

Wheat Domestic Fundamentals:

All India weekly average prices increased by 0.15 percent to Rs. 2129.75 per quintal during the week ended 15th September 2019. Wheat average price were ruling at Rs 2126.53 per quintal during 01-08 September 2019. As compared to prices in the week 09-15 September 2018, the prices are firm by 2.93 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.

As per market sources, wheat off-take in past weeks has increased. Government has sold 121400 tonnes of wheat through OMSS in first two tenders during September. During August, sales of wheat through OMSS was 152000 tonnes. Reserve price will be increased by Rs 55 per quintal to Rs 2190 per quintal for October-December'19. Sales are expected to witness an increasing trend in upcoming weeks due to lean season and festive demand. Traders are advised to buy on dip.

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 \$336.00 (Rs 23825.76) per tonne and \$435.96 (Rs 30913.92) 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 23500-2400 per tonne. Therefore, as of now, there is no parity for wheat imports.

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 August-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.

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.

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.

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.

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.

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.

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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:16.09.2019 at 5:00 PM | | |
|-------------------------------------|-----|------|------|------|-------|--------|----------------------------|------|-----------------------|
| Contract Month | +/- | Open | High | Low | Close | Volume | Ch. From previous day | OI | Ch. From previous day |
| 19-Sep | 0 | 2039 | 2039 | 2039 | 2039 | 0 | 0 | 6960 | 0 |
| 19-Oct | -15 | 2051 | 2085 | 2051 | 2055 | 120 | +80 | 2350 | +50 |
| 19-Nov | +10 | 2101 | 2110 | 2100 | 2100 | 30 | +20 | 60 | +10 |

| Spread | Sep-19 | Oct-19 | Nov-19 |
|--------------|--------|--------|--------|
| Spot Narella | | | |
| 19-Sep | 4 | | |
| 19-Oct | | 16 | |
| 19-Nov | | | 45 |

| Stocks | Demat | In-Process | Total | EDD |
|--------|-----------|------------|-----------|-----------|
| | 14.Sep.19 | 14.Sep.19 | 14.Sep.19 | 10.Sep.19 |
| Delhi | - | - | - | - |
| Itarsi | - | - | - | - |
| Kanpur | - | - | - | - |
| Kota | 33201 | 0 | 33201 | 33718 |
| Baran | - | - | - | - |

Wheat Daily Prices and Arrivals on 16.09.2019

| Centre | Market | Variety | Prices (Rs/Qtl) | | Change |
|-----------|--------------------|---------------------|-----------------|-----------|--------|
| | | | 16-Sep-19 | 14-Sep-19 | |
| Delhi | Lawrence Road | Mill Delivery | 2135 | 2150 | -15 |
| | Narella | Mill Quality Loose | 2035 | 2040 | -5 |
| | Nazafgarh | Mill Quality Loose | 2020 | 2025 | -5 |
| Gujarat | Rajkot | Mill Delivery | 2110 | 2110 | Unch |
| | Ahmedabad | Mill Delivery | 2175 | 2175 | Unch |
| | Surat | Mill Delivery | 2250 | 2250 | Unch |
| | Dhrol | Mill Quality Loose | 2145 | 2220 | -75 |
| M.P. | Indore | Mill Delivery | 2140 | 2100 | 40 |
| | Bhopal | Mill Quality Loose | 2070 | 2070 | Unch |
| Rajasthan | Kota | Mill Quality Loose | 1945 | 1940 | 5 |
| | | Mill Delivery | 2050 | 2050 | Unch |
| U.P. | Kanpur | Mill Delivery | 2040 | 2020 | 20 |
| | Mathura | Mill Quality Loose | 1900 | 1890 | 10 |
| | Kosi | Mill Quality Loose | 1960 | 1960 | Unch |
| | Hathras | Mill Quality Loose | 1890 | 1890 | Unch |
| | Aligarh | Mill Quality Loose | 1920 | 1930 | -10 |
| Punjab | Khanna | Mill Quality Loose | 1960 | 1970 | -10 |
| | Ludhiana (Jagraon) | Mill Delivery | NA | NA | - |
| Haryana | Sirsa | Mill Delivery loose | 2010 | 2000 | 10 |
| | Hodal | Mill Delivery | NA | NA | - |

