

Wheat Domestic Fundamentals:

India has raised MSP by Rs 85 per quintal to Rs 1925 per quintal for MY 2020-21. The hike in MSP is lowest in last three years. Even though this increase is lower it has still widened the gap between domestic and international prices. India wheat FoB at Kandla is ruling around \$312 per tonne compared to \$203.5 per tonne for Russian wheat with 11.5 percent protein content.

All India weekly average prices increased by 2.37 percent to Rs. 2186.54 per quintal during the week ended 23rd October 2019. Wheat average price were ruling at Rs 2135.90 per quintal during 09-15 October 2019. As compared to prices in the week 16-23 October 2018, the prices are firm by 8.35 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.

Wheat MSP for rabi marketing season 2020-21 has been increased by Rs 85 per quintal to Rs 1925 per quintal. The government further said that the increase in MSP is at least 1.5 times of all India weighted average cost of production. This move will motivate farmers to increase sowing of wheat.

As per trade source, India has exported around 10.64 thousand tonnes in the month of September-2019. The quantity in September-2019 was exported at an average FOB of \$ 373.12 per tonne and the major destinations were Nepal, Jordan, UAE and Somalia. 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 October'19 stood at 393.16 lakh tonnes down by 5.24% compared to last month. This quantity is higher by around 10.36% 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.

As per trade sources, India has imported 588.41 tonnes of Australian wheat during the month of September'19. The wheat has been imported in two lots. The first lot is for 484.74 MT at \$507.50 per tonne and the second lot is for 103.67 MT at \$406.49 per tonne. Both the prices are inclusive of import duty @ 40%. It can be seen that there is no import parity as mill quality and lokwan wheat in south India are being offered around Rs 2400 per quintal and Rs 2600 per quintal respectively. Therefore, the imported wheat is solely for the purpose of mixing to improve the overall quality of wheat.

Wheat WPI has increased from 156.5 in August -2019 to 158.3 in September-2019. Monthly wheat inflation has increased by 1.15 percent in September-2019 compared to previous month. As compared to September -2018 wheat WPI has increased by around 5.67 percent. Wheat WPI is expected to stay steady to firm in coming month.

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.

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.

International Market Update:

The Saudi Arabia Grain Organization has purchased 605000 tonnes wheat through tender. The wheat was bought at an average price of C&F \$242.51 per tonne. The said quantity will arrive at three different ports. Around 370000 tonnes will arrive at Jeddah port, 180000 tonnes at Dammam and the remaining 55000 tonnes at Jizan port. The wheat is expected to arrive in Saudi Arabia during February-March 2020. The seller has the option of selecting origin.

As per the National Australia Bank, wheat output is likely to be around 15.5 MMT well below the market expectation of 19.0 MMT due to third consecutive year of drought. "It is mainly due to heat, dry weather and frost," said Phin Ziebell, agribusiness economist at NAB.

GASC has purchased 405000 tonnes of Ukrainian, French and Russian wheat through tender. Of the total quantity 60000 tonnes has been sourced from Ukraine, 60000 tonnes has been sourced from France and 285000 tonnes has been sourced from Russia. Cargill offered 55000 tonnes of Russian wheat at FoB \$212.50 per tonne, Hakan offered 60000 tonnes of Ukrainian wheat at FoB \$210.90 per tonne, Garant Logistics offered 60000 tonnes of Russian wheat at FoB \$214.95 per tonne, Hakan offered 55000 tonnes of Russian wheat at FoB \$213.85 per tonne, Glencore offered 60000 tonnes of French wheat at FoB \$210.61 per tonne, Grain export offered 60000 tonnes of Russian wheat at FoB \$215.42 per tonne and Posco offered 55000 tonnes of Russian wheat at FoB \$214.25 per tonne.

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.

