

Wheat Domestic Fundamentals:

FCI will sell wheat in the open market at a reserve price of Rs 2080 per quintal during the procurement period April-June and this price will be increased by Rs 55 per quintal in subsequent quarters. This reserve price is valid for Punjab, Haryana and Madhya Pradesh. For other states, railway freight (Ex-Ludhiana) and road transport cost will be added to the reserve price of the nearest depot. Reserve price for MY 2019-20 is higher by Rs 240 per quintal compared to MSP. Therefore private millers/traders may try to buy as much quantity as possible to during procurement season to avoid paying a higher price later.

Wheat market is expected to trade steady to slightly firm due to increase in import duty and likely reduction in arrival pressure in upcoming weeks. Increase in import duty is likely to put a complete halt on imports in MY 2019-20. Availability in domestic market is sufficient to meet domestic demand.

Government agencies have started procurement. Until 03rd May'19 government has procured around 242.52 lakh tonnes of wheat. Of the total quantity procured, around 99.76 lakh tonnes have been procured from Punjab, 82.11 lakh tonnes from Haryana, 12.30 lakh tonnes from Uttar Pradesh, 42.05 lakh tonnes from Madhya Pradesh, 5.93 lakh tonnes from Rajasthan, 0.22 lakh tonnes from Uttarakhand, 0.11 lakh tonnes from Chandigarh and 0.04 lakh tonnes from Gujarat. In Rabi marketing season 2019-20 government has set procurement target of 35.70 MMT.

All India weekly average prices increased by 1.94 percent to Rs. 2045.95 per quintal during the week ended 31st April 2019. Wheat average price were ruling at Rs 2007.07 per quintal during 16-23 April 2019. As compared to prices in the week 24-31 April 2018, the prices are firm by 7.03 percent. Prices are expected to remain steady to slightly firm in coming weeks due to hike in import duty and decrease in arrival pressure.

Wheat arrivals in Punjab have crossed 10 LMT in past 3-4 days and the state may see record wheat procurement this year. Until 30th April'19 state agency and FCI have procured 75.55 lakh tonnes of wheat in Punjab. Around 60 percent of the wheat crop has already arrived in Punjab Mandis. Increase in temperature fastened the maturity of wheat crop and led to upsurge in pace of harvest and arrivals in Punjab Mandis.

Government has increased import duty on wheat from 30 percent to 40 percent. This is done to make sure that there is no window left for cheaper imports. Three consecutive good production years have led to ample availability in the domestic market. Furthermore, it will also provide support to government in offloading wheat stocks as without any import parity private traders/millers will buy from FCI.

As per latest update the central government has accepted Chief Minister Captain Amarinder Singh's request to relax wheat specifications for procuring in MY 2019-20 due to luster loss in past weeks. The relaxation is applicable with immediate effect. District wise percentage relaxation has also been allowed. In Bathinda, Faridkot, Mukhtsar and Ferozepur percentage relaxation of up to 50 percentage has been provided, while Fazilka and Hoshiarpur received a relaxation of up to 75 percentage.

India mainly imports from Australia and Russia. Wheat prices remained weak in past week. As of now, Russian wheat with 12.5 percent protein content and Australian premium wheat (APW) is being quoted at \$328.90 (Rs 23069.05) per tonne and \$309.34 (Rs 21697.67) 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 21500 per tonne and Rs 22000 per tonne respectively.

As per trade source, India has exported around 10.69 thousand tonnes in the month of March-2019. The quantity in March-2019 was exported at an average FOB of \$ 341.00 per tonne and the major destinations were Nepal, UAE and Sri Lanka. Exports are likely to be at lower side as other countries are able to provide quality wheat at competitive prices.

International Market Update:

Favorable weather during spring season in black sea region has increased the probability of bumper grain harvest. The level of soil moisture is good in major grain producing regions. As per IGC, Russia and Ukraine are expected to produce 79.50 MMT and 27.50 MMT of wheat in 2019-20. Black sea is likely to dominate global exports in 2019-20.

Australia has started sowing wheat in dry soil conditions for the third consecutive year. If the current weather condition persists, wheat production will be around 18.00 MMT. However wheat prices will not spike due to ample availability in global market. Traditional buyer of Australian wheat, such as Indonesia, have turned to Russia and Ukraine to secure supplies.

Algeria state grains agency OAIC has bought around 200000 tonnes of durum wheat in a tender that closed on Wednesday. The prices paid were in the range of \$268.00 - \$270.00 per tonne (Cost and Freight). Most of the quantity is expected to be sourced from Canada. Algeria does not disclose the results of its tenders and purchase reports are based on trade assessments. The quantity is to be shipped between in the month of June.

