

Wheat Domestic Fundamentals:

Monsoon rainfall in India was above average by 10% in 2019. Furthermore, extra rains in June-September will also help in providing adequate soil moisture for winter crops, thereby boosting yields. Under normal conditions another good harvest of wheat may be on the cards in upcoming Rabi season.

All India weekly average prices increased by 3.08 percent to Rs. 2191.38 per quintal during the week ended 30th September 2019. Wheat average price were ruling at Rs 2125.93 per quintal during 16-23 September 2019. As compared to prices in the week 24-30 September 2018, the prices are firm by 9.68 percent. Prices are expected to remain steady to firm in coming days due to no import parity and likely increase in demand in domestic market.

As per latest update, Madhya Pradesh is focusing on Malwa-nimar region to make up for losses suffered in kharif season by increasing rabi acreage. Wheat acreage in 2019 was 60 lakh hectares and it is likely to cross 63 lakh hectares in 2020. Given good soil moisture and abundant availability of water in reservoir a bumper crop can be expected under normal conditions.

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 \$341.60 (Rs 24099.88) per tonne and \$468.50 (Rs 33052.39) 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 23750-24350 per tonne. Therefore, as of now, there is no parity for wheat imports.

Government has sold 513100 tonnes of wheat in OMSS until third tender in September'19. No rakes were sold. State government and bulk consumers bought 201550 tonnes and 311550 tonnes of wheat respectively. In the month of September'19 government has sold 176400 tonnes in three tenders against offered quantity of 5798523 tonnes. For second, third and fourth quarter reserve price will be Rs 2135 per quintal, Rs 2190 per quintal and Rs 2245 per quintal respectively. 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 17.02 thousand tonnes in the month of August-2019. The quantity in August-2019 was exported at an average FOB of \$ 314.51 per tonne and the major destinations were Nepal, Somalia, Sri Lanka and Reunion. Exports are likely to be at lower side as other countries are able to provide quality wheat at competitive prices.

As per market sources, wheat stock in central pool as on 1st September'19 stood at 414.90 lakh tonnes down by 4.81% compared to last month. This quantity is higher by around 7.74% compared to last year for the same month. Government has already applied import duty on wheat to curb imports and provide support to domestic prices. Therefore, government has abundant supplies this year to tackle any unexpected rise in wheat prices by selling more quantity in open market.

Wheat WPI has increased from 153.4 in July-2019 to 156.5 in August-2019. Monthly wheat inflation has increased by 2.02 percent in August-2019 compared to previous month. As compared to August-2018 wheat WPI has increased by around 5.32 percent. Wheat WPI is expected to stay steady to firm in coming month.

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.

International Market Update:

Black sea milling wheat prices became firm by \$6-7 per tonne at Novorossiysk and \$6 per tonne at Odessa port compared to last week. Increase in global demand and farmers policy to hold on to grains supported the prices. As of now Russian milling wheat with 12.5% protein content at Novorossiysk and Odessa port are being quoted at FoB \$191-196/tonne and FoB \$190-194/tonne.

GASC (General Authority for Supply Commodities) has purchased 60000 tonnes of French wheat through tender. Glencore offered 60000 tonnes at FoB \$199.10 per tonne. The shipment is to be done between 05-15 November. Egypt is the largest importer of wheat and imports around 12 MMT of wheat every year.

South Korea's largest animal feed maker has bought, NOFI, has bought around 60000 tonnes of feed wheat at \$225.87 C&F. The quantity is expected to arrive around 20th Jan-2020. The seller is expected to be trading house glencore.

Russia's Deloports, which owns 75% of KSK grain terminal in Novorossiysk, has started talks with potential buyers after COFCO withdrew from talks. KSK moves around 4.5 MMT of grain annually. More investment will help KSK in expanding and reaching its goal of boosting its grain export to 6 MMT by 2021.

IGC has kept wheat production forecast unchanged at 764 MMT for 2019-20. However, carryover stocks have increased to a decade high at 272 MMT. Milling and feed wheat are expected to be available in abundant quality however high quality wheat is under close watch due to unfavorable weather conditions.

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

Wheat Futures Contract: NCDEX Price							Date:04.10.2019 at 5:00 PM		
Contract Month	+/-	Open	High	Low	Close	Volume	Ch. From previous day	OI	Ch. From previous day
19-Oct	-8	2088	2090	2080	2080	240	+160	1950	-150
19-Nov	+15	2135	2150	2150	2150	200	+190	330	+150
19-Dec	0	2129	2129	2129	2129	0	0	0	0

Spread	Oct-19	Nov-19	Dec-19
Spot Narella			
19-Oct	-20		
19-Nov		70	
19-Dec			-21

Stocks	Demat	In-Process	Total	EDD
	03.Oct.19	03.Oct.19	03.Oct.19	30.Sep.19
Delhi	-	-	-	-
Itarsi	-	-	-	-
Kanpur	-	-	-	-
Kota	27236	0	27236	27236
Baran	-	-	-	-

