

Wheat Domestic Fundamentals:

Arhtiyas (commission agent) play a crucial role in procurement by providing around 66 percent of farm loans. The state is rolling out the public financial management system (PFMS) in two months. Arhtiyas were fearful that they might get affected. Punjab government has made it clear that under the APMC act, it is a state subject and the government is authorized to modify PFMS to retain role of Arhtiyas.

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 \$349.30 (Rs 24024.85) per tonne and \$450.52 (Rs 30986.77) 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 23000 per tonne. Therefore, as of now, there is no parity for wheat imports.

As per latest update, Punjab Chief Minister Amarinder Singh has asked the state to draw a comprehensive crop diversification model to save water that is being consumed in growing wheat and rice. CM also stressed on prioritizing less water consuming crops such as maize and cotton.

All India weekly average prices increased by 5.07 percent to Rs. 2121.87 per quintal during the week ended 31st July 2019. Wheat average price were ruling at Rs 2019.57 per quintal during 16-23 July 2019. As compared to prices in the week 24-31 July 2018, the prices are firm by 10.03 percent. Prices are expected to remain steady to firm in coming days due to hike in import duty and good demand in domestic market.

Wheat market is likely to trade steady to firm due to good demand from millers and lower arrivals in all major wheat producing states. However small technical corrections can be expected. Domestic availability of wheat is enough to meet emerging demand in the domestic market. Furthermore, no imports due to disparity is also providing support to prices in domestic market. Traders are advised to buy with correction. As of now, mill delivery wheat at Lawrence road is trading in the range of Rs 2140-2150 per quintal.

India has huge stockpiles of wheat. However India is not able to export wheat due to huge price difference. Neighboring country like Bangladesh has approved a purchase of 1 LMT from Russia at \$267.30 per tonne including cost, insurance, freight and port related expenses. Whereas Wheat mill delivery price in Indore is hovering around \$309 per tonne.

As per latest update, roller flour mills in Punjab are facing a supply shortage even after bumper production as well as procurement in Punjab. According to Punjab Mandi Board, around 70-75 percent of wheat in the state is procured by procurement agencies. Due to luster loss this year, wheat sold by FCI is not fit for making Maida but can be used for making Aata. Therefore millers in Punjab are dependent on wheat supply from Uttar Pradesh. However that too has stopped due to better prices of wheat in Uttar Pradesh itself. Millers have met FCI official and asked for supply of wheat from August 15. FCI official have said, "We are working on it, this is not an issue which cannot be sorted out".

As per trade source, India has exported around 6.13 thousand tonnes in the month of June-2019. The quantity in June-2019 was exported at an average FOB of \$ 375.13 per tonne and the major destinations were Nepal, UAE, Sri Lanka and Somalia. Exports are likely to be at lower side as other countries are able to provide quality wheat at competitive prices.

International Market Update:

As on 02nd August Russia has harvested 46.70 million tonnes of wheat compared to 39.5 million tonnes a year ago for the same date. Around 12.9 million hectares of area has been harvested with an average yield of 3.62 tonnes per hectare compared to 10.9 million hectares with an average yield of 3.64 tonnes per hectare a year ago for same date. Russian wheat with 11.5% protein content is being quoted at FoB \$ 188.00 per tonne.

Farm ministry has increased soft wheat production in France to 38.2 MMT up by 12 percent compared to last year. Forecast has been increased as analysts believe that heat wave in June and July had little impact on yields.

GASC (General Authority for Supply Commodities) has purchased 415000 tonnes of Russia, Ukraine and Romanian wheat through tender. Of the total quantity 60000 tonnes was of Romanian origin, 115000 tonnes was of Ukrainian origin and 240000 tonnes was of Russian origin. Egypt has bought 300000 MT of wheat in its last tender. Egypt is the largest importer of wheat and imports around 11-12 MMT of wheat every year.

Russia is expected to dominate the world wheat export market this year. Although sovecon has reduced production forecast however it is still higher compared to last year. Indonesia is one of the largest importer of wheat and a top buyer of Australian wheat. Due to third consecutive dry season availability of wheat for export in Australia has been impacted. Argentina has captured some demand but major share will be captured by Black Sea wheat. On an average, the spread between Australia standard wheat (ASW) and black sea wheat has increased from \$12 per tonne in 2017 to \$24 per tonne in 2019.

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

Wheat Futures Contract: NCDEX Price							Date:08.08.2019 at 5:00 PM		
Contract Month	+/-	Open	High	Low	Close	Volume	Ch. From previous day	OI	Ch. From previous day
19-Aug	-5	2062	2062	2055	2057	1290	+780	3990	-540
19-Sep	-7	2094	2094	2085	2086	1340	+880	9640	+560
19-Oct	+2	2124	2126	2123	2126	20	+20	100	+20

Spread	Aug-19	Sep-19	Oct-19
Spot Narella			
19-Aug	7		
19-Sep		29	
19-Oct			40

Stocks	Demat	In-Process	Total	EDD
	07.Aug.19	07.Aug.19	07.Aug.19	05.Aug.19
Delhi	-	-	-	-
Itarsi	-	-	-	-
Kanpur	-	-	-	-
Kota	33599	0	33599	33599
Baran	-	-	-	-

