

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 5percent 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:15.05.2019 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	-18	2003	2005	1985	1985	980	50	2780	-780
19-Jun	-22	2020	2030	1998	1998	2400	-260	4680	470
19-Jul	-18	2059	2062	2030	2033	1120	820	1430	760

Spread	May-19	June-19	July-19
Spot Narella			
19-May	125		
19-Jun		13	
19-Jul			35

Stocks	Demat	In-Process	Total	EDD
	14.May.19	14.May.19	14.May.19	13.May.19
Delhi	-	-	-	-
Itarsi	-	-	-	-
Kanpur	-	-	-	-
Kota	17243	1761	19004	15852
Baran	-	-	-	-

Wheat Daily Prices and Arrivals on 15.05.2019

Centre	Market	Variety	Prices (Rs/Qtl)		Change
			15-May-19	14-May-19	
Delhi	Lawrence Road	Mill Delivery	1965	1950	15
	Narella	Mill Quality Loose	Closed	1860	-
	Nazafgarh	Mill Quality Loose	Closed	1875	-
Gujarat	Rajkot	Mill Delivery	2010	2000	10
	Ahmedabad	Mill Delivery	2080	1990	90
	Surat	Mill Delivery	2100	2060	40
	Dhrol	Mill Quality Loose	2175	2275	-100
M.P.	Indore	Mill Delivery	2020	2025	-5
	Bhopal	Mill Quality Loose	2000	2000	Unch
Rajasthan	Kota	Mill Quality Loose	1950	1920	30
		Mill Delivery	2125	2075	50
U.P.	Kanpur	Mill Delivery	1885	1870	15
	Mathura	Mill Quality Loose	1780	1770	10
	Kosi	Mill Quality Loose	1860	1850	10
	Hathras	Mill Quality Loose	1860	1800	60
	Aligarh	Mill Quality Loose	Closed	1800	-
Punjab	Khanna	Mill Quality Loose	1850	1850	Unch
	Ludhiana (Jagraon)	Mill Delivery	2000	2000	Unch
Haryana	Sirsa	Mill Delivery loose	1865	1865	Unch
	Hodal	Mill Delivery	NA	NA	-

	Bhiwani	Mill Quality Loose	1900	1920	-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
			15-May-19	14-May-19	
Gujarat	Rajkot	Lokwan	2200	2150	50
M.P.	Indore	Lokwan	2300	2300	Unch
	Bhopal	Lokwan	2100	2100	Unch
	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
			15-May-19	14-May-19	
Delhi	Lawrence Road	Mill Delivery	8000	7000	1000
	Narella	Mill Quality Loose	Closed	1000	-
	Nazafgarh	Mill Quality Loose	Closed	150	-
Gujarat	Rajkot	Mill Quality Loose	900	1100	-200
	Dhrol	Mill Quality Loose	22	34	-12
M.P.	Indore	Mill Quality Loose	12000	14000	-2000
Rajasthan	Kota	Mill Quality	40000	30000	10000
U.P.	Kanpur	Mill Quality Loose	5000	5000	Unch
	Mathura	Mill Quality Loose	2000	2000	Unch
	Kosi	Mill Quality Loose	1000	1500	-500
	Hathras	Mill Quality Loose	750	250	500
	Aligarh	Mill Quality Loose	Closed	4000	-
Punjab	Khanna	Mill Quality Loose	9000	6000	3000
	(Ludhiana)Jagraon	Mill Quality Loose	1000	1000	Unch
Haryana	Sirsa	Mill Quality Loose	3000	2000	1000
	Hodal	Mill Quality Loose	5000	5000	Unch
	Bhiwani	Mill Quality Loose	2000	2000	Unch

	Karnal	Mill Delivery	1000	4000	-3000
	Panipat	Mill Quality Loose	250	500	-250

Wheat Products Delhi	15-May-19	14-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:14.05.2019					
Contract Month	Open	High	Low	Close	Change
19-May	439.25	439.25	439.25	439.25	8.00
19-Jul	441.25	450.75	438.00	448.50	11.50
19-Sep	448.25	458.25	446.00	456.00	10.75
19-Dec	464.00	472.50	460.75	470.75	11.00
20-Mar	476.50	485.75	475.00	484.50	11.00
20-May	485.75	492.75	482.50	492.50	10.50

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