Wheat Daily Prices and Arrivals on 04.10.2019

Centre	Market	Variety	Prices (Rs/Qtl)		Change
			04-Oct-19	03-Oct-19	
Delhi	Lawrence Road	Mill Delivery	2200	2205	-5
	Narella	Mill Quality Loose	2100	2100	Unch
	Nazafgarh	Mill Quality Loose	2150	2150	Unch
Gujarat	Rajkot	Mill Delivery	2100	2090	10
	Ahmedabad	Mill Delivery	2165	2165	Unch
	Surat	Mill Delivery	2240	2240	Unch
	Dhrol	Mill Quality Loose	2280	2175	105
M.P.	Indore	Mill Delivery	2240	2235	5
	Bhopal	Mill Quality Loose	2020	2025	-5
Rajasthan	Kota	Mill Quality Loose	1975	1930	45
		Mill Delivery	2100	2075	25
U.P.	Kanpur	Mill Delivery	2075	2070	5
	Mathura	Mill Quality Loose	1975	2000	-25
	Kosi	Mill Quality Loose	2010	2000	10
	Hathras	Mill Quality Loose	1960	1960	Unch
	Aligarh	Mill Quality Loose	1995	Closed	-
Punjab	Khanna	Mill Quality Loose	1930	1950	-20
	Ludhiana (Jagraon)	Mill Delivery	NA	NA	-
Haryana	Sirsa	Mill Delivery loose	2020	2020	Unch
	Hodal	Mill Delivery	NA	NA	-

	Bhiwani	Mill Quality Loose	2100	2100	Unch
	Karnal	Mill Delivery	NA	NA	-
	Panipat	Mill Quality Loose	NA	NA	-
Tamil Nadu	Chennai	Mill Quality	2425	2400	25
	Madurai	Mill Quality	2482	2457	25
	Coimbatore	Mill Quality	2482	2457	25
Bihar	Khagariya	Mill Delivery	2050	2050	Unch
	Muzaffarpur	Mill Delivery	2015	2015	Unch
FOR	Kandla (Rajasthan-Rajkot)	Mill Quality	NA	NA	-
	Gandhidham (Rajasthan-Rajkot)	Mill Quality	NA	NA	-

Centre	Market	Variety	Prices (Rs/Qtl)		Change
			04-Oct-19	03-Oct-19	
Gujarat	Rajkot	Lokwan	2150	2150	Unch
M.P.	Indore	Lokwan	2350	2400	-50
	Bhopal	Lokwan	2200	2200	Unch
	Bina	Sarbati 306	2500	2500	Unch
Rajasthan	Kota	Lokwan Bilty	2200	2150	50
	Baran	Lokwan	1980	1980	Unch

Wheat Arrivals in Key Centers:

Centre	Market	Variety	Arrivals (Bags/Qtl)		Change
			04-Oct-19	03-Oct-19	
Delhi	Lawrence Road	Mill Delivery	6500	10000	-3500
	Narella	Mill Quality Loose	100	150	-50
	Nazafgarh	Mill Quality Loose	100	200	-100
Gujarat	Rajkot	Mill Quality Loose	500	300	200
	Dhrol	Mill Quality Loose	14	49	-35
M.P.	Indore	Mill Quality Loose	1000	1000	Unch
Rajasthan	Kota	Mill Quality	3000	4000	-1000
U.P.	Kanpur	Mill Quality Loose	1000	800	200
	Mathura	Mill Quality Loose	300	700	-400
	Kosi	Mill Quality Loose	250	200	50
	Hathras	Mill Quality Loose	200	200	Unch
	Aligarh	Mill Quality Loose	400	Closed	-
Punjab	Khanna	Mill Quality Loose	500	600	-100
	(Ludhiana)Jagraon	Mill Quality Loose	NA	NA	-
Haryana	Sirsa	Mill Quality Loose	300	300	Unch
	Hodal	Mill Quality Loose	NA	NA	-
	Bhiwani	Mill Quality Loose	200	700	-500

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

Wheat Products Delhi	04-Oct-19	03-Oct-19	Change
Atta (50kg) Ordinary	1190	1190	Unch
Maida Grade 1 (50KG)	1365	1365	Unch
Suji (50kg)	1330	1330	Unch
Chokar (50 kg)	925	925	Unch
Chokar (34 kg)	648	648	Unch
Chakki Atta (50kg)	1350	1350	Unch
Chakki Atta (50kg) Special	1375	1375	Unch
Chakki Atta (90kg) Superfine	2493	2493	Unch
Chakki Atta (50kg) Superfine	1385	1385	Unch

Wheat (CBOT) Future Price: 03.10.2019					
Contract Month	Open	High	Low	Close	Change
19-Dec	488.00	493.00	485.75	488.75	-0.25
20-Mar	495.00	500.00	493.25	496.25	Unch
20-May	499.75	505.25	498.75	502.00	0.25
20-Jul	504.50	509.25	503.25	506.25	0.25
20-Sep	512.75	516.50	511.25	514.00	Unch
20-Dec	526.75	529.00	524.00	526.75	Unch

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