

Wheat Domestic Fundamentals:

As per trade source, India has exported around 9.73 thousand tonnes in the month of May-2019. The quantity in May-2019 was exported at an average FOB of \$ 333.26 per tonne and the major destinations were Nepal, UAE and Somalia. Exports are likely to be at lower side as other countries are able to provide quality wheat at competitive prices.

As per market sources, government may increase quota for below poverty line and increase sale in open market to liquidate high inventories. If this move is finalized, it will not only help in reducing inventory pressure but also provide support to prices. As on 01st June FCI had a stock of 46.56 MMT and 27.58 MMT of wheat and rice respectively.

Government agencies have started procurement. Until 24th June'19 government has procured around 341.15 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, 36.87 lakh tonnes from Uttar Pradesh, 67.25 lakh tonnes from Madhya Pradesh, 0.03 lakh tonnes from Bihar, 14.02 lakh tonnes from Rajasthan, 0.42 lakh tonnes from Uttarakhand, 0.13 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 357.0 LMT.

All India weekly average prices increased by 3.08 percent to Rs. 2065.56 per quintal during the week ended 23rd June 2019. Wheat average price were ruling at Rs 2003.76 per quintal during 09-15 June 2019. As compared to prices in the week 16-23 June 2018, the prices are firm by 3.21 percent. Prices are expected to remain steady to slightly in coming days due to hike in import duty and good demand in domestic market.

Wheat prices are likely to remain steady to slightly firm in coming weeks due to low demand in domestic market. Due to higher reserve price of Rs 2080 per quintal, millers/traders have bought as much as wheat they could during arrival season. Stock with traders/millers is the main reason for lower off take through open market sales scheme in domestic market. Prices are likely to move up as soon as the stock with traders/millers diminishes.

Government has offered 10238931 tonnes of wheat in OMSS until second tender in June'19 out of which 85100 tonnes was sold. No rakes were sold. State government and bulk consumers bought 84600 tonnes and 500 tonnes of wheat respectively. In the month of May'19, government has sold 55100 tonnes of wheat against offered quantity of 5303081 tonnes. 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. Millers/traders have bought as much quantity as they could during arrival season due to higher reserve price.

As per market sources, wheat stock in central pool as on 1st June'19 stood at 465.60 lakh tonnes up by 40.41% compared to last month. This quantity is higher by around 6.41% compared to last year for the same month. Government has already applied import duty on wheat to curb imports and provide support to domestic prices. Therefore, government has abundant supplies this year to tackle any unexpected rise in wheat prices by selling more quantity in open market.

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.

International Market Update:

Russian wheat price have eased due to harvesting pressure. However prices are being closed watched due to hot weather. Sowing is declining in some areas whereas low moisture may impact yields. Russian wheat crop with 12.5% protein content is being quoted at FoB \$194/T, down by \$1/MT compared to previous week.

Taiwan flour mills association has bought 83200 tonnes of milling wheat from United States. Of the total quantity, 20700 tonnes of U.S. dark northern spring wheat of 14.5 percent protein content was bought at FOB \$234.13 per tonne from CHS, 12850 tonnes of hard red winter wheat of 12.5 percent protein content was bought at FoB \$236.31 per tonne from United grain corp and 5875 tonnes of soft white wheat with 9 percent protein was bought at FoB \$225.19 per tonne from CHS.

GASC has purchased 120000 tonnes of Russian and Romanian wheat through tender. Of the total quantity 60000 tonnes has been sourced from Russia and 60000 tonnes has been sourced from Romania. Cofco offered 60000 tonnes of Romanian wheat at FoB \$197.49 per tonne and Aston offered 60000 tonnes of Russian wheat at FoB \$196.90 per tonne.

SovEcon has cut Russia's wheat production forecast for 2019 to 82.2 MMT compared to previous forecast of 82.6 MMT. Production forecast has been reduced due to low soil moisture in several regions in Russia.

As per latest update, ABARES has reduced wheat production forecast for Australia by 11% to 21.2 MMT from its previous forecast of 23.9 MMT. The forecast is lower by 14% compared to 10-year average of 24.7 MMT. 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.

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

| Wheat Futures Contact: NCDEX Price | | | | | | | Date:27.06.2019 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-Jul | 0 | 1968 | 1973 | 1965 | 1965 | 400 | 290 | 8090 | -60 |
| 19-Aug | -2 | 1995 | 1999 | 1995 | 1995 | 290 | 270 | 790 | 160 |
| 19-Sep | 0 | 2029 | 2029 | 2029 | 2029 | 0 | 0 | 30 | 0 |

| Spread | July-19 | Aug-19 | Sep-19 |
|--------------|---------|--------|--------|
| Spot Narella | | | |
| 19-Jul | 25 | | |
| 19-Aug | | 30 | |
| 19-Sep | | | 34 |

| Stocks | Demat | In-Process | Total | EDD |
|--------|-----------|------------|-----------|-----------|
| | 26.Jun.19 | 26.Jun.19 | 26.Jun.19 | 24.Jun.19 |
| Delhi | - | - | - | - |
| Itarsi | - | - | - | - |
| Kanpur | - | - | - | - |
| Kota | 32334 | 447 | 32781 | 32022 |
| Baran | - | - | - | - |

