

Wheat Domestic Fundamentals:

All India weekly average prices decreased by 1.96 percent to Rs. 2143.68 per quintal during the week ended 31st October 2019. Wheat average price were ruling at Rs 2186.54 per quintal during 16-23 October 2019. As compared to prices in the week 24-31 October 2018, the prices are firm by 4.69 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.

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.

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.

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:

GASC has purchased 60000 tonnes of French wheat in a tender. The said quantity was purchased at \$ 214.86 per tonne. The seller was trading house Glencore. The wheat will be shipped during 05-15 December. In its last tender on 16th October GASC purchased 405000 tonnes of wheat.

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.

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

| Wheat Futures Contract: NCDEX Price | | | | | | | Date:01.11.2019 at 5:00 PM | | |
|-------------------------------------|-----|------|------|------|-------|--------|----------------------------|------|-----------------------|
| Contract Month | +/- | Open | High | Low | Close | Volume | Ch. From previous day | OI | Ch. From previous day |
| 19-Nov | 4 | 2131 | 2131 | 2131 | 2131 | 70 | -60 | 1620 | 50 |
| 19-Dec | 0 | 2136 | 2136 | 2136 | 2136 | 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 | -29 | | |
| 19-Dec | | 5 | |
| 20-Jan | | | 78 |

| Stocks | Demat | In-Process | Total | EDD |
|--------|-----------|------------|-----------|-----------|
| | 01.Nov.19 | 01.Nov.19 | 01.Nov.19 | 28.Oct.19 |
| Delhi | - | - | - | - |
| Itarsi | - | - | - | - |
| Kanpur | - | - | - | - |
| Kota | 12008 | 0 | 12008 | 12217 |
| Baran | - | - | - | - |

Wheat Daily Prices and Arrivals on 02.11.2019

| Centre | Market | Variety | Prices (Rs/Qtl) | | Change |
|-----------|--------------------|---------------------|-----------------|-----------|--------|
| | | | 02-Nov-19 | 01-Nov-19 | |
| Delhi | Lawrence Road | Mill Delivery | 2250 | 2245 | 5 |
| | Narella | Mill Quality Loose | 2160 | 2160 | Unch |
| | Nazafgarh | Mill Quality Loose | 2110 | 2100 | 10 |
| Gujarat | Rajkot | Mill Delivery | 2200 | 2180 | 20 |
| | Ahmedabad | Mill Delivery | 2280 | 2170 | 110 |
| | Surat | Mill Delivery | 2230 | 2230 | Unch |
| | Dhrol | Mill Quality Loose | 2210 | 2250 | -40 |
| M.P. | Indore | Mill Delivery | 2230 | 2230 | Unch |
| | Bhopal | Mill Quality Loose | 2100 | 2100 | Unch |
| Rajasthan | Kota | Mill Quality Loose | 2000 | 2000 | Unch |
| | | Mill Delivery | 2150 | 2150 | Unch |
| U.P. | Kanpur | Mill Delivery | 2080 | 2080 | Unch |
| | Mathura | Mill Quality Loose | NA | NA | - |
| | Kosi | Mill Quality Loose | 2000 | 2010 | -10 |
| | Hathras | Mill Quality Loose | 1960 | 1960 | Unch |
| | Aligarh | Mill Quality Loose | 1950 | 1950 | Unch |
| 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 | 2175 | -5 |
| | Karnal | Mill Delivery | NA | NA | - |
| | Panipat | Mill Quality Loose | NA | NA | - |
| Tamil Nadu | Chennai | Mill Quality | 2450 | 2450 | Unch |
| | Madurai | Mill Quality | 2507 | 2507 | Unch |
| | Coimbatore | Mill Quality | 2507 | 2507 | Unch |
| Bihar | Khagariya | Mill Delivery | 2100 | 2100 | Unch |
| | Muzaffarpur | Mill Delivery | Closed | 2050 | - |
| FOR | Kandla (Rajasthan-Rajkot) | Mill Quality | NA | NA | - |
| | Gandhidham (Rajasthan-Rajkot) | Mill Quality | NA | NA | - |

| Centre | Market | Variety | Prices (Rs/Qtl) | | Change |
|-----------|--------|--------------|-----------------|-----------|--------|
| | | | 02-Nov-19 | 01-Nov-19 | |
| Gujarat | Rajkot | Lokwan | 2250 | 2225 | 25 |
| M.P. | Indore | Lokwan | 2400 | 2400 | Unch |
| | Bhopal | Lokwan | 2300 | 2350 | -50 |
| | Bina | Sarbati 306 | 2700 | 2700 | Unch |
| Rajasthan | Kota | Lokwan Bilty | 2250 | 2250 | Unch |
| | Baran | Lokwan | NA | NA | - |

Wheat Arrivals in Key Centers:

| Centre | Market | Variety | Arrivals (Bags/Qtl) | | Change |
|-----------|-------------------|--------------------|---------------------|-----------|--------|
| | | | 02-Nov-19 | 01-Nov-19 | |
| Delhi | Lawrence Road | Mill Delivery | 8500 | 4000 | 4500 |
| | Narella | Mill Quality Loose | 300 | 200 | 100 |
| | Nazafgarh | Mill Quality Loose | 100 | 100 | Unch |
| Gujarat | Rajkot | Mill Quality Loose | 600 | 500 | 100 |
| | Dhrol | Mill Quality Loose | 21 | 28 | -7 |
| M.P. | Indore | Mill Quality Loose | 5000 | 4000 | 1000 |
| Rajasthan | Kota | Mill Quality | 5000 | 5000 | Unch |
| U.P. | Kanpur | Mill Quality Loose | 600 | 700 | -100 |
| | Mathura | Mill Quality Loose | NA | NA | - |
| | Kosi | Mill Quality Loose | 200 | 250 | -50 |
| | Hathras | Mill Quality Loose | 150 | 150 | Unch |
| | Aligarh | Mill Quality Loose | 500 | 400 | 100 |
| 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 | 400 | 400 | Unch |

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

| Wheat Products Delhi | 02-Nov-19 | 01-Nov-19 | Change |
|------------------------------|-----------|-----------|--------|
| Atta (50kg) Ordinary | 1200 | 1200 | Unch |
| Maida Grade 1 (50KG) | 1400 | 1400 | Unch |
| Suji (50kg) | 1335 | 1335 | Unch |
| Chokar (50 kg) | 932 | 932 | Unch |
| Chokar (34 kg) | 634 | 634 | Unch |
| Chakki Atta (50kg) | 1362 | 1362 | Unch |
| Chakki Atta (50kg) Special | 1387 | 1387 | Unch |
| Chakki Atta (90kg) Superfine | 2511 | 2511 | Unch |
| Chakki Atta (50kg) Superfine | 1395 | 1395 | Unch |

| Wheat (CBOT) Future Price: 01.11.2019 | | | | | |
|---------------------------------------|--------|--------|--------|--------|--------|
| Contract Month | Open | High | Low | Close | Change |
| 19-Dec | 508.75 | 516.50 | 506.75 | 516.00 | 7.25 |
| 20-Mar | 514.50 | 522.50 | 512.75 | 521.75 | 7.00 |
| 20-May | 518.75 | 527.00 | 517.25 | 526.50 | 7.25 |
| 20-Jul | 523.25 | 531.25 | 521.00 | 531.00 | 7.75 |
| 20-Sep | 527.75 | 537.75 | 527.75 | 537.75 | 7.75 |
| 20-Dec | 539.00 | 548.50 | 539.00 | 548.50 | 7.75 |

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