| | | | | | |
|------------|-------------------------------|--------------------|------|------|------|
| | Bhiwani | Mill Quality Loose | 2030 | 2020 | 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 | 2050 | 2050 | Unch |
| | Muzaffarpur | Mill Delivery | 2000 | 2025 | -25 |
| FOR | Kandla (Rajasthan-Rajkot) | Mill Quality | NA | NA | - |
| | Gandhidham (Rajasthan-Rajkot) | Mill Quality | NA | NA | - |

| Centre | Market | Variety | Prices (Rs/Qtl) | | Change |
|-----------|--------|--------------|-----------------|-----------|--------|
| | | | 16-Sep-19 | 14-Sep-19 | |
| Gujarat | Rajkot | Lokwan | 2175 | 2175 | Unch |
| M.P. | Indore | Lokwan | 2400 | 2400 | Unch |
| | Bhopal | Lokwan | 2225 | 2200 | 25 |
| | Bina | Sarbati 306 | Closed | Closed | - |
| Rajasthan | Kota | Lokwan Bilty | 2100 | 2100 | Unch |
| | Baran | Lokwan | 1900 | 1920 | -20 |

Wheat Arrivals in Key Centers:

| Centre | Market | Variety | Arrivals (Bags/Qtl) | | Change |
|-----------|-------------------|--------------------|---------------------|-----------|--------|
| | | | 16-Sep-19 | 14-Sep-19 | |
| Delhi | Lawrence Road | Mill Delivery | 8000 | 8500 | -500 |
| | Narella | Mill Quality Loose | 250 | 200 | 50 |
| | Nazafgarh | Mill Quality Loose | 150 | 50 | 100 |
| Gujarat | Rajkot | Mill Quality Loose | 900 | 500 | 400 |
| | Dhrol | Mill Quality Loose | 17 | 36 | -19 |
| M.P. | Indore | Mill Quality Loose | 500 | 500 | Unch |
| Rajasthan | Kota | Mill Quality | 2000 | 1500 | 500 |
| U.P. | Kanpur | Mill Quality Loose | 500 | 800 | -300 |
| | Mathura | Mill Quality Loose | 200 | 200 | Unch |
| | Kosi | Mill Quality Loose | 200 | 200 | Unch |
| | Hathras | Mill Quality Loose | 250 | 250 | Unch |
| | Aligarh | Mill Quality Loose | 500 | 400 | 100 |
| Punjab | Khanna | Mill Quality Loose | 400 | 300 | 100 |
| | (Ludhiana)Jagraon | Mill Quality Loose | NA | NA | - |
| Haryana | Sirsa | Mill Quality Loose | 300 | 300 | Unch |
| | Hodal | Mill Quality Loose | 25 | 25 | Unch |
| | Bhiwani | Mill Quality Loose | 200 | 200 | Unch |

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

| Wheat Products Delhi | 16-Sep-19 | 14-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: 13.09.2019 | | | | | |
|---------------------------------------|--------|--------|--------|--------|--------|
| Contract Month | Open | High | Low | Close | Change |
| 19-Dec | 485.50 | 491.00 | 480.50 | 483.50 | -0.25 |
| 20-Mar | 490.75 | 496.75 | 487.00 | 489.50 | 0.25 |
| 20-May | 493.50 | 500.75 | 491.00 | 494.00 | 0.75 |
| 20-Jul | 497.25 | 503.25 | 494.00 | 497.50 | 1.25 |
| 20-Sep | 504.00 | 510.50 | 502.50 | 504.50 | 1.25 |
| 20-Dec | 515.75 | 522.75 | 513.75 | 516.75 | 0.75 |

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