

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:

As per latest update, Japan's ministry of agriculture bought 114012 MT of food quality wheat from United States and Canada. Around 60052 MT has been bought from United States and 53960 tonnes from Canada. Japan is the world's sixth largest importer in the world. The quantity is expected to be loaded between 21st November-20th December.

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.

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: 10.10.2019 at 5:00 PM

Contract Month	+/-	Open	High	Low	Close	Volume	Ch. From previous day	OI	Ch. From previous day
19-Oct	+3	2078	2114	2078	2084	170	-410	1710	-60
19-Nov	+12	2118	2130	2130	2130	20	-170	480	+10
19-Dec	0	2155	2155	2155	2155	0	0	0	0

Spread	Oct-19	Nov-19	Dec-19
Spot Narella			
19-Oct	-46		
19-Nov		46	
19-Dec			25

Stocks	Demat	In-Process	Total	EDD
	09.Oct.19	09.Oct.19	09.Oct.19	07.Oct.19
Delhi	-	-	-	-
Itarsi	-	-	-	-
Kanpur	-	-	-	-
Kota	21433	0	21433	21433
Baran	-	-	-	-

Wheat Daily Prices and Arrivals on 10.10.2019

Centre	Market	Variety	Prices (Rs/Qtl)		Change
			10-Oct-19	09-Oct-19	
Delhi	Lawrence Road	Mill Delivery	2215	2210	5
	Narella	Mill Quality Loose	2130	Closed	-
	Nazafgarh	Mill Quality Loose	2125	Closed	-
Gujarat	Rajkot	Mill Delivery	2120	2120	Unch
	Ahmedabad	Mill Delivery	2170	2165	5
	Surat	Mill Delivery	2250	2240	10
	Dhrol	Mill Quality Loose	2240	2140	100
M.P.	Indore	Mill Delivery	2130	2130	Unch
	Bhopal	Mill Quality Loose	2050	2050	Unch
Rajasthan	Kota	Mill Quality Loose	1990	1980	10
		Mill Delivery	2160	2120	40
U.P.	Kanpur	Mill Delivery	2100	Closed	-
	Mathura	Mill Quality Loose	1980	1985	-5
	Kosi	Mill Quality Loose	1980	2010	-30
	Hathras	Mill Quality Loose	1960	1960	Unch
	Aligarh	Mill Quality Loose	2000	Closed	-
Punjab	Khanna	Mill Quality Loose	1960	1960	Unch
	Ludhiana (Jagraon)	Mill Delivery	NA	NA	-
Haryana	Sirsa	Mill Delivery loose	2030	2040	-10
	Hodal	Mill Delivery	NA	NA	-

	Bhiwani	Mill Quality Loose	2120	2120	Unch
	Karnal	Mill Delivery	NA	NA	-
	Panipat	Mill Quality Loose	NA	NA	-
Tamil Nadu	Chennai	Mill Quality	2325	2325	Unch
	Madurai	Mill Quality	2382	2382	Unch
	Coimbatore	Mill Quality	2382	2382	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
			10-Oct-19	09-Oct-19	
Gujarat	Rajkot	Lokwan	2150	2150	Unch
M.P.	Indore	Lokwan	2300	2300	Unch
	Bhopal	Lokwan	2200	2225	-25
	Bina	Sarbati 306	2500	Closed	-
Rajasthan	Kota	Lokwan Bilty	2150	2150	Unch
	Baran	Lokwan	2000	2000	Unch

Wheat Arrivals in Key Centers:

Centre	Market	Variety	Arrivals (Bags/Qtl)		Change
			10-Oct-19	09-Oct-19	
Delhi	Lawrence Road	Mill Delivery	8000	6000	2000
	Narella	Mill Quality Loose	200	Closed	-
	Nazafgarh	Mill Quality Loose	100	Closed	-
Gujarat	Rajkot	Mill Quality Loose	800	1000	-200
	Dhrol	Mill Quality Loose	10	3	7
M.P.	Indore	Mill Quality Loose	5000	3000	2000
Rajasthan	Kota	Mill Quality	4500	5000	-500
U.P.	Kanpur	Mill Quality Loose	1000	Closed	-
	Mathura	Mill Quality Loose	110	100	10
	Kosi	Mill Quality Loose	200	250	-50
	Hathras	Mill Quality Loose	200	200	Unch
	Aligarh	Mill Quality Loose	500	Closed	-
Punjab	Khanna	Mill Quality Loose	500	500	Unch
	(Ludhiana)Jagraon	Mill Quality Loose	NA	NA	-
Haryana	Sirsa	Mill Quality Loose	300	200	100
	Hodal	Mill Quality Loose	NA	NA	-
	Bhiwani	Mill Quality Loose	800	800	Unch

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

Wheat Products Delhi	10-Oct-19	09-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: 09.10.2019					
Contract Month	Open	High	Low	Close	Change
19-Dec	500.50	504.50	497.25	500.25	Unch
20-Mar	506.50	510.75	504.00	507.00	-0.75
20-May	513.50	515.75	509.25	512.00	-1.00
20-Jul	516.75	519.25	513.00	516.25	-0.25
20-Sep	523.00	526.75	520.75	524.00	-0.50
20-Dec	537.00	539.00	533.00	536.75	-0.50

Disclaimer: The information and opinions contained in the document have been compiled from sources believed to be reliable. The company does not warrant its accuracy, completeness and correctness. Use of data and information contained in this report is at your own risk. This document is not, and should not be construed as, an offer to sell or solicitation to buy any commodities. This document may not be reproduced, distributed or published, in whole or in part, by any recipient hereof for any purpose without prior permission from the Company. IASL and its affiliates and/or their officers, directors and employees may have positions in any commodities mentioned in this document (or in any related investment) and may from time to time add to or dispose of any such commodities (or investment). Please see the detailed disclaimer at <http://www.agriwatch.com/disclaimer.php> © 2019 Indian Agribusiness Systems Ltd.