

Wheat Domestic Fundamentals:

All India average monthly prices for wheat increased by 0.60 percent from Rs 2099.89 in July -2019 to Rs 2112.54 per qtl in August -2019. Average price in August-2019 is higher by 4.49 percent compared to Rs 2021.76 per quintal registered in August-2018. Prices are expected to remain steady to firm in coming weeks due to hike in import duty and a likely increase in demand in upcoming weeks.

Wheat production in Punjab has remained on higher side in past years. However this high production may have led to over exploitation of ground water. Of the total 138 blocks in Punjab around 109 have been marked as over exploited in terms of underground water and the remaining are in safe zone. The number of tube wells have increased from 2.8 lakhs to 14.5 lakhs since 1980s. The rigid cropping pattern of wheat-paddy has also aggravated the problem.

As per latest update, some of the mandis remained closed as they are protesting against government's decision to charge 2 percent TDS for withdrawal of more than Rs 1 crore. Mandis are likely to reopen from coming Thursday. Mandis in Delhi were closed due to their weekly off.

As per latest update, demand for loose and unbranded wheat has reduced as consumers in urban as well as semi-urban areas are shifting to packed and branded wheat. Furthermore, easier availability of packed wheat and increase in income are also playing a vital role. Around 70 percent of millers are small/medium wheat mills and rest are large wheat millers. Therefore, small/medium millers are facing heat due to fall in demand as they are already operating on thin margins.

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 \$343.00 (Rs 24490.20) per tonne and \$435.96 (Rs 31127.54) 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 24000 per tonne. Therefore, as of now, there is no parity for wheat imports.

Government has sold 336700 tonnes of wheat in OMSS until fourth tender in August'19. No rakes were sold. State government and bulk consumers bought 245850 tonnes and 90580 tonnes of wheat respectively. In the month of August'19 government has sold 152000 tonnes against offered quantity of 7819470 tonnes. Millers/traders have bought as much quantity as they could during arrival season due to higher reserve price. This was the main reason for lower sale through OMSS. Stock with millers/traders has diminished and sales through OMSS is likely to witness an increasing trend in upcoming weeks.

As per trade source, India has exported around 23.57 thousand tonnes in the month of July-2019. The quantity in July-2019 was exported at an average FOB of \$ 363.97 per tonne and the major destinations were Nepal, UAE, Sri Lanka and Bahrain. Exports are likely to be at lower side as other countries are able to provide quality wheat at competitive prices.

As per fourth advance estimate, India is likely to produce 102.19 MMT of wheat compared to 99.70 MMT in previous year. The total food grain production is expected at record 284.95 MMT compared to 285.01 MMT last year. Wheat prices are expected to remain steady to firm due to good demand in domestic market and no imports. Furthermore government has ample stock available to control any unexpected price surge.

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 July-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.

International Market Update:

As on 30th August Russia has harvested 61.00 million tonnes of wheat compared to 58.30 million tonnes a year ago for the same date. Around 18.50 million hectares of area has been harvested with an average yield of 3.29 tonnes per hectare compared to 17.50 million hectares with an average yield of 3.33 tonnes per hectare a year ago for same date. Russian wheat with 11.5% protein content is being quoted at FoB \$ 182.50 per tonne.

As per latest update, Ukraine wheat production is likely to increase by 13 percent in 2019 to 27.8 MMT compared to 24.6 MMT last year. Higher global production is keeping wheat prices under pressure. As of now Ukraine wheat with 11.5 percent protein content is hovering around FoB \$ 183.50 per tonne.

Jordan has bought 60000 tonnes of hard milling wheat at \$227.75 per tonne cost and freight for delivery in first half of November. The tender closed on Tuesday and wheat can be sourced from optional origin. The seller was trading house Nibulon. Other participants in the tender with their offers were Ameropa (\$229 a tonne CnF), CerealconDolj (\$230 a tonne CnF) and Glencore (\$231 a tonne CnF).

GASC (General Authority for Supply Commodities) has purchased 350000 tonnes of Russia, Ukraine and France wheat through tender. Of the total quantity 60000 tonnes was of French origin, 60000 tonnes was of Ukrainian origin and 230000 tonnes was of Russian origin. Egypt is the largest importer of wheat and imports around 11-12 MMT of wheat every year.

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

Wheat Futures Contract: NCDEX Price							Date:06.09.2019 at 5:00 PM		
Contract Month	+/-	Open	High	Low	Close	Volume	Ch. From previous day	OI	Ch. From previous day
19-Sep	-17	2048	2051	2015	2015	870	+310	9950	-750
19-Oct	+3	2089	2089	2057	2069	740	+530	1280	+580
19-Nov	-20	2100	2080	2080	2080	10	0	10	0

Spread	Sep-19	Oct-19	Nov-19
Spot Narella			
19-Sep	-45		
19-Oct		54	
19-Nov			11

Stocks	Demat	In-Process	Total	EDD
	05.Sep.19	05.Sep.19	05.Sep.19	02.Sep.19
Delhi	-	-	-	-
Itarsi	-	-	-	-
Kanpur	-	-	-	-
Kota	33719	0	33719	33718
Baran	-	-	-	-

