

Wheat Domestic Fundamentals:

As per latest update, Rajasthan government has sought to increase the ceiling limit for wheat under food security act. In view of the increase in population an additional 26000 tonnes of wheat is required. The existing ceiling is for 4.46 crores beneficiaries whereas the requirement is for 4.82 crores beneficiaries.

All India weekly average prices increased by 2.22 percent to Rs. 2126.53 per quintal during the week ended 08th September 2019. Wheat average price were ruling at Rs 2080.43 per quintal during 24-31 August 2019. As compared to prices in the week 01-08 September 2018, the prices are firm by 2.40 percent. Prices are expected to remain steady to firm in coming days due to hike in import duty and likely increase in 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 \$338.80 (Rs 24291.96) per tonne and \$445.34 (Rs 31930.88) 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 23000-23500 per tonne. Therefore, as of now, there is no parity for wheat imports.

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, 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.

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:

Indonesian flour mills have bought two varieties (White and Red winter) of United States wheat. Flour millers bought 55000 tonnes. White wheat was purchased at \$255 per tonne Cost & Freight and red winter wheat was purchased at \$245 per tonne Cost & Freight. The said quantity will be delivered in October.

As per latest update, dry weather in Argentina has hit wheat crop amid expectations of bumper crop. Argentina is expecting to produce 21 MMT of wheat. If the current situation continues wheat crop production in Argentina may fall below expectations. Although ample availability in global market will ensure that there are no unexpected increase in prices.

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.

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

Wheat Futures Contract: NCDEX Price							Date: 10.09.2019 at 5:00 PM		
Contract Month	+/-	Open	High	Low	Close	Volume	Ch. From previous day	OI	Ch. From previous day
19-Sep	-20	2015	2035	2000	2002	1140	270	9420	-530
19-Oct	-23	2055	2055	2040	2046	710	-30	1830	550
19-Nov	0	2080	2080	2080	2080	10	0	10	0

Spread	Sep-19	Oct-19	Nov-19
Spot Narella			
19-Sep	-18		
19-Oct		44	
19-Nov			34

Stocks	Demat	In-Process	Total	EDD
	07.Sep.19	07.Sep.19	07.Sep.19	02.Sep.19
Delhi	-	-	-	-
Itarsi	-	-	-	-
Kanpur	-	-	-	-
Kota	33719	0	33719	33718
Baran	-	-	-	-

Wheat Daily Prices and Arrivals on 10.09.2019

Centre	Market	Variety	Prices (Rs/Qtl)		Change
			10-Sep-19	9-Sep-19	
Delhi	Lawrence Road	Mill Delivery	2135	2130	5
	Narella	Mill Quality Loose	2020	2030	-10
	Nazafgarh	Mill Quality Loose	2035	2025	10
Gujarat	Rajkot	Mill Delivery	2100	2100	Unch
	Ahmedabad	Mill Delivery	2170	2200	-30
	Surat	Mill Delivery	2240	2250	-10
	Dhrol	Mill Quality Loose	2030	2080	-50
M.P.	Indore	Mill Delivery	2100	2120	-20
	Bhopal	Mill Quality Loose	Closed	2020	-
Rajasthan	Kota	Mill Quality Loose	1940	1940	Unch
		Mill Delivery	2075	2050	25
U.P.	Kanpur	Mill Delivery	Closed	2015	-
	Mathura	Mill Quality Loose	1880	1890	-10
	Kosi	Mill Quality Loose	1950	1950	Unch
	Hathras	Mill Quality Loose	1900	1915	-15
	Aligarh	Mill Quality Loose	1940	1940	Unch
Punjab	Khanna	Mill Quality Loose	1960	1985	-25
	Ludhiana (Jagraon)	Mill Delivery	NA	NA	-
Haryana	Sirsa	Mill Delivery loose	2010	2000	10
	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	2300	Unch
	Madurai	Mill Quality	2357	2357	Unch
	Coimbatore	Mill Quality	2357	2357	Unch
Bihar	Khagariya	Mill Delivery	2000	2000	Unch
	Muzaffarpur	Mill Delivery	2025	2025	Unch
FOR	Kandla (Rajasthan-Rajkot)	Mill Quality	NA	NA	-
	Gandhidham (Rajasthan-Rajkot)	Mill Quality	NA	NA	-

Centre	Market	Variety	Prices (Rs/Qtl)		Change
			10-Sep-19	9-Sep-19	
Gujarat	Rajkot	Lokwan	2150	2175	-25
M.P.	Indore	Lokwan	2400	2400	Unch
	Bhopal	Lokwan	Closed	2200	-
	Bina	Sarbati 306	Closed	Closed	-
Rajasthan	Kota	Lokwan Bilty	2075	2150	-75
	Baran	Lokwan	1900	Closed	-

Wheat Arrivals in Key Centers:

Centre	Market	Variety	Arrivals (Bags/Qtl)		Change
			10-Sep-19	9-Sep-19	
Delhi	Lawrence Road	Mill Delivery	5500	6500	-1000
	Narella	Mill Quality Loose	200	200	Unch
	Nazafgarh	Mill Quality Loose	200	150	50
Gujarat	Rajkot	Mill Quality Loose	400	600	-200
	Dhrol	Mill Quality Loose	24	12	12
M.P.	Indore	Mill Quality Loose	3000	4000	-1000
Rajasthan	Kota	Mill Quality	1500	3000	-1500
U.P.	Kanpur	Mill Quality Loose	Closed	800	-
	Mathura	Mill Quality Loose	500	300	200
	Kosi	Mill Quality Loose	200	250	-50
	Hathras	Mill Quality Loose	100	150	-50
	Aligarh	Mill Quality Loose	400	400	Unch
Punjab	Khanna	Mill Quality Loose	400	200	200
	(Ludhiana)Jagraon	Mill Quality Loose	NA	NA	-
Haryana	Sirsa	Mill Quality Loose	200	200	Unch
	Hodal	Mill Quality Loose	20	20	Unch
	Bhiwani	Mill Quality Loose	500	600	-100

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

Wheat Products Delhi	10-Sep-19	9-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: 09.09.2019					
Contract Month	Open	High	Low	Close	Change
19-Sep	458.50	475.00	458.50	474.50	14.25
19-Dec	461.00	476.00	460.25	474.50	10.75
20-Mar	467.75	480.75	467.50	479.00	8.50
20-May	473.75	484.00	472.25	481.50	5.75
20-Jul	477.25	486.00	475.75	484.00	5.00
20-Sep	485.75	493.00	484.50	491.50	4.50

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