

Wheat Domestic Fundamentals:

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 \$337.40 (Rs 23405.44) per tonne and \$311.22 (Rs 21589.33) per tonne respectively, after including freight and import duty @40%. Local expenses will further add to cost. Whereas wheat mill quality price in Chennai and Coimbatore is ruling around Rs 22000 per tonne and Rs 22500 per tonne respectively.

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.

India has seen three consecutive years of good wheat production. Wheat prices are likely to stay steady to slightly firm as arrival pressure is likely to ease in domestic market. Import duty of 40% on wheat will ensure there are no imports from Australia and Russia/Ukraine. Import restriction due to duty has provided favorable prices for wheat in domestic market. However, domestic prices are not able to get support from exports as other major producing country are able provide wheat at lower prices.

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.

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.

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:07.05.2019 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	+12	1903	1915	1903	1915	1270	+950	11440	+470
19-Jun	+5	1928	1940	1929	1933	390	+180	1020	+300
19-Jul	0	1928	1928	1928	1928	0	0	0	0

Spread	May-19	June-19	July-19
Spot Narella			
19-May	65		
19-Jun		18	
19-Jul			-5

Stocks	Demat	In-Process	Total	EDD
	06.May.19	06.May.19	06.May.19	06.May.19
Delhi	-	-	-	-
Itarsi	-	-	-	-
Kanpur	-	-	-	-
Kota	6795	808	7603	6794
Baran	-	-	-	-

Wheat Daily Prices and Arrivals on 07.05.2019

Centre	Market	Variety	Prices (Rs/Qtl)		Change
			7-May-19	6-May-19	
Delhi	Lawrence Road	Mill Delivery	1920	1925	-5
	Narella	Mill Quality Loose	1850	1840	10
	Nazafgarh	Mill Quality Loose	1800	1800	Unch
Gujarat	Rajkot	Mill Delivery	1925	1910	15
	Ahmedabad	Mill Delivery	1970	1960	10
	Surat	Mill Delivery	2020	2010	10
	Dhrol	Mill Quality Loose	2190	2280	-90
M.P.	Indore	Mill Delivery	1895	1895	Unch
	Bhopal	Mill Quality Loose	Closed	1750	-
Rajasthan	Kota	Mill Quality Loose	Closed	1820	-
		Mill Delivery	Closed	1950	-
U.P.	Kanpur	Mill Delivery	1800	1800	Unch
	Mathura	Mill Quality Loose	1740	1750	-10
	Kosi	Mill Quality Loose	1800	1800	Unch
	Hathras	Mill Quality Loose	1780	NA	-
	Aligarh	Mill Quality Loose	1760	1740	20
Punjab	Khanna	Mill Quality Loose	1840	1840	Unch
	Ludhiana (Jagraon)	Mill Delivery	1870	1865	5
Haryana	Sirsa	Mill Delivery loose	1840	1840	Unch
	Hodal	Mill Delivery	NA	NA	-

	Bhiwani	Mill Quality Loose	1850	1850	Unch
	Karnal	Mill Delivery	NA	NA	-
	Panipat	Mill Quality Loose	1840	1840	Unch
Tamil Nadu	Chennai	Mill Quality	Closed	2250	-
	Madurai	Mill Quality	Closed	2307	-
	Coimbatore	Mill Quality	Closed	2307	-
Bihar	Khagariya	Mill Delivery	1700	Closed	-
	Muzaffarpur	Mill Delivery	1700	Closed	-
FOR	Kandla (Rajasthan-Rajkot)	Mill Quality	NA	NA	-
	Gandhidham (Rajasthan-Rajkot)	Mill Quality	NA	NA	-

Centre	Market	Variety	Prices (Rs/Qtl)		Change
			7-May-19	6-May-19	
Gujarat	Rajkot	Lokwan	2050	2050	Unch
M.P.	Indore	Lokwan	2200	2200	Unch
	Bhopal	Lokwan	Closed	1950	-
	Bina	Sarbati 306	Closed	2500	-
Rajasthan	Kota	Lokwan Bilty	Closed	2050	-
	Baran	Lokwan	1850	1850	Unch

Wheat Arrivals in Key Centers:

Centre	Market	Variety	Arrivals (Bags/Qtl)		Change
			7-May-19	6-May-19	
Delhi	Lawrence Road	Mill Delivery	10000	12000	-2000
	Narella	Mill Quality Loose	1500	800	700
	Nazafgarh	Mill Quality Loose	150	200	-50
Gujarat	Rajkot	Mill Quality Loose	1400	2000	-600
	Dhrol	Mill Quality Loose	18	31	-13
M.P.	Indore	Mill Quality Loose	14000	13000	1000
Rajasthan	Kota	Mill Quality	Closed	30000	-
U.P.	Kanpur	Mill Quality Loose	3000	3000	Unch
	Mathura	Mill Quality Loose	4000	6000	-2000
	Kosi	Mill Quality Loose	100	200	-100
	Hathras	Mill Quality Loose	2500	NA	-
	Aligarh	Mill Quality Loose	6000	10000	-4000
Punjab	Khanna	Mill Quality Loose	50000	70000	-20000
	(Ludhiana)Jagraon	Mill Quality Loose	2000	5000	-3000
Haryana	Sirsa	Mill Quality Loose	5000	8000	-3000
	Hodal	Mill Quality Loose	3000	3000	Unch
	Bhiwani	Mill Quality Loose	4000	7000	-3000

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

Wheat Products Delhi	7-May-19	6-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: 06.05.2019					
Contract Month	Open	High	Low	Close	Change
19-May	424.75	428.00	424.75	428.00	Unch
19-Jul	430.00	439.50	428.00	437.25	-0.75
19-Sep	438.75	447.50	436.75	445.50	-1.25
19-Dec	455.50	463.25	453.25	461.50	-1.75
20-Mar	471.00	479.25	469.75	478.00	-1.50
20-May	481.00	488.00	479.00	487.25	-1.25

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