

Wheat Domestic Fundamentals:

Government agencies have started procurement. Until 10th May'19 government has procured around 292.61 lakh tonnes of wheat. Of the total quantity procured, around 120.93 lakh tonnes have been procured from Punjab, 90.12 lakh tonnes from Haryana, 19.34 lakh tonnes from Uttar Pradesh, 53.13 lakh tonnes from Madhya Pradesh, 8.59 lakh tonnes from Rajasthan, 0.33 lakh tonnes from Uttarakhand, 0.12 lakh tonnes from Chandigarh and 0.05 lakh tonnes from Gujarat. In Rabi marketing season 2019-20 government has set procurement target of 35.70 MMT.

All India weekly average prices decreased by 0.46 percent to Rs. 2036.52 per quintal during the week ended 08th May 2019. Wheat average price were ruling at Rs 2045.95 per quintal during 24-31 April 2019. As compared to prices in the week 01-08 May 2018, the prices are firm by 6.03 percent. Prices are expected to remain steady to firm in coming days due to hike in import duty and decrease in arrival pressure.

As per latest update, under the OMSS scheme of 2019-20, FCI has sold 400 MT of wheat at Rs 2452 per quintal. This was the first auction of OMSS 2019-20. The said quantity was purchased by Naga Limited from Dindigul depot. In 2018-19, FCI has sold over 74000 MT of wheat in its first auction. The quantity sold in first auction of 2019-20 was low as fresh crop is available at lower price. Therefore, buyers are unlikely to increase their purchases from FCI unless fresh arrivals decrease. The government has sold 8.2 MMT of wheat under OMSS in 2018-19 and it targets to sell 10 MMT of wheat in 2019-20.

As per latest update exports of Potato, Onion, Rice, Wheat Flour, Sugar, Dal and Eggs have been exempted from any domestic restriction or prohibitions with effect from April'19 under bilateral trade agreement between India and Maldives. The export quantity for Rice and Wheat flour for 2019-20 is 89.45 thousand tonnes and 78.61 thousand tonnes respectively. The quantity for Rice and Wheat flour is higher by 88.51% and 78.28% respectively compared to 2018-19. India is pushing its exports through via G2G trade. In case of wheat, such agreements will help in easing domestic stockpiles.

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.

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 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 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:

Major feed mill group of South Korea has purchased around 65000 tonnes of feed wheat at \$204.75/tonne cost and freight, including a surcharge for additional port unloading. Feed wheat can be sourced from any optional worldwide origins. The seller is believed to be trading house Cofco.

Jordan has bought 60000 tonnes of hard milling wheat at \$213.00 per tonne cost and freight for delivery in second half of September. The tender closed on Tuesday and wheat can be sourced from optional origin. The seller was trading house Ameropa. One other company, Nibulon offered wheat at \$219.00 per tonne per tonne.

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.

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

Wheat Futures Contact: NCDEX Price							Date:13.05.2019 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	47	1955	1990	1955	1990	1390	-50	12020	340
19-Jun	40	1985	2027	1985	2016	2690	1,280	3880	1,360
19-Jul	25	2020	2059	2020	2045	690	670	490	480

Spread	May-19	June-19	July-19
Spot Narella			
19-May	140		
19-Jun		26	
19-Jul			29

Stocks	Demat	In-Process	Total	EDD
	11.May.19	11.May.19	11.May.19	06.May.19
Delhi	-	-	-	-
Itarsi	-	-	-	-
Kanpur	-	-	-	-
Kota	13934	2406	16340	6795
Baran	-	-	-	-

Wheat Daily Prices and Arrivals on 13.05.2019

Centre	Market	Variety	Prices (Rs/Qtl)		Change
			13-May-19	11-May-19	
Delhi	Lawrence Road	Mill Delivery	1950	1955	-5
	Narella	Mill Quality Loose	1850	1870	-20
	Nazafgarh	Mill Quality Loose	1855	1850	5
Gujarat	Rajkot	Mill Delivery	1970	1960	10
	Ahmedabad	Mill Delivery	1990	1975	15
	Surat	Mill Delivery	2060	2025	35
	Dhrol	Mill Quality Loose	2315	2350	-35
M.P.	Indore	Mill Delivery	2000	1950	50
	Bhopal	Mill Quality Loose	2000	1900	100
Rajasthan	Kota	Mill Quality Loose	1875	1845	30
		Mill Delivery	2000	1975	25
U.P.	Kanpur	Mill Delivery	1860	1825	35
	Mathura	Mill Quality Loose	1770	1780	-10
	Kosi	Mill Quality Loose	1825	1825	Unch
	Hathras	Mill Quality Loose	1800	1800	Unch
	Aligarh	Mill Quality Loose	1800	1780	20
Punjab	Khanna	Mill Quality Loose	1870	1845	25
	Ludhiana (Jagraon)	Mill Delivery	1970	1950	20
Haryana	Sirsa	Mill Delivery loose	1850	1840	10
	Hodal	Mill Delivery	NA	NA	-

