

**Wheat Domestic Fundamentals:**

**Supply side for FAQ is likely to be good as ample stock is available in domestic market due to three consecutive good production years.** Government has procured 34.1 MMT in MY 2019-20 lower by 1.6 MMT compared to MY 2018-19. Demand from south Indian millers is good after application of 40% import duty. No import parity has also increased demand for domestic wheat.

**All India weekly average prices decreased by 2.94 percent to Rs. 2127.05 per quintal** during the week ended 07th October 2019. Wheat average price were ruling at Rs 2191.38 per quintal during 24-30 September 2019. As compared to prices in the week 01-07 October 2018, the prices are firm by 4.54 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.

**The agriculture ministry has proposed to increase Minimum support price (MSP) of wheat from current Rs 1840 per quintal to Rs 1925 per quintal.** The proposal is still under consideration. The increase in MSP is likely to boost sowing of wheat.

**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.

**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 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:**

**GASC has purchased 295000 tonnes of Ukrainian and Russian wheat through tender.** Of the total quantity 115000 tonnes has been sourced from Ukraine and 180000 tonnes has been sourced from Russia. Grain export offered 60000 tonnes of Russian wheat at FoB \$204.72 per tonne, Grain export offered 60000 tonnes of Russian wheat at FoB \$205.15 per tonne, Hakkan offered 55000 tonnes of Ukrainian wheat at FoB \$201.60 per tonne, Posco offered 60000 tonnes of Russian wheat at FoB \$206.50 per tonne and Louis Dreyfus export offered 60000 tonnes of Ukrainian wheat at FoB \$206.67 per tonne

**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 farmer's 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.

**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:09.10.2019 at 5:00 PM		
Contract Month	+/-	Open	High	Low	Close	Volume	Ch. From previous day	OI	Ch. From previous day
19-Oct	-5	2077	2089	2075	2080	580	550	1770	-160
19-Nov	3	2110	2128	2110	2128	190	170	470	130
19-Dec	0	2165	2165	2165	2165	0	0	0	0

Spread	Oct-19	Nov-19	Dec-19
Spot Narella			
19-Oct	-45		
19-Nov		48	
19-Dec			37

Stocks	Demat	In-Process	Total	EDD
	07.Oct.19	07.Oct.19	07.Oct.19	07.Oct.19
Delhi	-	-	-	-
Itarsi	-	-	-	-
Kanpur	-	-	-	-
Kota	21433	0	21433	21433
Baran	-	-	-	-

## Wheat Daily Prices and Arrivals on 09.10.2019

Centre	Market	Variety	Prices (Rs/Qtl)		Change
			09-Oct-19	07-Oct-19	
Delhi	Lawrence Road	Mill Delivery	2210	2200	10
	Narella	Mill Quality Loose	Closed	2125	-
	Nazafgarh	Mill Quality Loose	Closed	2125	-
Gujarat	Rajkot	Mill Delivery	2120	2110	10
	Ahmedabad	Mill Delivery	2165	2165	Unch
	Surat	Mill Delivery	2240	2240	Unch
	Dhrol	Mill Quality Loose	2140	2195	-55
M.P.	Indore	Mill Delivery	2130	2200	-70
	Bhopal	Mill Quality Loose	2050	2050	Unch
Rajasthan	Kota	Mill Quality Loose	1980	1960	20
		Mill Delivery	2120	2100	20
U.P.	Kanpur	Mill Delivery	Closed	2090	-
	Mathura	Mill Quality Loose	1985	1960	25
	Kosi	Mill Quality Loose	2010	1980	30
	Hathras	Mill Quality Loose	1960	2000	-40
	Aligarh	Mill Quality Loose	Closed	2000	-
Punjab	Khanna	Mill Quality Loose	1960	1960	Unch
	Ludhiana (Jagraon)	Mill Delivery	NA	NA	-
Haryana	Sirsa	Mill Delivery loose	2040	2020	20
	Hodal	Mill Delivery	NA	NA	-

	Bhiwani	Mill Quality Loose	2120	2115	5
	Karnal	Mill Delivery	NA	NA	-
	Panipat	Mill Quality Loose	NA	NA	-
Tamil Nadu	Chennai	Mill Quality	2325	2425	-100
	Madurai	Mill Quality	2382	2482	-100
	Coimbatore	Mill Quality	2382	2482	-100
Bihar	Khagariya	Mill Delivery	2050	2050	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
			09-Oct-19	07-Oct-19	
Gujarat	Rajkot	Lokwan	2150	2150	Unch
M.P.	Indore	Lokwan	2300	2300	Unch
	Bhopal	Lokwan	2225	2225	Unch
	Bina	Sarbati 306	Closed	Closed	-
Rajasthan	Kota	Lokwan Bilty	2150	2150	Unch
	Baran	Lokwan	2000	1980	20

### Wheat Arrivals in Key Centers:

Centre	Market	Variety	Arrivals (Bags/Qtl)		Change
			09-Oct-19	07-Oct-19	
Delhi	Lawrence Road	Mill Delivery	6000	6500	-500
	Narella	Mill Quality Loose	Closed	150	-
	Nazafgarh	Mill Quality Loose	Closed	100	-
Gujarat	Rajkot	Mill Quality Loose	1000	200	800
	Dhrol	Mill Quality Loose	3	20	-17
M.P.	Indore	Mill Quality Loose	3000	1000	2000
Rajasthan	Kota	Mill Quality	5000	3500	1500
U.P.	Kanpur	Mill Quality Loose	Closed	800	-
	Mathura	Mill Quality Loose	100	200	-100
	Kosi	Mill Quality Loose	250	250	Unch
	Hathras	Mill Quality Loose	200	250	-50
	Aligarh	Mill Quality Loose	Closed	500	-
Punjab	Khanna	Mill Quality Loose	500	500	Unch
	(Ludhiana)Jagraon	Mill Quality Loose	NA	NA	-
Haryana	Sirsa	Mill Quality Loose	200	300	-100
	Hodal	Mill Quality Loose	NA	NA	-
	Bhiwani	Mill Quality Loose	800	600	200

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

Wheat Products Delhi	09-Oct-19	07-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: 08.10.2019					
Contract Month	Open	High	Low	Close	Change
19-Dec	489.75	502.25	486.75	500.25	11.00
20-Mar	497.25	509.75	494.00	507.75	11.25
20-May	502.75	514.25	500.00	513.00	11.00
20-Jul	507.00	518.25	504.00	516.50	10.25
20-Sep	515.50	526.00	513.00	524.50	9.75
20-Dec	527.25	538.25	525.50	537.25	9.00

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