

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 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:

Russian milling wheat prices became weak by \$2 per tonne at Novorossiysk compared to last week. Export quotes are being influenced by ample availability in global market and low demand. As of now Russian milling wheat with 12.5% protein content at Novorossiysk port is being quoted at FoB \$182-185/tonne. Furthermore increase in Russian wheat crop forecast by 0.5 MMT to 74.90 MMT has also kept prices under pressure.

As per latest update, bumper crop of wheat is expected in France. Farm ministry is estimating the crop to be near 39.45 MMT. Export are expected to reach 11.0 MMT, highest since 2015-16. Good competition can be expected from France on FoB basis. However, freight rates will continue to play a crucial role.

As per latest update, Thailand Feed Mill Association has bought 70000 tonnes of feed wheat through tender. The wheat was bought at \$220.50 per tonne cost and freight for December delivery. Wheat can be sourced from optional origins.

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 argentine may fall below expectations. Although ample availability in global market will ensure that there are no unexpected increase in prices.

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

Wheat Futures Contract: NCDEX Price							Date:12.09.2019 at 5:00 PM		
Contract Month	+/-	Open	High	Low	Close	Volume	Ch. From previous day	OI	Ch. From previous day
19-Sep	+8	2032	2041	2029	2040	190	-1,330	6960	-2,180
19-Oct	-7	2133	2133	2011	2065	270	-500	2300	+70
19-Nov	-12	2112	2100	2100	2100	40	+40	40	+30

Spread	Sep-19	Oct-19	Nov-19
Spot Narella			
19-Sep	20		
19-Oct		25	
19-Nov			35

Stocks	Demat	In-Process	Total	EDD
	11.Sep.19	11.Sep.19	11.Sep.19	10.Sep.19
Delhi	-	-	-	-
Itarsi	-	-	-	-
Kanpur	-	-	-	-
Kota	33579	0	33579	33718
Baran	-	-	-	-

Wheat Daily Prices and Arrivals on 12.09.2019

Centre	Market	Variety	Prices (Rs/Qtl)		Change
			12-Sep-19	11-Sep-19	
Delhi	Lawrence Road	Mill Delivery	2140	2150	-10
	Narella	Mill Quality Loose	2020	Closed	-
	Nazafgarh	Mill Quality Loose	2025	Closed	-
Gujarat	Rajkot	Mill Delivery	2100	2100	Unch
	Ahmedabad	Mill Delivery	2175	2175	Unch
	Surat	Mill Delivery	2250	2250	Unch
	Dhrol	Mill Quality Loose	2195	2150	45
M.P.	Indore	Mill Delivery	Closed	2100	-
	Bhopal	Mill Quality Loose	NA	2020	-
Rajasthan	Kota	Mill Quality Loose	Closed	1940	-
		Mill Delivery	Closed	2075	-
U.P.	Kanpur	Mill Delivery	2000	2000	Unch
	Mathura	Mill Quality Loose	1910	1880	30
	Kosi	Mill Quality Loose	1960	1950	10
	Hathras	Mill Quality Loose	1890	1900	-10
	Aligarh	Mill Quality Loose	1940	Closed	-
Punjab	Khanna	Mill Quality Loose	1950	1970	-20
	Ludhiana (Jagraon)	Mill Delivery	NA	NA	-
Haryana	Sirsa	Mill Delivery loose	2010	2010	Unch
	Hodal	Mill Delivery	NA	NA	-

	Bhiwani	Mill Quality Loose	2030	2030	Unch
	Karnal	Mill Delivery	NA	NA	-
	Panipat	Mill Quality Loose	NA	NA	-
Tamil Nadu	Chennai	Mill Quality	Closed	2300	-
	Madurai	Mill Quality	Closed	2357	-
	Coimbatore	Mill Quality	Closed	2357	-
Bihar	Khagariya	Mill Delivery	2100	2100	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
			12-Sep-19	11-Sep-19	
Gujarat	Rajkot	Lokwan	2175	2150	25
M.P.	Indore	Lokwan	Closed	2400	-
	Bhopal	Lokwan	NA	2200	-
	Bina	Sarbati 306	Closed	Closed	-
Rajasthan	Kota	Lokwan Bilty	Closed	2075	-
	Baran	Lokwan	Closed	1920	-

Wheat Arrivals in Key Centers:

Centre	Market	Variety	Arrivals (Bags/Qtl)		Change
			12-Sep-19	11-Sep-19	
Delhi	Lawrence Road	Mill Delivery	8000	6000	2000
	Narella	Mill Quality Loose	200	Closed	-
	Nazafgarh	Mill Quality Loose	150	Closed	-
Gujarat	Rajkot	Mill Quality Loose	700	500	200
	Dhrol	Mill Quality Loose	20	20	Unch
M.P.	Indore	Mill Quality Loose	Closed	3000	-
Rajasthan	Kota	Mill Quality	Closed	1500	-
U.P.	Kanpur	Mill Quality Loose	800	600	200
	Mathura	Mill Quality Loose	250	400	-150
	Kosi	Mill Quality Loose	300	200	100
	Hathras	Mill Quality Loose	100	100	Unch
	Aligarh	Mill Quality Loose	500	Closed	-
Punjab	Khanna	Mill Quality Loose	500	300	200
	(Ludhiana)Jagraon	Mill Quality Loose	NA	NA	-
Haryana	Sirsa	Mill Quality Loose	200	300	-100
	Hodal	Mill Quality Loose	25	25	Unch
	Bhiwani	Mill Quality Loose	300	300	Unch

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

Wheat Products Delhi	12-Sep-19	11-Sep-19	Change
Atta (50kg) Ordinary	1155	1155	Unch
Maida Grade 1 (50KG)	1333	1333	Unch
Suji (50kg)	1285	1285	Unch
Chokar (50 kg)	850	850	Unch
Chokar (34 kg)	578	578	Unch
Chakki Atta (50kg)	1305	1305	Unch
Chakki Atta (50kg) Special	1330	1330	Unch
Chakki Atta (90kg) Superfine	2412	2412	Unch
Chakki Atta (50kg) Superfine	1340	1340	Unch

Wheat (CBOT) Future Price: 11.09.2019					
Contract Month	Open	High	Low	Close	Change
19-Sep	489.00	489.00	477.50	477.50	-7.00
19-Dec	481.50	482.50	475.00	477.50	-4.75
20-Mar	487.25	487.50	481.50	484.00	-3.50
20-May	490.25	491.50	485.50	488.50	-1.75
20-Jul	493.00	493.00	488.00	491.75	-1.00
20-Sep	497.75	500.75	496.50	499.25	-0.75

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