--------|
| Spot Narella | | | |
| 19-Mar | -180 | | |
| 19-Apr | | -38 | |
| 19-May | | | - |

| Stocks | Demat | In-Process | Total | EDD |
|--------|----------|------------|----------|----------|
| | 5.Mar.19 | 5.Mar.19 | 5.Mar.19 | 4.Mar.19 |
| Delhi | - | - | - | - |
| Itarsi | - | - | - | - |
| Kanpur | - | - | - | - |
| Kota | NA | NA | NA | NA |
| Baran | - | - | - | - |

Wheat Daily Prices and Arrivals on 06.03.2019

| Centre | Market | Variety | Prices (Rs/Qtl) | | Change |
|-----------|--------------------|---------------------|-----------------|----------|--------|
| | | | 6-Mar-19 | 5-Mar-19 | |
| Delhi | Lawrence Road | Mill Delivery | 2100 | 2100 | Unch |
| | Narella | Mill Quality Loose | Closed | 2080 | - |
| | Nazafgarh | Mill Quality Loose | Closed | 1950 | - |
| Gujarat | Rajkot | Mill Delivery | 1850 | 1850 | Unch |
| | Ahmedabad | Mill Delivery | 2000 | 2100 | -100 |
| | Surat | Mill Delivery | 2050 | 2125 | -75 |
| | Dhrol | Mill Quality Loose | 1905 | 2050 | -145 |
| M.P. | Indore | Mill Delivery | Closed | 1950 | - |
| | Bhopal | Mill Quality Loose | Closed | 1925 | - |
| Rajasthan | Kota | Mill Quality Loose | Closed | 1950 | - |
| | | Mill Delivery | Closed | 2050 | - |
| U.P. | Kanpur | Mill Delivery | 2100 | 2050 | 50 |
| | Mathura | Mill Quality Loose | 1940 | 1960 | -20 |
| | Kosi | Mill Quality Loose | 2040 | 2050 | -10 |
| | Hathras | Mill Quality Loose | 2100 | NA | - |
| | Aligarh | Mill Quality Loose | Closed | 1970 | - |
| Punjab | Khanna | Mill Quality Loose | 1930 | 1950 | -20 |
| | Ludhiana (Jagraon) | Mill Delivery | NA | NA | - |
| Haryana | Sirsa | Mill Delivery loose | 1915 | 1910 | 5 |
| | Hodal | Mill Delivery | 2050 | 2050 | Unch |

| | | | | | |
|------------|-------------------------------|--------------------|--------|------|------|
| | Bhiwani | Mill Quality Loose | 2000 | 2000 | Unch |
| | Karnal | Mill Delivery | NA | NA | - |
| | Panipat | Mill Quality Loose | NA | NA | - |
| Tamil Nadu | Chennai | Mill Quality | Closed | 2300 | - |
| | Madurai | Mill Quality | Closed | 2357 | - |
| | Coimbatore | Mill Quality | Closed | 2357 | - |
| Bihar | Khagariya | Mill Delivery | 2100 | 2100 | Unch |
| | Muzaffarpur | Mill Delivery | 2125 | 2125 | Unch |
| FOR | Kandla (Rajasthan-Rajkot) | Mill Quality | NA | NA | - |
| | Gandhidham (Rajasthan-Rajkot) | Mill Quality | NA | NA | - |

| Centre | Market | Variety | Prices (Rs/Qtl) | | Change |
|-----------|--------|--------------|-----------------|----------|--------|
| | | | 6-Mar-19 | 5-Mar-19 | |
| Gujarat | Rajkot | Lokwan | 2000 | 2000 | Unch |
| M.P. | Indore | Lokwan | Closed | 2050 | - |
| | Bhopal | Lokwan | Closed | 2200 | - |
| | Bina | Sarbati 306 | Closed | 2500 | - |
| Rajasthan | Kota | Lokwan Bilty | Closed | 2150 | - |
| | Baran | Lokwan | Closed | Closed | - |

Wheat Arrivals in Key Centers:

| Centre | Market | Variety | Arrivals (Bags/Qtl) | | Change |
|-----------|-------------------|--------------------|---------------------|----------|--------|
| | | | 6-Mar-19 | 5-Mar-19 | |
| Delhi | Lawrence Road | Mill Delivery | 7000 | 6500 | 500 |
| | Narella | Mill Quality Loose | Closed | 400 | - |
| | Nazafgarh | Mill Quality Loose | Closed | 50 | - |
| Gujarat | Rajkot | Mill Quality Loose | 2500 | 3000 | -500 |
| | Dhrol | Mill Quality Loose | 21 | 27 | -6 |
| M.P. | Indore | Mill Quality Loose | Closed | 16000 | - |
| Rajasthan | Kota | Mill Quality | Closed | 3000 | - |
| U.P. | Kanpur | Mill Quality Loose | 600 | 500 | 100 |
| | Mathura | Mill Quality Loose | 450 | 300 | 150 |
| | Kosi | Mill Quality Loose | 350 | 270 | 80 |
| | Hathras | Mill Quality Loose | 50 | NA | - |
| | Aligarh | Mill Quality Loose | Closed | 100 | - |
| Punjab | Khanna | Mill Quality Loose | 500 | 500 | Unch |
| | (Ludhiana)Jagraon | Mill Quality Loose | NA | NA | - |
| Haryana | Sirsa | Mill Quality Loose | 200 | 200 | Unch |
| | Hodal | Mill Quality Loose | 50 | 50 | Unch |
| | Bhiwani | Mill Quality Loose | 200 | 400 | -200 |

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

| Wheat Products Delhi | 6-Mar-19 | 5-Mar-19 | Change |
|------------------------------|----------|----------|--------|
| Atta (50kg) Ordinary | 1230 | 1230 | Unch |
| Maida Grade 1 (50KG) | 1190 | 1190 | Unch |
| Suji (50kg) | 1270 | 1270 | Unch |
| Chokar (50 kg) | 840 | 840 | Unch |
| Chokar (34 kg) | 565 | 565 | Unch |
| Chakki Atta (50kg) | 1350 | 1350 | Unch |
| Chakki Atta (50kg) Special | 1370 | 1370 | Unch |
| Chakki Atta (90kg) Superfine | 2460 | 2460 | Unch |
| Chakki Atta (50kg) Superfine | 1390 | 1390 | Unch |

| Wheat (CBOT) Future Price: 05.03.2019 | | | | | |
|---------------------------------------|--------|--------|--------|--------|--------|
| Contract Month | Open | High | Low | Close | Change |
| 19-Mar | 446.00 | 454.25 | 446.00 | 454.25 | 7.50 |
| 19-May | 457.00 | 464.00 | 453.00 | 462.75 | 7.25 |
| 19-Jul | 461.25 | 469.50 | 458.50 | 468.00 | 7.00 |
| 19-Sep | 471.25 | 477.75 | 467.75 | 476.50 | 6.25 |
| 19-Dec | 485.50 | 492.25 | 482.75 | 491.00 | 6.00 |
| 20-Mar | 498.00 | 504.25 | 495.25 | 503.00 | 5.75 |

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