

Wheat Domestic Fundamentals:

All India weekly average prices decreased by 2.48 percent to Rs. 2023.41 per quintal during the week ended 31st May 2019. Wheat average price were ruling at Rs 2074.82 per quintal during 16-23 May 2019. As compared to prices in the week 24-31 May 2018, the prices are firm by 9.72 percent. Prices are expected to remain steady to slightly in coming days due to hike in import duty and normal demand.

India mainly imports wheat from Australia and Russia. Millers prefer Australian wheat over Russian/Ukrainian wheat due to better quality. As of now, Australian standard wheat (ASW) and Australian premium wheat (APW) is being quoted at \$342.09 (Rs 23751.31) per tonne and \$346.92 (Rs 24086.66) 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 23000 per tonne and Rs 23500 per tonne respectively.

The government is set to provide additional food grains under NFSA to ease the stock position. Under NFSA 5 kg of food grains are provided to people living below poverty line at a subsidized rate of Rs 1, Rs 2 and Rs 3 per kg for Coarse grains, rice and wheat respectively. The union cabinet may decide to provide an additional 2kg of food grains to every NFSA beneficiary. This move will result in reduction of carrying cost for various food grains with the government.

Wheat prices remained steady to weak in past days due to low demand in the domestic market. Most of the bulk buyers have already picked up stocks required for some time and reduced their purchase in the open market. As the stock purchased by bulk buyers decreases, the market is likely to witness good demand and prices will start moving up.

Government agencies have started procurement. Until 27th May'19 government has procured around 332.16 lakh tonnes of wheat. Of the total quantity procured, around 129.12 lakh tonnes have been procured from Punjab, 93.20 lakh tonnes from Haryana, 29.95 lakh tonnes from Uttar Pradesh, 67.25 lakh tonnes from Madhya Pradesh, 0.01 lakh tonnes from Bihar, 12.04 lakh tonnes from Rajasthan, 0.41 lakh tonnes from Uttarakhand, 0.12 lakh tonnes from Chandigarh, 0.05 lakh tonnes from Gujarat and 0.01 lakh tonnes from Himachal Pradesh. In Rabi marketing season 2019-20 government has set procurement target of 35.70 MMT.

Government has offered 2120600 tonnes of wheat in OMSS until second tender in May'19 out of which 40500 tonnes was sold. No rakes were sold. State government and bulk consumers bought 40000 tonnes and 500 tonnes of wheat respectively. Government will sell wheat in open market at a reserve price of Rs 2080 per quintal in the first quarter i.e. April-June. For second, third and fourth quarter prices will be Rs 2135 per quintal, Rs 2190 per quintal and Rs 2245 per quintal respectively. 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 avoid paying a higher price.

As per trade sources, after increase in import duty to 40 percent imports have decreased substantially. India has imported 498.77 MT of Australia prime hard wheat at Tuticorin port in the month of April-19. Imports are expected to be low this year due to good domestic availability and increase in import duty. Prior to this, India has imported around 1000 tonnes in the month of September-2018.

As per trade source, India has exported around 5.57 thousand tonnes in the month of April-2019. The quantity in April-2019 was exported at an average FOB of \$ 388.15 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:

As per latest update, hot and dry weather is likely to continue at Australia's east coast and there is only 30 percent chance of rainfall between June 01 and August 30. Furthermore, there is 70 percent probability that entire Australia will experience warmer than average temperatures. Private analyst are expecting wheat production to be around 18 MMT in 2019-20. Australia has already agreed to import 50000-60000 MT of wheat from Canada in upcoming weeks. In case of third consecutive lower production, Australia may be seen importing more wheat.

Russian wheat prices increased by \$2 per tonne in the past week. The firmness in prices was mainly due to increase in global benchmark such as CBOT. Wheat with 12.5 percent protein was quoted at FoB \$188 per tonne. Russia will start harvesting its winter wheat crop in late June or early July.

Major feed mill group of South Korea has purchased around 120000 tonnes of feed wheat in two consignments of 60000 tonnes each. One consignment was bought at \$207.90/tonne C&F schedule to arrive around September 30th and other at \$208.95/tonne C&F scheduled to arrive around November 30th. Feed wheat can be sourced from Black sea region.

Bangladesh has bought 50000 tonnes of wheat with 12.5 percent protein content from trading house Agrocorp at \$267.98 per tonne. The wheat can be sourced from United States, Canada, Russia or Ukraine. As per FAO Bangladesh's wheat imports for 2018-19 are expected to touch record high of 6 MMT. Demand for wheat in Bangladesh has increased as wheat is being substituted for more expensive rice.

