

Wheat Domestic Fundamentals:

As per latest update, demand for wheat has increased in the feed industry due to higher prices of maize. However this trend is short lived as imported quantity of maize is likely to arrive during September and new crop in domestic market will start from October. Furthermore, government will increase reserve price of wheat by Rs 55 per quintal for the third quarter (Oct-Dec) to Rs 2190 per quintal.

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.

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:09.08.2019 at 5:00 PM		
Contract Month	+/-	Open	High	Low	Close	Volume	Ch. From previous day	OI	Ch. From previous day
19-Aug	-11	2057	2063	2042	2046	780	-510	3990	0
19-Sep	-16	2086	2090	2064	2070	730	-610	10000	+360
19-Oct	-13	2125	2120	2112	2112	20	0	120	+20

Spread	Aug-19	Sep-19	Oct-19
Spot Narella			
19-Aug	-9		
19-Sep		24	
19-Oct			42

Stocks	Demat	In-Process	Total	EDD
	08.Aug.19	08.Aug.19	08.Aug.19	05.Aug.19
Delhi	-	-	-	-
Itarsi	-	-	-	-
Kanpur	-	-	-	-
Kota	33599	119	33718	33599
Baran	-	-	-	-

Wheat Daily Prices and Arrivals on 09.08.2019

Centre	Market	Variety	Prices (Rs/Qtl)		Change
			9-Aug-19	8-Aug-19	
Delhi	Lawrence Road	Mill Delivery	2150	2150	Unch
	Narella	Mill Quality Loose	2055	2050	5
	Nazafgarh	Mill Quality Loose	2025	2000	25
Gujarat	Rajkot	Mill Delivery	2115	2100	15
	Ahmedabad	Mill Delivery	2210	2200	10
	Surat	Mill Delivery	2260	2250	10
	Dhrol	Mill Quality Loose	2075	2200	-125
M.P.	Indore	Mill Delivery	2130	2130	Unch
	Bhopal	Mill Quality Loose	2100	2100	Unch
Rajasthan	Kota	Mill Quality Loose	Closed	1970	-
		Mill Delivery	Closed	2070	-
U.P.	Kanpur	Mill Delivery	2070	2050	20
	Mathura	Mill Quality Loose	1925	1930	-5
	Kosi	Mill Quality Loose	1970	1960	10
	Hathras	Mill Quality Loose	NR	1940	-
	Aligarh	Mill Quality Loose	1950	1950	Unch
Punjab	Khanna	Mill Quality Loose	1975	1975	Unch
	Ludhiana (Jagraon)	Mill Delivery	NA	NA	-
Haryana	Sirsa	Mill Delivery loose	2025	2030	-5
	Hodal	Mill Delivery	NA	NA	-

	Bhiwani	Mill Quality Loose	2010	2020	-10
	Karnal	Mill Delivery	NA	NA	-
	Panipat	Mill Quality Loose	NA	NA	-
Tamil Nadu	Chennai	Mill Quality	Closed	2400	-
	Madurai	Mill Quality	Closed	2457	-
	Coimbatore	Mill Quality	Closed	2457	-
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
			9-Aug-19	8-Aug-19	
Gujarat	Rajkot	Lokwan	2200	2175	25
M.P.	Indore	Lokwan	2400	2400	Unch
	Bhopal	Lokwan	NA	NA	-
	Bina	Sarbati 306	Closed	Closed	-
Rajasthan	Kota	Lokwan Bilty	Closed	2050	-
	Baran	Lokwan	1890	1900	-10

Wheat Arrivals in Key Centers:

Centre	Market	Variety	Arrivals (Bags/Qtl)		Change
			9-Aug-19	8-Aug-19	
Delhi	Lawrence Road	Mill Delivery	10000	10000	Unch
	Narella	Mill Quality Loose	150	200	-50
	Nazafgarh	Mill Quality Loose	150	150	Unch
Gujarat	Rajkot	Mill Quality Loose	900	800	100
	Dhrol	Mill Quality Loose	17	19	-2
M.P.	Indore	Mill Quality Loose	7000	8000	-1000
Rajasthan	Kota	Mill Quality	Closed	3000	-
U.P.	Kanpur	Mill Quality Loose	1000	700	300
	Mathura	Mill Quality Loose	400	900	-500
	Kosi	Mill Quality Loose	200	300	-100
	Hathras	Mill Quality Loose	NR	60	-
	Aligarh	Mill Quality Loose	500	600	-100
Punjab	Khanna	Mill Quality Loose	600	600	Unch
	(Ludhiana)Jagraon	Mill Quality Loose	NA	NA	-
Haryana	Sirsa	Mill Quality Loose	300	400	-100
	Hodal	Mill Quality Loose	50	50	Unch
	Bhiwani	Mill Quality Loose	200	300	-100

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

Wheat Products Delhi	9-Aug-19	8-Aug-19	Change
Atta (50kg) Ordinary	1175	1150	25
Maida Grade 1 (50KG)	1325	1300	25
Suji (50kg)	1280	1290	-10
Chokar (50 kg)	850	830	20
Chokar (34 kg)	578	564	14
Chakki Atta (50kg)	1300	1250	50
Chakki Atta (50kg) Special	1325	1275	50
Chakki Atta (90kg) Superfine	2403	2313	90
Chakki Atta (50kg) Superfine	1335	1285	50

Wheat (CBOT) Future Price: 08.08.2019					
Contract Month	Open	High	Low	Close	Change
19-Sep	489.50	502.75	486.00	498.50	10.25
19-Dec	492.25	503.00	488.50	500.00	8.75
20-Mar	500.50	509.75	497.50	508.00	8.00
20-May	506.00	515.00	503.75	513.00	7.25
20-Jul	510.75	519.25	508.50	517.00	7.00
20-Sep	518.25	526.50	517.75	524.50	6.00

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