Wheat Daily Prices and Arrivals on 08.08.2019

Centre	Market	Variety	Prices (Rs/Qtl)		Change
			8-Aug-19	7-Aug-19	
Delhi	Lawrence Road	Mill Delivery	2150	2150	Unch
	Narella	Mill Quality Loose	2050	Closed	-
	Nazafgarh	Mill Quality Loose	2000	Closed	-
Gujarat	Rajkot	Mill Delivery	2100	2100	Unch
	Ahmedabad	Mill Delivery	2200	2200	Unch
	Surat	Mill Delivery	2250	2260	-10
	Dhrol	Mill Quality Loose	2200	NR	-
M.P.	Indore	Mill Delivery	2130	2160	-30
	Bhopal	Mill Quality Loose	2100	2100	Unch
Rajasthan	Kota	Mill Quality Loose	1970	1965	5
		Mill Delivery	2070	2080	-10
U.P.	Kanpur	Mill Delivery	2050	2060	-10
	Mathura	Mill Quality Loose	1930	1925	5
	Kosi	Mill Quality Loose	1960	1960	Unch
	Hathras	Mill Quality Loose	1940	1940	Unch
	Aligarh	Mill Quality Loose	1950	Closed	-
Punjab	Khanna	Mill Quality Loose	1975	1970	5
	Ludhiana (Jagraon)	Mill Delivery	NA	NA	-
Haryana	Sirsa	Mill Delivery loose	2030	2035	-5
	Hodal	Mill Delivery	NA	NA	-

	Bhiwani	Mill Quality Loose	2020	2030	-10
	Karnal	Mill Delivery	NA	NA	-
	Panipat	Mill Quality Loose	NA	NA	-
Tamil Nadu	Chennai	Mill Quality	2400	2400	Unch
	Madurai	Mill Quality	2457	2457	Unch
	Coimbatore	Mill Quality	2457	2457	Unch
Bihar	Khagariya	Mill Delivery	1900	1900	Unch
	Muzaffarpur	Mill Delivery	1950	1950	Unch
FOR	Kandla (Rajasthan-Rajkot)	Mill Quality	NA	NA	-
	Gandhidham (Rajasthan-Rajkot)	Mill Quality	NA	NA	-

Centre	Market	Variety	Prices (Rs/Qtl)		Change
			8-Aug-19	7-Aug-19	
Gujarat	Rajkot	Lokwan	2175	2175	Unch
M.P.	Indore	Lokwan	2400	2400	Unch
	Bhopal	Lokwan	NA	NA	-
	Bina	Sarbati 306	Closed	Closed	-
Rajasthan	Kota	Lokwan Bilty	2050	2150	-100
	Baran	Lokwan	1900	1900	Unch

Wheat Arrivals in Key Centers:

Centre	Market	Variety	Arrivals (Bags/Qtl)		Change
			8-Aug-19	7-Aug-19	
Delhi	Lawrence Road	Mill Delivery	10000	12000	-2000
	Narella	Mill Quality Loose	200	Closed	-
	Nazafgarh	Mill Quality Loose	150	Closed	-
Gujarat	Rajkot	Mill Quality Loose	800	700	100
	Dhrol	Mill Quality Loose	19	NR	-
M.P.	Indore	Mill Quality Loose	8000	5000	3000
Rajasthan	Kota	Mill Quality	3000	3000	Unch
U.P.	Kanpur	Mill Quality Loose	700	1500	-800
	Mathura	Mill Quality Loose	900	50	850
	Kosi	Mill Quality Loose	300	200	100
	Hathras	Mill Quality Loose	60	60	Unch
	Aligarh	Mill Quality Loose	600	Closed	-
Punjab	Khanna	Mill Quality Loose	600	500	100
	(Ludhiana)Jagraon	Mill Quality Loose	NA	NA	-
Haryana	Sirsa	Mill Quality Loose	400	300	100
	Hodal	Mill Quality Loose	50	50	Unch
	Bhiwani	Mill Quality Loose	300	600	-300

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

Wheat Products Delhi	8-Aug-19	7-Aug-19	Change
Atta (50kg) Ordinary	1150	1150	Unch
Maida Grade 1 (50KG)	1300	1300	Unch
Suji (50kg)	1290	1290	Unch
Chokar (50 kg)	830	830	Unch
Chokar (34 kg)	564	564	Unch
Chakki Atta (50kg)	1250	1250	Unch
Chakki Atta (50kg) Special	1275	1275	Unch
Chakki Atta (90kg) Superfine	2313	2313	Unch
Chakki Atta (50kg) Superfine	1285	1285	Unch

Wheat (CBOT) Future Price: 07.08.2019					
Contract Month	Open	High	Low	Close	Change
19-Sep	484.00	490.25	477.50	488.25	4.25
19-Dec	487.75	493.00	482.25	491.25	3.50
20-Mar	496.00	501.25	491.50	500.00	4.00
20-May	504.25	506.75	497.00	505.75	4.00
20-Jul	507.50	510.75	501.50	510.00	3.50
20-Sep	516.25	518.50	510.25	518.50	3.25

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