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

Wheat Futures Contract: NCDEX Price							Date:25.10.2019 at 5:00 PM		
Contract Month	+/-	Open	High	Low	Close	Volume	Ch. From previous day	OI	Ch. From previous day
19-Nov	-12	2170	2170	2131	2151	20	0	1460	0
19-Dec	0	2165	2165	2165	2165	0	0	0	0
20-Jan	0	2214	2214	2214	2214	0	0	0	0

Spread	Nov-19	Dec-19	Jan-20
Spot Narella			
19-Nov	51		
19-Dec		14	
20-Jan			49

Stocks	Demat	In-Process	Total	EDD
	24.Oct.19	24.Oct.19	24.Oct.19	21.Oct.19
Delhi	-	-	-	-
Itarsi	-	-	-	-
Kanpur	-	-	-	-
Kota	12218	0	12218	12367
Baran	-	-	-	-

Wheat Daily Prices and Arrivals on 25.10.2019

Centre	Market	Variety	Prices (Rs/Qtl)		Change
			25-Oct-19	24-Oct-19	
Delhi	Lawrence Road	Mill Delivery	2215	2210	5
	Narella	Mill Quality Loose	2100	2140	-40
	Nazafgarh	Mill Quality Loose	2150	2100	50
Gujarat	Rajkot	Mill Delivery	2150	2150	Unch
	Ahmedabad	Mill Delivery	2240	2240	Unch
	Surat	Mill Delivery	2310	2310	Unch
	Dhrol	Mill Quality Loose	NR	NR	-
M.P.	Indore	Mill Delivery	2225	2225	Unch
	Bhopal	Mill Quality Loose	Closed	Closed	-
Rajasthan	Kota	Mill Quality Loose	Closed	2000	-
		Mill Delivery	Closed	2125	-
U.P.	Kanpur	Mill Delivery	Closed	2070	-
	Mathura	Mill Quality Loose	NA	NA	-
	Kosi	Mill Quality Loose	2000	2000	Unch
	Hathras	Mill Quality Loose	1960	1960	Unch
	Aligarh	Mill Quality Loose	NA	NA	-
Punjab	Khanna	Mill Quality Loose	NA	NA	-
	Ludhiana (Jagraon)	Mill Delivery	NA	NA	-
Haryana	Sirsa	Mill Delivery loose	2080	2080	Unch
	Hodal	Mill Delivery	NA	NA	-

	Bhiwani	Mill Quality Loose	2170	Closed	-
	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	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
			25-Oct-19	24-Oct-19	
Gujarat	Rajkot	Lokwan	2200	2250	-50
M.P.	Indore	Lokwan	2400	2400	Unch
	Bhopal	Lokwan	Closed	Closed	-
	Bina	Sarbati 306	2550	2550	Unch
Rajasthan	Kota	Lokwan Bilty	Closed	2225	-
	Baran	Lokwan	Closed	NA	-

Wheat Arrivals in Key Centers:

Centre	Market	Variety	Arrivals (Bags/Qtl)		Change
			25-Oct-19	24-Oct-19	
Delhi	Lawrence Road	Mill Delivery	5000	5000	Unch
	Narella	Mill Quality Loose	300	400	-100
	Nazafgarh	Mill Quality Loose	200	100	100
Gujarat	Rajkot	Mill Quality Loose	450	800	-350
	Dhrol	Mill Quality Loose	NR	NR	-
M.P.	Indore	Mill Quality Loose	3000	2000	1000
Rajasthan	Kota	Mill Quality	Closed	6000	-
U.P.	Kanpur	Mill Quality Loose	Closed	1000	-
	Mathura	Mill Quality Loose	NA	NA	-
	Kosi	Mill Quality Loose	250	250	Unch
	Hathras	Mill Quality Loose	300	300	Unch
	Aligarh	Mill Quality Loose	NA	NA	-
Punjab	Khanna	Mill Quality Loose	NA	NA	-
	(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	Closed	-

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

Wheat Products Delhi	25-Oct-19	24-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: 24.10.2019					
Contract Month	Open	High	Low	Close	Change
19-Dec	424.00	426.75	418.50	419.50	-3.75
20-Mar	437.50	440.00	432.25	432.75	-4.25
20-May	446.75	448.75	441.00	441.75	-4.50
20-Jul	455.75	457.00	450.00	450.25	-5.25
20-Sep	466.00	466.00	459.50	459.75	-5.25
20-Dec	477.50	477.50	472.75	473.50	-5.00

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