Wheat Daily Prices and Arrivals on 27.06.2019

| Centre | Market | Variety | Prices (Rs/Qtl) | | Change |
|-----------|--------------------|---------------------|-----------------|-----------|--------|
| | | | 27-Jun-19 | 26-Jun-19 | |
| Delhi | Lawrence Road | Mill Delivery | 2030 | 2025 | 5 |
| | Narella | Mill Quality Loose | 1940 | Closed | - |
| | Nazafgarh | Mill Quality Loose | 1935 | Closed | - |
| Gujarat | Rajkot | Mill Delivery | 1940 | 1930 | 10 |
| | Ahmedabad | Mill Delivery | 2025 | 2025 | Unch |
| | Surat | Mill Delivery | 2070 | 2060 | 10 |
| | Dhrol | Mill Quality Loose | 2050 | 2150 | -100 |
| M.P. | Indore | Mill Delivery | 1965 | 1965 | Unch |
| | Bhopal | Mill Quality Loose | 1830 | 1830 | Unch |
| Rajasthan | Kota | Mill Quality Loose | 1815 | 1815 | Unch |
| | | Mill Delivery | 1975 | 1975 | Unch |
| U.P. | Kanpur | Mill Delivery | 1950 | 1930 | 20 |
| | Mathura | Mill Quality Loose | 1820 | 1800 | 20 |
| | Kosi | Mill Quality Loose | 1950 | 1925 | 25 |
| | Hathras | Mill Quality Loose | 1820 | 1825 | -5 |
| | Aligarh | Mill Quality Loose | 1860 | Closed | - |
| Punjab | Khanna | Mill Quality Loose | 1910 | 1950 | -40 |
| | Ludhiana (Jagraon) | Mill Delivery | NA | NA | - |
| Haryana | Sirsa | Mill Delivery loose | 1915 | 1905 | 10 |
| | Hodal | Mill Delivery | NA | NA | - |

| | | | | | |
|------------|-------------------------------|--------------------|------|------|------|
| | Bhiwani | Mill Quality Loose | 1925 | 1925 | Unch |
| | 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 | 1900 | 1900 | Unch |
| | Muzaffarpur | Mill Delivery | 1825 | 1825 | Unch |
| FOR | Kandla (Rajasthan-Rajkot) | Mill Quality | NA | NA | - |
| | Gandhidham (Rajasthan-Rajkot) | Mill Quality | NA | NA | - |

| Centre | Market | Variety | Prices (Rs/Qtl) | | Change |
|-----------|--------|--------------|-----------------|-----------|--------|
| | | | 27-Jun-19 | 26-Jun-19 | |
| Gujarat | Rajkot | Lokwan | 2100 | 2100 | Unch |
| M.P. | Indore | Lokwan | 2300 | 2300 | Unch |
| | Bhopal | Lokwan | 1870 | 1870 | Unch |
| | Bina | Sarbati 306 | 2550 | Closed | - |
| Rajasthan | Kota | Lokwan Bilty | 2100 | 2100 | Unch |
| | Baran | Lokwan | 1900 | 1900 | Unch |

Wheat Arrivals in Key Centers:

| Centre | Market | Variety | Arrivals (Bags/Qtl) | | Change |
|-----------|-------------------|--------------------|---------------------|-----------|--------|
| | | | 27-Jun-19 | 26-Jun-19 | |
| Delhi | Lawrence Road | Mill Delivery | 8000 | 7000 | 1000 |
| | Narella | Mill Quality Loose | 300 | Closed | - |
| | Nazafgarh | Mill Quality Loose | 250 | Closed | - |
| Gujarat | Rajkot | Mill Quality Loose | 400 | 500 | -100 |
| | Dhrol | Mill Quality Loose | 11 | 5 | 6 |
| M.P. | Indore | Mill Quality Loose | 8000 | 7000 | 1000 |
| Rajasthan | Kota | Mill Quality | 10000 | 6000 | 4000 |
| U.P. | Kanpur | Mill Quality Loose | 5000 | 5000 | Unch |
| | Mathura | Mill Quality Loose | 1000 | 1200 | -200 |
| | Kosi | Mill Quality Loose | 400 | 400 | Unch |
| | Hathras | Mill Quality Loose | 150 | 450 | -300 |
| | Aligarh | Mill Quality Loose | 2000 | Closed | - |
| Punjab | Khanna | Mill Quality Loose | 500 | 1000 | -500 |
| | (Ludhiana)Jagraon | Mill Quality Loose | NA | NA | - |
| Haryana | Sirsa | Mill Quality Loose | 500 | 500 | Unch |
| | Hodal | Mill Quality Loose | 50 | 100 | -50 |
| | Bhiwani | Mill Quality Loose | 300 | 400 | -100 |

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

| Wheat Products Delhi | 27-Jun-19 | 26-Jun-19 | Change |
|------------------------------|-----------|-----------|--------|
| Atta (50kg) Ordinary | 1055 | 1055 | Unch |
| Maida Grade 1 (50KG) | 1295 | 1295 | Unch |
| Suji (50kg) | 1210 | 1210 | Unch |
| Chokar (50 kg) | 890 | 890 | Unch |
| Chokar (34 kg) | 605 | 605 | Unch |
| Chakki Atta (50kg) | 1200 | 1200 | Unch |
| Chakki Atta (50kg) Special | 1225 | 1225 | Unch |
| Chakki Atta (90kg) Superfine | 2230 | 2230 | Unch |
| Chakki Atta (50kg) Superfine | 1235 | 1235 | Unch |

| Wheat (CBOT) Future Price: 26.06.2019 | | | | | |
|---------------------------------------|--------|--------|--------|--------|--------|
| Contract Month | Open | High | Low | Close | Change |
| 19-Jul | 535.50 | 545.25 | 532.25 | 543.75 | 8.00 |
| 19-Sep | 539.75 | 547.75 | 536.25 | 546.50 | 6.50 |
| 19-Dec | 550.50 | 557.50 | 546.50 | 556.25 | 5.75 |
| 20-Mar | 557.75 | 566.25 | 556.00 | 565.25 | 5.25 |
| 20-May | 560.25 | 567.25 | 558.25 | 566.75 | 4.50 |
| 20-Jul | 556.25 | 562.75 | 552.75 | 561.25 | 3.75 |

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