

Wheat Domestic Fundamentals:

Government has offered 15252981 tonnes of wheat in OMSS until fourth tender in June'19 out of which 91000 tonnes was sold. No rakes were sold. State government and bulk consumers bought 90500 tonnes and 500 tonnes of wheat respectively. In the month of June'19, government has sold 35900 tonnes of wheat against offered quantity of 9949900 tonnes. Government sold 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. This is the main reason for lower sale through OMSS.

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 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.

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.

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:03.07.2019 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	-2	1970	1970	1968	1970	870	+150	6200	-730
19-Aug	-2	2001	2001	1998	2000	890	+70	2450	+710
19-Sep	0	2032	2032	2032	2032	0	0	30	0

Spread	July-19	Aug-19	Sep-19
Spot Narella			
19-Jul	30		
19-Aug		30	
19-Sep			32

Stocks	Demat	In-Process	Total	EDD
	02.Jul.19	02.Jul.19	02.Jul.19	01.Jul.19
Delhi	-	-	-	-
Itarsi	-	-	-	-
Kanpur	-	-	-	-
Kota	32906	301	33207	32780
Baran	-	-	-	-

Wheat Daily Prices and Arrivals on 03.07.2019

Centre	Market	Variety	Prices (Rs/Qtl)		Change
			3-Jul-19	2-Jul-19	
Delhi	Lawrence Road	Mill Delivery	2035	2035	Unch
	Narella	Mill Quality Loose	Closed	1940	-
	Nazafgarh	Mill Quality Loose	Closed	1930	-
Gujarat	Rajkot	Mill Delivery	1940	1940	Unch
	Ahmedabad	Mill Delivery	2050	2040	10
	Surat	Mill Delivery	2080	2075	5
	Dhrol	Mill Quality Loose	2155	2100	55
M.P.	Indore	Mill Delivery	2010	Closed	-
	Bhopal	Mill Quality Loose	1850	Closed	-
Rajasthan	Kota	Mill Quality Loose	1835	1835	Unch
		Mill Delivery	1960	1960	Unch
U.P.	Kanpur	Mill Delivery	1930	1930	Unch
	Mathura	Mill Quality Loose	1815	1810	5
	Kosi	Mill Quality Loose	1925	1925	Unch
	Hathras	Mill Quality Loose	1830	1830	Unch
	Aligarh	Mill Quality Loose	Closed	1870	-
Punjab	Khanna	Mill Quality Loose	1935	1950	-15
	Ludhiana (Jagraon)	Mill Delivery	NA	NA	-
Haryana	Sirsa	Mill Delivery loose	1930	1925	5
	Hodal	Mill Delivery	NA	NA	-

	Bhiwani	Mill Quality Loose	1920	1925	-5
	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	2000	1900	100
	Muzaffarpur	Mill Delivery	1825	1850	-25
FOR	Kandla (Rajasthan-Rajkot)	Mill Quality	NA	NA	-
	Gandhidham (Rajasthan-Rajkot)	Mill Quality	NA	NA	-

Centre	Market	Variety	Prices (Rs/Qtl)		Change
			3-Jul-19	2-Jul-19	
Gujarat	Rajkot	Lokwan	2100	2100	Unch
M.P.	Indore	Lokwan	2400	Closed	-
	Bhopal	Lokwan	1900	Closed	-
	Bina	Sarbati 306	Closed	Closed	-
Rajasthan	Kota	Lokwan Bilty	2050	2050	Unch
	Baran	Lokwan	1900	1900	Unch

Wheat Arrivals in Key Centers:

Centre	Market	Variety	Arrivals (Bags/Qtl)		Change
			3-Jul-19	2-Jul-19	
Delhi	Lawrence Road	Mill Delivery	7000	8000	-1000
	Narella	Mill Quality Loose	Closed	400	-
	Nazafgarh	Mill Quality Loose	Closed	100	-
Gujarat	Rajkot	Mill Quality Loose	500	700	-200
	Dhrol	Mill Quality Loose	14	7	7
M.P.	Indore	Mill Quality Loose	8000	Closed	-
Rajasthan	Kota	Mill Quality	4000	5000	-1000
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	Closed	2000	-
Punjab	Khanna	Mill Quality Loose	600	600	Unch
	(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	400	500	-100

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

Wheat Products Delhi	3-Jul-19	2-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: 02.07.2019					
Contract Month	Open	High	Low	Close	Change
19-Jul	514.00	514.75	502.00	503.50	-10.50
19-Sep	511.75	515.75	501.25	503.25	-8.50
19-Dec	524.00	527.75	513.75	515.50	-8.75
20-Mar	536.00	539.00	526.25	528.75	-7.25
20-May	541.25	544.50	533.00	535.50	-6.25
20-Jul	544.00	546.75	535.75	538.50	-5.75

Disclaimer: The information and opinions contained in the document have been compiled from sources believed to be reliable. The company does not warrant its accuracy, completeness and correctness. Use of data and information contained in this report is at your own risk. This document is not, and should not be construed as, an offer to sell or solicitation to buy any commodities. This document may not be reproduced, distributed or published, in whole or in part, by any recipient hereof for any purpose without prior permission from the Company. IASL and its affiliates and/or their officers, directors and employees may have positions in any commodities mentioned in this document (or in any related investment) and may from time to time add to or dispose of any such commodities (or investment). Please see the detailed disclaimer at <http://www.agriwatch.com/disclaimer.php> © 2019 Indian Agribusiness Systems Ltd.