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

Wheat Futures Contact: NCDEX Price							Date:03.06.2019 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-Jun	-10	1998	1998	1935	1955	590	-330	9140	-150
19-Jul	+1	2008	2008	1982	1999	580	+10	5760	+190
19-Aug	0	2031	2031	2031	2031	10	0	20	0

Spread	June-19	July-19	Aug-19
Spot Narella			
19-Jun	15		
19-Jul		44	
19-Aug			32

Stocks	Demat	In-Process	Total	EDD
	01.Jun.19	01.Jun.19	01.Jun.19	27.May.19
Delhi	-	-	-	-
Itarsi	-	-	-	-
Kanpur	-	-	-	-
Kota	28559	1085	29644	26352
Baran	-	-	-	-

Wheat Daily Prices and Arrivals on 03.06.2019

Centre	Market	Variety	Prices (Rs/Qtl)		Change
			3-Jun-19	1-Jun-19	
Delhi	Lawrence Road	Mill Delivery	1985	1980	5
	Narella	Mill Quality Loose	1940	1925	15
	Nazafgarh	Mill Quality Loose	1850	1850	Unch
Gujarat	Rajkot	Mill Delivery	1960	1950	10
	Ahmedabad	Mill Delivery	2040	2020	20
	Surat	Mill Delivery	2080	2060	20
	Dhrol	Mill Quality Loose	2080	2150	-70
M.P.	Indore	Mill Delivery	Closed	1975	-
	Bhopal	Mill Quality Loose	Closed	1825	-
Rajasthan	Kota	Mill Quality Loose	Closed	1915	-
		Mill Delivery	Closed	2075	-
U.P.	Kanpur	Mill Delivery	1880	1870	10
	Mathura	Mill Quality Loose	1800	1780	20
	Kosi	Mill Quality Loose	1880	1850	30
	Hathras	Mill Quality Loose	1880	NR	-
	Aligarh	Mill Quality Loose	1820	1820	Unch
Punjab	Khanna	Mill Quality Loose	1900	1880	20
	Ludhiana (Jagraon)	Mill Delivery	NA	NA	-
Haryana	Sirsa	Mill Delivery loose	1870	1870	Unch
	Hodal	Mill Delivery	NA	NA	-

	Bhiwani	Mill Quality Loose	1850	1860	-10
	Karnal	Mill Delivery	NA	NA	-
	Panipat	Mill Quality Loose	NA	NA	-
Tamil Nadu	Chennai	Mill Quality	Closed	2300	-
	Madurai	Mill Quality	Closed	2357	-
	Coimbatore	Mill Quality	Closed	2357	-
Bihar	Khagariya	Mill Delivery	1800	1800	Unch
	Muzaffarpur	Mill Delivery	1825	1800	25
FOR	Kandla (Rajasthan-Rajkot)	Mill Quality	NA	NA	-
	Gandhidham (Rajasthan-Rajkot)	Mill Quality	NA	NA	-

Centre	Market	Variety	Prices (Rs/Qtl)		Change
			3-Jun-19	1-Jun-19	
Gujarat	Rajkot	Lokwan	2100	2100	Unch
M.P.	Indore	Lokwan	Closed	2300	-
	Bhopal	Lokwan	Closed	1950	-
	Bina	Sarbati 306	Closed	2725	-
Rajasthan	Kota	Lokwan Bilty	Closed	2125	-
	Baran	Lokwan	Closed	2000	-

Wheat Arrivals in Key Centers:

Centre	Market	Variety	Arrivals (Bags/Qtl)		Change
			3-Jun-19	1-Jun-19	
Delhi	Lawrence Road	Mill Delivery	12000	8000	4000
	Narella	Mill Quality Loose	1500	1500	Unch
	Nazafgarh	Mill Quality Loose	200	150	50
Gujarat	Rajkot	Mill Quality Loose	1700	1500	200
	Dhrol	Mill Quality Loose	22	23	-1
M.P.	Indore	Mill Quality Loose	Closed	12000	-
Rajasthan	Kota	Mill Quality	Closed	17000	-
U.P.	Kanpur	Mill Quality Loose	2800	3000	-200
	Mathura	Mill Quality Loose	1800	2000	-200
	Kosi	Mill Quality Loose	800	200	600
	Hathras	Mill Quality Loose	800	NR	-
	Aligarh	Mill Quality Loose	2500	2500	Unch
Punjab	Khanna	Mill Quality Loose	6000	4000	2000
	(Ludhiana)Jagraon	Mill Quality Loose	NA	NA	-
Haryana	Sirsa	Mill Quality Loose	400	500	-100
	Hodal	Mill Quality Loose	500	1000	-500
	Bhiwani	Mill Quality Loose	400	400	Unch

	Karnal	Mill Delivery	NA	NA	-
	Panipat	Mill Quality Loose	NA	NA	-

Wheat Products Delhi	3-Jun-19	1-Jun-19	Change
Atta (50kg) Ordinary	1050	1050	Unch
Maida Grade 1 (50KG)	1225	1225	Unch
Suji (50kg)	1200	1200	Unch
Chokar (50 kg)	850	850	Unch
Chokar (34 kg)	578	578	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: 31.05.2019					
Contract Month	Open	High	Low	Close	Change
19-Jul	514.50	520.00	500.75	503.00	-11.50
19-Sep	521.75	526.50	508.25	509.75	-12.50
19-Dec	534.00	538.75	521.00	523.25	-12.25
20-Mar	546.25	550.50	533.75	536.25	-12.25
20-May	553.50	554.75	539.25	541.50	-12.25
20-Jul	549.50	550.75	535.75	538.25	-12.25

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