	Bhiwani	Mill Quality Loose	1900	1900	Unch
	Karnal	Mill Delivery	NA	NA	-
	Panipat	Mill Quality Loose	1840	1840	Unch
Tamil Nadu	Chennai	Mill Quality	2300	2250	50
	Madurai	Mill Quality	2357	2307	50
	Coimbatore	Mill Quality	2357	2307	50
Bihar	Khagariya	Mill Delivery	1700	1700	Unch
	Muzaffarpur	Mill Delivery	1700	1700	Unch
FOR	Kandla (Rajasthan-Rajkot)	Mill Quality	NA	NA	-
	Gandhidham (Rajasthan-Rajkot)	Mill Quality	NA	NA	-

Centre	Market	Variety	Prices (Rs/Qtl)		Change
			13-May-19	11-May-19	
Gujarat	Rajkot	Lokwan	2150	2100	50
M.P.	Indore	Lokwan	2300	2200	100
	Bhopal	Lokwan	2100	2050	50
	Bina	Sarbati 306	Closed	2550	-
Rajasthan	Kota	Lokwan Bilty	2150	2125	25
	Baran	Lokwan	1950	1950	Unch

Wheat Arrivals in Key Centers:

Centre	Market	Variety	Arrivals (Bags/Qtl)		Change
			13-May-19	11-May-19	
Delhi	Lawrence Road	Mill Delivery	12000	12000	Unch
	Narella	Mill Quality Loose	1000	1000	Unch
	Nazafgarh	Mill Quality Loose	100	150	-50
Gujarat	Rajkot	Mill Quality Loose	1000	1000	Unch
	Dhrol	Mill Quality Loose	54	15	39
M.P.	Indore	Mill Quality Loose	13000	13000	Unch
Rajasthan	Kota	Mill Quality	50000	35000	15000
U.P.	Kanpur	Mill Quality Loose	5000	4000	1000
	Mathura	Mill Quality Loose	2000	2500	-500
	Kosi	Mill Quality Loose	600	500	100
	Hathras	Mill Quality Loose	250	500	-250
	Aligarh	Mill Quality Loose	3000	5000	-2000
Punjab	Khanna	Mill Quality Loose	8000	15000	-7000
	(Ludhiana)Jagraon	Mill Quality Loose	1000	1000	Unch
Haryana	Sirsa	Mill Quality Loose	4000	2000	2000
	Hodal	Mill Quality Loose	5000	5000	Unch
	Bhiwani	Mill Quality Loose	2000	2000	Unch

	Karnal	Mill Delivery	1000	4000	-3000
	Panipat	Mill Quality Loose	1500	1000	500

Wheat Products Delhi	13-May-19	11-May-19	Change
Atta (50kg) Ordinary	1050	1050	Unch
Maida Grade 1 (50KG)	1225	1225	Unch
Suji (50kg)	1200	1200	Unch
Chokar (50 kg)	830	830	Unch
Chokar (34 kg)	565	565	Unch
Chakki Atta (50kg)	1200	1200	Unch
Chakki Atta (50kg) Special	1225	1225	Unch
Chakki Atta (90kg) Superfine	2270	2270	Unch
Chakki Atta (50kg) Superfine	1260	1260	Unch

Wheat (CBOT) Future Price: 10.05.2019					
Contract Month	Open	High	Low	Close	Change
19-May	420.50	420.50	419.00	419.00	-2.75
19-Jul	432.00	434.25	421.50	424.75	-4.75
19-Sep	440.75	443.00	430.25	433.75	-4.75
19-Dec	456.00	457.75	445.25	448.25	-4.50
20-Mar	471.25	472.25	460.00	463.00	-4.50
20-May	482.00	482.00	469.50	472.50	-4.75

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