

Wheat Domestic Fundamentals:

Wheat prices have increased in past days as arrival pressure is reducing and private millers/traders are stepping up their purchases. Reserve price for April-June'19 is higher by Rs 240 per quintal compared to MSP for MY 2019-20. Therefore private millers/traders may try to buy as much quantity as possible to during procurement season to avoid paying a higher price.

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.

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:

Iraq has harvested about 5 LMT of wheat between since 15th April'19 until 09th May'19. The trade ministry has paid around \$122 million. Iraq is expecting to harvest 5 MMT of wheat during the season. In case, the expectation is achieved Iraq is to import fewer wheat.

Egypt, the largest importer of wheat in the world has procured 1.62 MMT of wheat from local farmers. The procurement season has started since 15th April'19. Egypt is expecting to procure 3.6 MMT of wheat from local farmers during the season. Global prices are likely to remain under pressure due to ample availability, which will allow Egypt to import wheat at competitive prices.

As per the United Nations Food and Agriculture Organization (FAO), world wheat production in 2019 is expected to be at 767.00 MMT in 2019, up by 5 percent compared to 2018. Russia is expected to produce 82 MMT of wheat. World wheat prices will remain under pressure due to abundant availability.

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.

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

Wheat Futures Contact: NCDEX Price							Date:14.05.2019 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	10	1990	2010	1985	2000	930	-460	3560	-8,460
19-Jun	2	2020	2045	2015	2022	2660	-30	4210	330
19-Jul	-1	2065	2065	2048	2048	300	-390	670	180

Spread	May-19	June-19	July-19
Spot Narella			
19-May	140		
19-Jun		22	
19-Jul			26

Stocks	Demat	In-Process	Total	EDD
	13.May.19	13.May.19	13.May.19	13.May.19
Delhi	-	-	-	-
Itarsi	-	-	-	-
Kanpur	-	-	-	-
Kota	15852	1155	17007	15852
Baran	-	-	-	-

Wheat Daily Prices and Arrivals on 14.05.2019

Centre	Market	Variety	Prices (Rs/Qtl)		Change
			14-May-19	13-May-19	
Delhi	Lawrence Road	Mill Delivery	1950	1950	Unch
	Narella	Mill Quality Loose	1860	1850	10
	Nazafgarh	Mill Quality Loose	1875	1855	20
Gujarat	Rajkot	Mill Delivery	2000	1970	30
	Ahmedabad	Mill Delivery	1990	1990	Unch
	Surat	Mill Delivery	2060	2060	Unch
	Dhrol	Mill Quality Loose	2275	2315	-40
M.P.	Indore	Mill Delivery	2025	2000	25
	Bhopal	Mill Quality Loose	2000	2000	Unch
Rajasthan	Kota	Mill Quality Loose	1920	1875	45
		Mill Delivery	2075	2000	75
U.P.	Kanpur	Mill Delivery	1870	1860	10
	Mathura	Mill Quality Loose	1770	1770	Unch
	Kosi	Mill Quality Loose	1850	1825	25
	Hathras	Mill Quality Loose	1800	1800	Unch
	Aligarh	Mill Quality Loose	1800	1800	Unch
Punjab	Khanna	Mill Quality Loose	1850	1870	-20
	Ludhiana (Jagraon)	Mill Delivery	2000	1970	30
Haryana	Sirsa	Mill Delivery loose	1865	1850	15
	Hodal	Mill Delivery	NA	NA	-

	Bhiwani	Mill Quality Loose	1920	1900	20
	Karnal	Mill Delivery	NA	NA	-
	Panipat	Mill Quality Loose	1840	1840	Unch
Tamil Nadu	Chennai	Mill Quality	2300	2300	Unch
	Madurai	Mill Quality	2357	2357	Unch
	Coimbatore	Mill Quality	2357	2357	Unch
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
			14-May-19	13-May-19	
Gujarat	Rajkot	Lokwan	2150	2150	Unch
M.P.	Indore	Lokwan	2300	2300	Unch
	Bhopal	Lokwan	2100	2100	Unch
	Bina	Sarbati 306	2550	Closed	-
Rajasthan	Kota	Lokwan Bilty	2125	2150	-25
	Baran	Lokwan	1950	1950	Unch

Wheat Arrivals in Key Centers:

Centre	Market	Variety	Arrivals (Bags/Qtl)		Change
			14-May-19	13-May-19	
Delhi	Lawrence Road	Mill Delivery	7000	12000	-5000
	Narella	Mill Quality Loose	1000	1000	Unch
	Nazafgarh	Mill Quality Loose	150	100	50
Gujarat	Rajkot	Mill Quality Loose	1100	1000	100
	Dhrol	Mill Quality Loose	34	54	-20
M.P.	Indore	Mill Quality Loose	14000	13000	1000
Rajasthan	Kota	Mill Quality	30000	50000	-20000
U.P.	Kanpur	Mill Quality Loose	5000	5000	Unch
	Mathura	Mill Quality Loose	2000	2000	Unch
	Kosi	Mill Quality Loose	1500	600	900
	Hathras	Mill Quality Loose	250	250	Unch
	Aligarh	Mill Quality Loose	4000	3000	1000
Punjab	Khanna	Mill Quality Loose	6000	8000	-2000
	(Ludhiana)Jagraon	Mill Quality Loose	1000	1000	Unch
Haryana	Sirsa	Mill Quality Loose	2000	4000	-2000
	Hodal	Mill Quality Loose	5000	5000	Unch
	Bhiwani	Mill Quality Loose	2000	2000	Unch

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

Wheat Products Delhi	14-May-19	13-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: 13.05.2019					
Contract Month	Open	High	Low	Close	Change
19-May	422.75	431.25	422.75	431.25	12.25
19-Jul	425.50	440.75	418.50	437.00	12.25
19-Sep	433.75	448.75	427.25	445.25	11.50
19-Dec	448.25	463.00	442.25	459.75	11.50
20-Mar	463.00	477.25	458.25	473.50	10.50
20-May	470.50	485.50	468.00	482.00	9.50

Disclaimer: The information and opinions contained in the document have been compiled from sources believed to be reliable. The company does not warrant its accuracy, completeness and correctness. Use of data and information contained in this report is at your own risk. This document is not, and should not be construed as, an offer to sell or solicitation to buy any commodities. This document may not be reproduced, distributed or published, in whole or in part, by any recipient hereof for any purpose without prior permission from the Company. IASL and its affiliates and/or their officers, directors and employees may have positions in any commodities mentioned in this document (or in any related investment) and may from time to time add to or dispose of any such commodities (or investment). Please see the detailed disclaimer at <http://www.agriwatch.com/disclaimer.php> © 2019 Indian Agribusiness Systems Ltd.