

Wheat Domestic Fundamentals:

Wheat stock in central pool is 393.16 lakh tonnes higher by 36.91 lakh tonnes compared to last year for the same month. Stock disposal still remains a problem as Indian wheat is not competitive in international market due to higher prices and domestic demand is limited. Furthermore, India is expected to see another good year of production due to good soil moisture and higher acreage.

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 \$372.40 (Rs 26343.58) per tonne and \$453.26 (Rs 32063.89) 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 24500-25000 per tonne. Therefore, as of now, there is no parity for wheat imports.

India has received 109.70 mm of actual rainfall against 76.00 mm of normal rainfall during 01st to 31st October-2019. Deficient rainfall has been recorded in Jammu and Kashmir, Himachal Pradesh, Haryana, Chandigarh, Uttar Pradesh, Bihar, Sikkim, Arunachal Pradesh and Delhi. During the same period last in 2018, India received 35.60 mm of actual rainfall. India's cumulative rainfall during 01st -30th October was 106.50 mm, which is above 42% of the LPA. Uttar Pradesh and Haryana, two main wheat producing states witnessed low rainfall during October. However, soil moisture is still good and farmers are likely to sow more wheat this year.

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.

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.

International Market Update:

Argentina wheat harvest for 2019-20 is expected to be 18.8 MMT compared to 19.8 MMT in previous forecast. Unfavorable weather conditions such as alternating temperatures with frequent frost has negatively impacted the crop. Argentina wheat is expected to be more competitive in global market. However, if current conditions continue the scenario may change.

Black sea milling wheat prices became firm by \$1 per tonne at Novorossiysk and \$0-1 per tonne at Odessa port compared to last week. Lower wheat production forecast from Argentina has increased demand for Black sea wheat. However black sea wheat prices are already trading at a premium. As of now Russian milling wheat with 12.5% protein content at Novorossiysk and Odessa port are being quoted at FoB \$208-211/tonne and FoB \$205-210/tonne.

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.

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.

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:05.11.2019 at 5:00 PM		
Contract Month	+/-	Open	High	Low	Close	Volume	Ch. From previous day	OI	Ch. From previous day
19-Nov	+23	2158	2171	2158	2171	150	-120	1820	0
19-Dec	0	2138	2138	2138	2138	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		-33	
20-Jan			76

Stocks	Demat	In-Process	Total	EDD
	04.Nov.19	04.Nov.19	04.Nov.19	04.Nov.19
Delhi	-	-	-	-
Itarsi	-	-	-	-
Kanpur	-	-	-	-
Kota	12008	0	12008	12008
Baran	-	-	-	-

Wheat Daily Prices and Arrivals on 05.11.2019

Centre	Market	Variety	Prices (Rs/Qtl)		Change
			05-Nov-19	04-Nov-19	
Delhi	Lawrence Road	Mill Delivery	2240	2260	-20
	Narella	Mill Quality Loose	2200	2160	40
	Nazafgarh	Mill Quality Loose	2130	2110	20
Gujarat	Rajkot	Mill Delivery	2210	2220	-10
	Ahmedabad	Mill Delivery	2250	2275	-25
	Surat	Mill Delivery	2225	2235	-10
	Dhrol	Mill Quality Loose	2335	2240	95
M.P.	Indore	Mill Delivery	2250	2250	Unch
	Bhopal	Mill Quality Loose	2100	2100	Unch
Rajasthan	Kota	Mill Quality Loose	2020	1995	25
		Mill Delivery	2150	2160	-10
U.P.	Kanpur	Mill Delivery	2070	2050	20
	Mathura	Mill Quality Loose	NA	NA	-
	Kosi	Mill Quality Loose	2000	2020	-20
	Hathras	Mill Quality Loose	NR	NR	-
	Aligarh	Mill Quality Loose	1960	1950	10
Punjab	Khanna	Mill Quality Loose	NA	NA	-
	Ludhiana (Jagraon)	Mill Delivery	NA	NA	-
Haryana	Sirsa	Mill Delivery loose	2100	2090	10
	Hodal	Mill Delivery	NA	NA	-

	Bhiwani	Mill Quality Loose	2120	2100	20
	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	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
			05-Nov-19	04-Nov-19	
Gujarat	Rajkot	Lokwan	2250	2250	Unch
M.P.	Indore	Lokwan	2500	2500	Unch
	Bhopal	Lokwan	2250	2300	-50
	Bina	Sarbati 306	2550	2550	Unch
Rajasthan	Kota	Lokwan Bilty	2250	2250	Unch
	Baran	Lokwan	NA	NA	-

Wheat Arrivals in Key Centers:

Centre	Market	Variety	Arrivals (Bags/Qtl)		Change
			05-Nov-19	04-Nov-19	
Delhi	Lawrence Road	Mill Delivery	7000	11000	-4000
	Narella	Mill Quality Loose	150	300	-150
	Nazafgarh	Mill Quality Loose	50	100	-50
Gujarat	Rajkot	Mill Quality Loose	600	600	Unch
	Dhrol	Mill Quality Loose	27	32	-5
M.P.	Indore	Mill Quality Loose	4000	5000	-1000
Rajasthan	Kota	Mill Quality	3000	4000	-1000
U.P.	Kanpur	Mill Quality Loose	700	500	200
	Mathura	Mill Quality Loose	NA	NA	-
	Kosi	Mill Quality Loose	200	200	Unch
	Hathras	Mill Quality Loose	NR	NR	-
	Aligarh	Mill Quality Loose	300	425	-125
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	600	600	Unch

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

Wheat Products Delhi	05-Nov-19	04-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: 04.11.2019					
Contract Month	Open	High	Low	Close	Change
19-Dec	424.75	427.50	421.00	423.00	-3.00
20-Mar	437.25	439.25	433.50	435.50	-3.25
20-May	444.25	448.00	442.25	444.25	-3.50
20-Jul	452.50	456.25	450.75	453.00	-3.25
20-Sep	461.25	465.00	460.25	462.50	-2.75
20-Dec	475.00	478.50	474.25	475.50	-3.00

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