

Wheat Domestic Fundamentals:

India mainly imports from Australia and Russia. Millers prefer Australian wheat over Russian/Ukrainian wheat due to better quality. As of now, Russian wheat with 12.5 percent protein content and Australian premium wheat (APW) is being quoted at \$333.2 (Rs 23010.79) per tonne and \$385.7 (Rs 26636.44) 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 22500 per tonne and Rs 23000 per tonne respectively.

As per trade sources, after increase in import duty to 40 percent imports have decreased substantially. India has imported no wheat in the month of May-19. Imports are expected to be low this year due to good domestic availability and increase in import duty. India has imported around 498.77 tonnes in the month of April-2019.

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 is 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 Uttrakhand, 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.

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.

International Market Update:

The Saudi Arabia Grain Organization has purchased 730000 tonnes wheat through tender. The said quantity will arrive at three different ports. Around 425000 tonnes will arrive at Jeddah port, 250000 tonnes at Dammam and the remaining 55000 tonnes at Jizan port. Saudi Arabia abandoned plans of self-sufficiency in 2008 as farming in desert reduced scarce water resources and became a major importer of hard and soft wheat.

As per SovEcon, Russia has exported around 34.17 thousand tonnes of wheat during July'18-May'19. Russia is expected to export around 1.00 thousand tonnes of wheat in the month of June'19. Demand in foreign market is sluggish due to ample availability. Buyers are only considering price. As of now Russian wheat with 12.5 percent protein content at Novorossiysk port is hovering around FoB \$197 per tonne.

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.

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:02.07.2019 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	-8	1978	1978	1969	1971	720	-20	6930	-540
19-Aug	+1	2010	2010	1998	2005	820	+530	1740	+690
19-Sep	0	2029	2029	2029	2029	0	0	30	0

Spread	July-19	Aug-19	Sep-19
Spot Narella			
19-Jul	31		
19-Aug		24	
19-Sep			24

Stocks	Demat	In-Process	Total	EDD
	01.Jul.19	01.Jul.19	01.Jul.19	01.Jul.19
Delhi	-	-	-	-
Itarsi	-	-	-	-
Kanpur	-	-	-	-
Kota	32781	226	33007	32780
Baran	-	-	-	-

Wheat Daily Prices and Arrivals on 02.07.2019

Centre	Market	Variety	Prices (Rs/Qtl)		Change
			2-Jul-19	1-Jul-19	
Delhi	Lawrence Road	Mill Delivery	2035	2035	Unch
	Narella	Mill Quality Loose	1940	1940	Unch
	Nazafgarh	Mill Quality Loose	1930	1925	5
Gujarat	Rajkot	Mill Delivery	1940	1930	10
	Ahmedabad	Mill Delivery	2040	2035	5
	Surat	Mill Delivery	2075	2070	5
	Dhrol	Mill Quality Loose	2100	2000	100
M.P.	Indore	Mill Delivery	Closed	1980	-
	Bhopal	Mill Quality Loose	Closed	1815	-
Rajasthan	Kota	Mill Quality Loose	1835	1815	20
		Mill Delivery	1960	1950	10
U.P.	Kanpur	Mill Delivery	1930	1930	Unch
	Mathura	Mill Quality Loose	1810	1810	Unch
	Kosi	Mill Quality Loose	1925	1930	-5
	Hathras	Mill Quality Loose	1830	1820	10
	Aligarh	Mill Quality Loose	1870	1870	Unch
Punjab	Khanna	Mill Quality Loose	1950	1930	20
	Ludhiana (Jagraon)	Mill Delivery	NA	NA	-
Haryana	Sirsa	Mill Delivery loose	1925	1925	Unch
	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	2350	-50
	Madurai	Mill Quality	2357	2407	-50
	Coimbatore	Mill Quality	2357	2407	-50
Bihar	Khagariya	Mill Delivery	1900	1900	Unch
	Muzaffarpur	Mill Delivery	1850	1850	Unch
FOR	Kandla (Rajasthan-Rajkot)	Mill Quality	NA	NA	-
	Gandhidham (Rajasthan-Rajkot)	Mill Quality	NA	NA	-

Centre	Market	Variety	Prices (Rs/Qtl)		Change
			2-Jul-19	1-Jul-19	
Gujarat	Rajkot	Lokwan	2100	2100	Unch
M.P.	Indore	Lokwan	Closed	2300	-
	Bhopal	Lokwan	Closed	1850	-
	Bina	Sarbati 306	Closed	2500	-
Rajasthan	Kota	Lokwan Bilty	2050	2200	-150
	Baran	Lokwan	1900	1900	Unch

Wheat Arrivals in Key Centers:

Centre	Market	Variety	Arrivals (Bags/Qtl)		Change
			2-Jul-19	1-Jul-19	
Delhi	Lawrence Road	Mill Delivery	8000	9000	-1000
	Narella	Mill Quality Loose	400	300	100
	Nazafgarh	Mill Quality Loose	100	150	-50
Gujarat	Rajkot	Mill Quality Loose	700	700	Unch
	Dhrol	Mill Quality Loose	7	26	-19
M.P.	Indore	Mill Quality Loose	Closed	8000	-
Rajasthan	Kota	Mill Quality	5000	11000	-6000
U.P.	Kanpur	Mill Quality Loose	5000	5000	Unch
	Mathura	Mill Quality Loose	1000	1000	Unch
	Kosi	Mill Quality Loose	500	500	Unch
	Hathras	Mill Quality Loose	200	200	Unch
	Aligarh	Mill Quality Loose	2000	1500	500
Punjab	Khanna	Mill Quality Loose	600	700	-100
	(Ludhiana)Jagraon	Mill Quality Loose	NA	NA	-
Haryana	Sirsa	Mill Quality Loose	500	500	Unch
	Hodal	Mill Quality Loose	50	50	Unch

	Bhiwani	Mill Quality Loose	500	300	200
	Karnal	Mill Delivery	NA	NA	-
	Panipat	Mill Quality Loose	NA	NA	-

Wheat Products Delhi	2-Jul-19	1-Jul-19	Change
Atta (50kg) Ordinary	1075	1075	Unch
Maida Grade 1 (50KG)	1255	1255	Unch
Suji (50kg)	1220	1220	Unch
Chokar (50 kg)	875	875	Unch
Chokar (34 kg)	595	595	Unch
Chakki Atta (50kg)	1205	1205	Unch
Chakki Atta (50kg) Special	1230	1230	Unch
Chakki Atta (90kg) Superfine	2235	2235	Unch
Chakki Atta (50kg) Superfine	1240	1240	Unch

Wheat (CBOT) Future Price: 01.07.2019					
Contract Month	Open	High	Low	Close	Change
19-Jul	532.00	532.00	511.75	514.00	-14.00
19-Sep	530.00	531.00	508.50	511.75	-15.50
19-Dec	541.25	541.75	521.25	524.25	-14.25
20-Mar	551.00	552.00	532.75	536.00	-12.75
20-May	554.75	554.75	538.75	541.75	-9.75
20-Jul	549.00	549.00	540.00	544.25	-2.50

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