

Wheat Domestic Fundamentals:

Wheat market is likely to trade firm in near future. No imports and good domestic demand will support prices. Furthermore, domestic availability of wheat is enough to meet emerging demand in the domestic market. As of now, prices are under pressure due to huge stock position with private traders/millers and government. Millers/traders have bought as much quantity as they could during arrival season due to higher reserve price.

All India weekly average prices decreased by 0.76 percent to Rs. 2039.37 per quintal during the week ended 08th July 2019. Wheat average price were ruling at Rs 2055.02 per quintal during 24-30 June 2019. As compared to prices in the week 01-18 July 2018, the prices are firm by 9.78 percent. Prices are expected to remain steady to slightly in coming days due to hike in import duty and good demand in domestic market.

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 22887.51) per tonne and \$402.50 (Rs 27647.73) per tonne respectively, after including freight and import duty @40%. Local expenses will further add to cost. Whereas wheat mill quality price in Chennai is ruling around Rs 22500 per tonne.

The government has purchased around 34.13 MMT of wheat until 24th June 2019. Procurement is lagging behind this year even after good production compared to last year. In RMS 2018-19, around 35.7 MMT of wheat was procured against a target of 32 MMT. Diversion of wheat to flour millers in Uttar Pradesh is one of the main reason procurement is lagging behind in RMS 2019-20. Flour millers in Uttar Pradesh are buying directly from farmers to avoid paying a higher reserve price of Rs 2080 per quintal. Apart from U.P, procurement is also slightly below target procurement in Madhya Pradesh and Rajasthan due to the same reason mentioned above.

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.

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.

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.

International Market Update:

GASC has purchased 240000 tonnes of Ukrainian and Romanian wheat through tender. Of the total quantity 60000 tonnes has been sourced from Ukraine and 180000 tonnes has been sourced from Romania. ADM offered 120000 tonnes of Romanian wheat at FoB \$198.00 per tonne, ADM offered 60000 tonnes of Romanian wheat at FoB \$198.00 per tonne and Louis Dreyfus offered 60000 tonnes of Ukrainian wheat at FoB \$198.00 per tonne.

As per SovEcon, Russia is expected to produce 76.6 MMT of wheat compared to their previous forecast of 82.2 MMT. Rains in upcoming weeks will not be able to fix the damage to winter grains caused by hot weather however it would be beneficial for spring grains. Global wheat production as well as stocks will still be on higher side keeping prices under pressure.

As per farm ministry, France is expected to produce 37.00 MMT of wheat in 2019, higher by around 8.5 percent compared to previous year. The average yield was around 7.73 tonnes/hectare compared to 6.98 tonnes per hectare last year. Yield was higher this year despite heat wave in late June.

Algeria state grains agency OAIC has bought around 360000 tonnes of milling wheat in a tender that closed on Thursday. The prices paid were in the range of \$217.00-217.50 per tonne (Cost and Freight). Most of the quantity is expected to be sourced from Canada. Algeria does not disclose the results of its tenders and purchase reports are based on trade assessments. The quantity is to be shipped between in the month of August.

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

Wheat Futures Contact: NCDEX Price							Date:10.07.2019 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	1933	1958	1932	1951	2110	-540	3330	-260
19-Aug	-1	1970	2015	1970	1983	1750	-660	6060	660
19-Sep	0	2015	2015	2015	2015	0	0	30	0

Spread	July-19	Aug-19	Sep-19
Spot Narella			
19-Jul	1		
19-Aug		32	
19-Sep			32

Stocks	Demat	In-Process	Total	EDD
	09.Jul.19	09.Jul.19	09.Jul.19	08.Jul.19
Delhi	-	-	-	-
Itarsi	-	-	-	-
Kanpur	-	-	-	-
Kota	33299	0	33299	33247
Baran	-	-	-	-

Wheat Daily Prices and Arrivals on 10.07.2019

Centre	Market	Variety	Prices (Rs/Qtl)		Change
			10-Jul-19	9-Jul-19	
Delhi	Lawrence Road	Mill Delivery	2035	2035	Unch
	Narella	Mill Quality Loose	Closed	1950	-
	Nazafgarh	Mill Quality Loose	Closed	1920	-
Gujarat	Rajkot	Mill Delivery	1960	1950	10
	Ahmedabad	Mill Delivery	2070	2060	10
	Surat	Mill Delivery	2100	2090	10
	Dhrol	Mill Quality Loose	2050	1950	100
M.P.	Indore	Mill Delivery	2010	2010	Unch
	Bhopal	Mill Quality Loose	1900	1900	Unch
Rajasthan	Kota	Mill Quality Loose	1850	1850	Unch
		Mill Delivery	1970	1970	Unch
U.P.	Kanpur	Mill Delivery	1950	1990	-40
	Mathura	Mill Quality Loose	NR	1840	-
	Kosi	Mill Quality Loose	1910	1920	-10
	Hathras	Mill Quality Loose	1840	1840	Unch
	Aligarh	Mill Quality Loose	Closed	1870	-
Punjab	Khanna	Mill Quality Loose	1940	1940	Unch
	Ludhiana (Jagraon)	Mill Delivery	NA	NA	-
Haryana	Sirsa	Mill Delivery loose	1940	1940	Unch
	Hodal	Mill Delivery	NA	NA	-

	Bhiwani	Mill Quality Loose	1940	1950	-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	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
			10-Jul-19	9-Jul-19	
Gujarat	Rajkot	Lokwan	2125	2100	25
M.P.	Indore	Lokwan	2300	2300	Unch
	Bhopal	Lokwan	2000	2000	Unch
	Bina	Sarbati 306	Closed	2500	-
Rajasthan	Kota	Lokwan Bilty	2050	2050	Unch
	Baran	Lokwan	1925	1925	Unch

Wheat Arrivals in Key Centers:

Centre	Market	Variety	Arrivals (Bags/Qtl)		Change
			10-Jul-19	9-Jul-19	
Delhi	Lawrence Road	Mill Delivery	8000	10000	-2000
	Narella	Mill Quality Loose	Closed	200	-
	Nazafgarh	Mill Quality Loose	Closed	100	-
Gujarat	Rajkot	Mill Quality Loose	500	500	Unch
	Dhrol	Mill Quality Loose	7	1	6
M.P.	Indore	Mill Quality Loose	8000	8000	Unch
Rajasthan	Kota	Mill Quality	6000	3000	3000
U.P.	Kanpur	Mill Quality Loose	1000	1500	-500
	Mathura	Mill Quality Loose	NR	300	-
	Kosi	Mill Quality Loose	350	380	-30
	Hathras	Mill Quality Loose	10	50	-40
	Aligarh	Mill Quality Loose	Closed	2000	-
Punjab	Khanna	Mill Quality Loose	NA	500	-
	(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	200	500	-300

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

Wheat Products Delhi	10-Jul-19	9-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: 09.07.2019					
Contract Month	Open	High	Low	Close	Change
19-Jul	513.75	513.75	508.50	509.75	-7.00
19-Sep	510.00	511.00	498.75	502.75	-8.25
19-Dec	519.50	522.75	511.25	515.50	-7.25
20-Mar	534.25	535.00	524.00	528.75	-6.50
20-May	539.75	540.00	530.25	535.50	-5.50
20-Jul	538.25	538.25	530.25	535.50	-5.00

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