

Wheat Domestic Fundamentals:

Wheat market is expected to trade steady to slightly firm due to increase in import duty and a likely increase in demand in upcoming weeks. Increase in import duty is likely to put a complete halt on imports in MY 2019-20. Availability in domestic market is sufficient to meet domestic demand.

All India average monthly prices for wheat increased by 2.17 percent from Rs 2014.89 in April -2019 to Rs 2058.64 per qtl in May -2019. Average price in May-2019 is higher by 7.91 percent compared to Rs 1907.82 per quintal registered in May-2018. Prices are expected to remain steady to slightly firm in coming weeks due to hike in import duty and a likely increase in demand in upcoming weeks.

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.

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. 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.

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 Agrocrops 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:06.06.2019 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	-20	1975	1960	1947	1955	1710	340	8960	-70
19-Jul	-2	1993	1994	1977	1987	1480	160	6600	450
19-Aug	0	2003	2003	2003	2003	0	0	20	0

Spread	June-19	July-19	Aug-19
Spot Narella			
19-Jun	30		
19-Jul		32	
19-Aug			16

Stocks	Demat	In-Process	Total	EDD
	05.Jun.19	05.Jun.19	05.Jun.19	03.Jun.19
Delhi	-	-	-	-
Itarsi	-	-	-	-
Kanpur	-	-	-	-
Kota	29147	977	30124	28669
Baran	-	-	-	-

Wheat Daily Prices and Arrivals on 06.06.2019

Centre	Market	Variety	Prices (Rs/Qtl)		Change
			6-Jun-19	5-Jun-19	
Delhi	Lawrence Road	Mill Delivery	1990	1990	Unch
	Narella	Mill Quality Loose	1925	Closed	-
	Nazafgarh	Mill Quality Loose	1850	Closed	-
Gujarat	Rajkot	Mill Delivery	1990	1990	Unch
	Ahmedabad	Mill Delivery	2060	2050	10
	Surat	Mill Delivery	2100	2110	-10
	Dhrol	Mill Quality Loose	2250	NR	-
M.P.	Indore	Mill Delivery	1990	1985	5
	Bhopal	Mill Quality Loose	1825	Closed	-
Rajasthan	Kota	Mill Quality Loose	1900	1915	-15
		Mill Delivery	2075	2075	Unch
U.P.	Kanpur	Mill Delivery	1900	1880	20
	Mathura	Mill Quality Loose	1790	Closed	-
	Kosi	Mill Quality Loose	1850	Closed	-
	Hathras	Mill Quality Loose	1950	1900	50
	Aligarh	Mill Quality Loose	1850	Closed	-
Punjab	Khanna	Mill Quality Loose	1880	1890	-10
	Ludhiana (Jagraon)	Mill Delivery	NA	NA	-
Haryana	Sirsa	Mill Delivery loose	1865	Closed	-
	Hodal	Mill Delivery	NA	NA	-

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

Centre	Market	Variety	Prices (Rs/Qtl)		Change
			6-Jun-19	5-Jun-19	
Gujarat	Rajkot	Lokwan	2100	2100	Unch
M.P.	Indore	Lokwan	2300	2300	Unch
	Bhopal	Lokwan	1950	Closed	-
	Bina	Sarbati 306	2700	Closed	-
Rajasthan	Kota	Lokwan Bilty	2100	2125	-25
	Baran	Lokwan	1900	1900	Unch

Wheat Arrivals in Key Centers:

Centre	Market	Variety	Arrivals (Bags/Qtl)		Change
			6-Jun-19	5-Jun-19	
Delhi	Lawrence Road	Mill Delivery	7500	7000	500
	Narella	Mill Quality Loose	1000	Closed	-
	Nazafgarh	Mill Quality Loose	70	Closed	-
Gujarat	Rajkot	Mill Quality Loose	1300	1200	100
	Dhrol	Mill Quality Loose	60	NR	-
M.P.	Indore	Mill Quality Loose	10000	8000	2000
Rajasthan	Kota	Mill Quality	17000	20000	-3000
U.P.	Kanpur	Mill Quality Loose	5000	3000	2000
	Mathura	Mill Quality Loose	1000	Closed	-
	Kosi	Mill Quality Loose	100	Closed	-
	Hathras	Mill Quality Loose	450	500	-50
	Aligarh	Mill Quality Loose	1100	Closed	-
Punjab	Khanna	Mill Quality Loose	3000	3000	Unch
	(Ludhiana)Jagraon	Mill Quality Loose	NA	NA	-
Haryana	Sirsa	Mill Quality Loose	400	Closed	-
	Hodal	Mill Quality Loose	250	200	50
	Bhiwani	Mill Quality Loose	200	400	-200

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

Wheat Products Delhi	6-Jun-19	5-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: 05.06.2019					
Contract Month	Open	High	Low	Close	Change
19-Jul	507.00	508.50	488.50	490.75	-16.50
19-Sep	514.50	516.00	495.50	497.75	-17.00
19-Dec	528.75	529.50	509.00	511.00	-17.50
20-Mar	541.25	542.00	521.25	523.25	-18.25
20-May	544.25	544.25	528.25	530.25	-18.00
20-Jul	551.75	551.75	532.50	534.25	-17.75

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