

Wheat Domestic Fundamentals:

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 \$371.00 (Rs 25988.55) per tonne and \$460.88 (Rs 32284.64) 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.

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.

International Market Update:

Black sea milling wheat prices became firm by \$5-7 per tonne at Novorossiysk and \$6-7 per tonne at Odessa port compared to last week. Strong demand and weak supply by farmers supported the prices. As of now Russian milling wheat with 12.5% protein content at Novorossiysk and Odessa port are being quoted at FoB \$207-210/tonne and FoB \$205-209/tonne.

As per latest update, Phillipines has bought 165000 tonnes of feed wheat through tender. The said quantity will be delivered between December'19-February'20. The price range for feed wheat was \$253-255 per tonne C&F. The seller was trading house CBH and the wheat is likely to be sourced from Australia.

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.

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:30.10.2019 at 5:00 PM		
Contract Month	+/-	Open	High	Low	Close	Volume	Ch. From previous day	OI	Ch. From previous day
19-Nov	-3	2151	2150	2148	2148	130	120	1570	100
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	-12		
19-Dec		17	
20-Jan			49

Stocks	Demat	In-Process	Total	EDD
	29.Oct.19	29.Oct.19	29.Oct.19	28.Oct.19
Delhi	-	-	-	-
Itarsi	-	-	-	-
Kanpur	-	-	-	-
Kota	12218	0	12218	12217
Baran	-	-	-	-

Wheat Daily Prices and Arrivals on 30.10.2019

Centre	Market	Variety	Prices (Rs/Qtl)		Change
			30-Oct-19	29-Oct-19	
Delhi	Lawrence Road	Mill Delivery	2225	2220	5
	Narella	Mill Quality Loose	Closed	2160	-
	Nazafgarh	Mill Quality Loose	Closed	2090	-
Gujarat	Rajkot	Mill Delivery	Closed	Closed	-
	Ahmedabad	Mill Delivery	Closed	Closed	-
	Surat	Mill Delivery	Closed	Closed	-
	Dhrol	Mill Quality Loose	Closed	Closed	-
M.P.	Indore	Mill Delivery	2230	Closed	-
	Bhopal	Mill Quality Loose	2100	Closed	-
Rajasthan	Kota	Mill Quality Loose	2025	Closed	-
		Mill Delivery	2150	Closed	-
U.P.	Kanpur	Mill Delivery	2060	Closed	-
	Mathura	Mill Quality Loose	NA	NA	-
	Kosi	Mill Quality Loose	2000	2000	Unch
	Hathras	Mill Quality Loose	1965	Closed	-
	Aligarh	Mill Quality Loose	Closed	Closed	-
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	2500	Closed	-
	Madurai	Mill Quality	2557	Closed	-
	Coimbatore	Mill Quality	2557	Closed	-
Bihar	Khagariya	Mill Delivery	2100	2100	Unch
	Muzaffarpur	Mill Delivery	2025	2025	Unch
FOR	Kandla (Rajasthan-Rajkot)	Mill Quality	Closed	Closed	-
	Gandhidham (Rajasthan-Rajkot)	Mill Quality	NA	NA	-

Centre	Market	Variety	Prices (Rs/Qtl)		Change
			30-Oct-19	29-Oct-19	
Gujarat	Rajkot	Lokwan	Closed	Closed	-
M.P.	Indore	Lokwan	2500	Closed	-
	Bhopal	Lokwan	2300	Closed	-
	Bina	Sarbati 306	Closed	2700	-
Rajasthan	Kota	Lokwan Bilty	2200	Closed	-
	Baran	Lokwan	NA	Closed	-

Wheat Arrivals in Key Centers:

Centre	Market	Variety	Arrivals (Bags/Qtl)		Change
			30-Oct-19	29-Oct-19	
Delhi	Lawrence Road	Mill Delivery	3500	4000	-500
	Narella	Mill Quality Loose	Closed	300	-
	Nazafgarh	Mill Quality Loose	Closed	100	-
Gujarat	Rajkot	Mill Quality Loose	Closed	Closed	-
	Dhrol	Mill Quality Loose	Closed	Closed	-
M.P.	Indore	Mill Quality Loose	3000	Closed	-
Rajasthan	Kota	Mill Quality	2000	Closed	-
U.P.	Kanpur	Mill Quality Loose	1000	Closed	-
	Mathura	Mill Quality Loose	NA	NA	-
	Kosi	Mill Quality Loose	250	250	Unch
	Hathras	Mill Quality Loose	100	Closed	-
	Aligarh	Mill Quality Loose	Closed	Closed	-
Punjab	Khanna	Mill Quality Loose	NA	NA	-
	(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	200	Closed	-

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

Wheat Products Delhi	30-Oct-19	29-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: 29.10.2019					
Contract Month	Open	High	Low	Close	Change
19-Dec	513.00	516.00	508.25	511.50	-0.25
20-Mar	519.00	521.75	514.50	517.50	-0.50
20-May	524.50	526.75	519.75	522.50	-0.75
20-Jul	529.00	531.25	524.25	527.25	-0.75
20-Sep	536.50	538.50	532.25	534.75	-1.00
20-Dec	548.50	550.00	544.00	546.75	-0.75

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