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

Wheat Futures Contact: NCDEX Price							Date:03.05.2019 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-May	1	1892	1907	1892	1901	3490	-2,140	10900	1,900
19-Jun	5	1926	1930	1920	1931	0	-180	580	0
19-Jul	5	1926	1926	1926	1931	0	0	0	0

Spread	May-19	June-19	July-19
Spot Narella			
19-May	51		
19-Jun		30	
19-Jul			0

Stocks	Demat	In-Process	Total	EDD
	03.May.19	03.May.19	03.May.19	29.Apr.19
Delhi	-	-	-	-
Itarsi	-	-	-	-
Kanpur	-	-	-	-
Kota	4840	1526	6366	4054
Baran	-	-	-	-

Wheat Daily Prices and Arrivals on 04.05.2019

Centre	Market	Variety	Prices (Rs/Qtl)		Change
			4-May-19	3-May-19	
Delhi	Lawrence Road	Mill Delivery	1920	1900	20
	Narella	Mill Quality Loose	1850	1840	10
	Nazafgarh	Mill Quality Loose	1800	1780	20
Gujarat	Rajkot	Mill Delivery	1910	1910	Unch
	Ahmedabad	Mill Delivery	1960	1960	Unch
	Surat	Mill Delivery	2010	2010	Unch
	Dhrol	Mill Quality Loose	2255	2320	-65
M.P.	Indore	Mill Delivery	Closed	1850	-
	Bhopal	Mill Quality Loose	Closed	1750	-
Rajasthan	Kota	Mill Quality Loose	1800	1800	Unch
		Mill Delivery	1950	1950	Unch
U.P.	Kanpur	Mill Delivery	1790	1790	Unch
	Mathura	Mill Quality Loose	1700	1740	-40
	Kosi	Mill Quality Loose	1780	1770	10
	Hathras	Mill Quality Loose	1740	1740	Unch
	Aligarh	Mill Quality Loose	1740	1725	15
Punjab	Khanna	Mill Quality Loose	1840	1840	Unch
	Ludhiana (Jagraon)	Mill Delivery	1865	1865	Unch
Haryana	Sirsa	Mill Delivery loose	1840	1840	Unch
	Hodal	Mill Delivery	NA	NA	-

	Bhiwani	Mill Quality Loose	1840	1840	Unch
	Karnal	Mill Delivery	NA	NA	-
	Panipat	Mill Quality Loose	1840	1840	Unch
Tamil Nadu	Chennai	Mill Quality	2250	2250	Unch
	Madurai	Mill Quality	2307	2307	Unch
	Coimbatore	Mill Quality	2307	2307	Unch
Bihar	Khagariya	Mill Delivery	1700	1700	Unch
	Muzaffarpur	Mill Delivery	1775	1775	Unch
FOR	Kandla (Rajasthan-Rajkot)	Mill Quality	NA	NA	-
	Gandhidham (Rajasthan-Rajkot)	Mill Quality	NA	NA	-

Centre	Market	Variety	Prices (Rs/Qtl)		Change
			4-May-19	3-May-19	
Gujarat	Rajkot	Lokwan	2050	2050	Unch
M.P.	Indore	Lokwan	Closed	2200	-
	Bhopal	Lokwan	Closed	1950	-
	Bina	Sarbati 306	Closed	2500	-
Rajasthan	Kota	Lokwan Bilty	2000	2000	Unch
	Baran	Lokwan	1850	1850	Unch

Wheat Arrivals in Key Centers:

Centre	Market	Variety	Arrivals (Bags/Qtl)		Change
			4-May-19	3-May-19	
Delhi	Lawrence Road	Mill Delivery	10000	11000	-1000
	Narella	Mill Quality Loose	700	1000	-300
	Nazafgarh	Mill Quality Loose	400	400	Unch
Gujarat	Rajkot	Mill Quality Loose	1500	2200	-700
	Dhrol	Mill Quality Loose	26	1	25
M.P.	Indore	Mill Quality Loose	Closed	10000	-
Rajasthan	Kota	Mill Quality	30000	50000	-20000
U.P.	Kanpur	Mill Quality Loose	1500	1500	Unch
	Mathura	Mill Quality Loose	2500	5000	-2500
	Kosi	Mill Quality Loose	1000	1000	Unch
	Hathras	Mill Quality Loose	800	800	Unch
	Aligarh	Mill Quality Loose	8000	15000	-7000
Punjab	Khanna	Mill Quality Loose	70000	80000	-10000
	(Ludhiana)Jagraon	Mill Quality Loose	10000	20000	-10000
Haryana	Sirsa	Mill Quality Loose	8000	10000	-2000
	Hodal	Mill Quality Loose	7000	8000	-1000
	Bhiwani	Mill Quality Loose	5000	5000	Unch

	Karnal	Mill Delivery	30000	30000	Unch
	Panipat	Mill Quality Loose	20000	15000	5000

Wheat Products Delhi	4-May-19	3-May-19	Change
Atta (50kg) Ordinary	1080	1080	Unch
Maida Grade 1 (50KG)	1225	1225	Unch
Suji (50kg)	1230	1230	Unch
Chokar (50 kg)	830	830	Unch
Chokar (34 kg)	565	565	Unch
Chakki Atta (50kg)	1220	1220	Unch
Chakki Atta (50kg) Special	1250	1250	Unch
Chakki Atta (90kg) Superfine	2320	2320	Unch
Chakki Atta (50kg) Superfine	1290	1290	Unch

Wheat (CBOT) Future Price: 03.05.2019					
Contract Month	Open	High	Low	Close	Change
19-May	427.50	428.00	427.00	428.00	-5.25
19-Jul	445.00	448.00	436.00	438.00	-6.00
19-Sep	452.50	455.50	444.25	446.75	-5.00
19-Dec	468.50	471.25	460.25	463.25	-4.50
20-Mar	485.00	487.00	477.00	479.50	-4.00
20-May	494.25	495.50	486.00	488.50	-3.75

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