Wheat Daily Prices and Arrivals on 06.09.2019

Centre	Market	Variety	Prices (Rs/Qtl)		Change
			6-Sep-19	5-Sep-19	
Delhi	Lawrence Road	Mill Delivery	2150	2145	5
	Narella	Mill Quality Loose	2060	2050	10
	Nazafgarh	Mill Quality Loose	2015	2025	-10
Gujarat	Rajkot	Mill Delivery	2110	2100	10
	Ahmedabad	Mill Delivery	2200	2175	25
	Surat	Mill Delivery	2270	2260	10
	Dhrol	Mill Quality Loose	2175	2050	125
M.P.	Indore	Mill Delivery	2120	2130	-10
	Bhopal	Mill Quality Loose	2025	2020	5
Rajasthan	Kota	Mill Quality Loose	1935	Closed	-
		Mill Delivery	2050	Closed	-
U.P.	Kanpur	Mill Delivery	NR	Closed	-
	Mathura	Mill Quality Loose	1910	1905	5
	Kosi	Mill Quality Loose	1960	1980	-20
	Hathras	Mill Quality Loose	NA	1930	-
	Aligarh	Mill Quality Loose	1950	1950	Unch
Punjab	Khanna	Mill Quality Loose	2075	1975	100
	Ludhiana (Jagraon)	Mill Delivery	NA	NA	-
Haryana	Sirsa	Mill Delivery loose	2020	2020	Unch
	Hodal	Mill Delivery	NA	NA	-

	Bhiwani	Mill Quality Loose	2030	2040	-10
	Karnal	Mill Delivery	NA	NA	-
	Panipat	Mill Quality Loose	NA	NA	-
Tamil Nadu	Chennai	Mill Quality	2300	Closed	-
	Madurai	Mill Quality	2357	Closed	-
	Coimbatore	Mill Quality	2357	Closed	-
Bihar	Khagariya	Mill Delivery	2000	2000	Unch
	Muzaffarpur	Mill Delivery	2000	2000	Unch
FOR	Kandla (Rajasthan-Rajkot)	Mill Quality	NA	NA	-
	Gandhidham (Rajasthan-Rajkot)	Mill Quality	NA	NA	-

Centre	Market	Variety	Prices (Rs/Qtl)		Change
			6-Sep-19	5-Sep-19	
Gujarat	Rajkot	Lokwan	2200	2175	25
M.P.	Indore	Lokwan	2400	2500	-100
	Bhopal	Lokwan	2200	2200	Unch
	Bina	Sarbati 306	2500	2500	Unch
Rajasthan	Kota	Lokwan Bilty	2150	Closed	-
	Baran	Lokwan	1900	Closed	-

Wheat Arrivals in Key Centers:

Centre	Market	Variety	Arrivals (Bags/Qtl)		Change
			6-Sep-19	5-Sep-19	
Delhi	Lawrence Road	Mill Delivery	9000	9000	Unch
	Narella	Mill Quality Loose	200	400	-200
	Nazafgarh	Mill Quality Loose	100	100	Unch
Gujarat	Rajkot	Mill Quality Loose	600	500	100
	Dhrol	Mill Quality Loose	21	33	-12
M.P.	Indore	Mill Quality Loose	4000	4000	Unch
Rajasthan	Kota	Mill Quality	4000	Closed	-
U.P.	Kanpur	Mill Quality Loose	NR	Closed	-
	Mathura	Mill Quality Loose	1000	500	500
	Kosi	Mill Quality Loose	300	200	100
	Hathras	Mill Quality Loose	NA	150	-
	Aligarh	Mill Quality Loose	500	500	Unch
Punjab	Khanna	Mill Quality Loose	200	500	-300
	(Ludhiana)Jagraon	Mill Quality Loose	NA	NA	-
Haryana	Sirsa	Mill Quality Loose	300	300	Unch
	Hodal	Mill Quality Loose	50	50	Unch
	Bhiwani	Mill Quality Loose	300	300	Unch

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

Wheat Products Delhi	6-Sep-19	5-Sep-19	Change
Atta (50kg) Ordinary	1150	1150	Unch
Maida Grade 1 (50KG)	1335	1335	Unch
Suji (50kg)	1290	1290	Unch
Chokar (50 kg)	840	840	Unch
Chokar (34 kg)	571	571	Unch
Chakki Atta (50kg)	1300	1300	Unch
Chakki Atta (50kg) Special	1325	1325	Unch
Chakki Atta (90kg) Superfine	2403	2403	Unch
Chakki Atta (50kg) Superfine	1335	1335	Unch

Wheat (CBOT) Future Price: 05.09.2019					
Contract Month	Open	High	Low	Close	Change
19-Sep	462.25	465.75	462.00	464.00	7.75
19-Dec	460.50	469.50	460.25	466.25	5.50
20-Mar	466.50	475.00	466.50	472.50	5.50
20-May	471.25	478.75	470.75	477.00	5.75
20-Jul	474.50	481.50	474.50	480.00	5.00
20-Sep	487.00	489.50	486.25	487.75	4.75

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