

Wheat Domestic Fundamentals:

All India weekly average prices decreased by 5.91 percent to Rs. 1754.45 per quintal during the week ended 30th September 2016. Wheat average price were ruling at Rs 1864.73 per quintal during 16-23rd September 2015. As compared to prices in the week 24-30th September 2015, the prices are firm by 8.20 percent. Overall trend in cash market is expected to remain steady to slightly weak as govt. has revised wheat import duty from 25% to 10% in Sept.-2016. It would pressurize inner tone in the market.

India imported around 61900 tonne wheat from Australia, Ukraine and France last week till 25th Sept-2016 at an average CIF of \$216.44 per tonne. Around 13000 tonne has been imported from Ukraine at an average CIF of \$190.87 per tonne, 32900 tonne of Australian wheat at an average CIF of \$231.38 per tonne and 16000 tonnes of French wheat at an average CIF of \$222.73 per tonne.

According to latest update, export of wheat has decreased compared to last week. In the week (19-25 September) the exports were around 184.6 metric tonnes compared to 277.23 metric tonnes in the week (12-18 September). The said quantity was exported at an average FOB of \$ 318.33 per tonne and the major destinations were UAE, Somalia, UK and Jordan. Total export in current MY till 25th Sept-2016 was registered around 23133 tonne. Export window remained restricted due to disparity.

After the reduction of import duty from 25 percent to 10 percent, Indian importers have entered into contract for importing 25000 tonnes of Australian wheat for December shipment. The said quantity has been purchased at \$ 210 per tonne C&F. Private traders in India have already imported around 600000 tonnes, this quantity is further expected to rise due to fall in production and reduction in import duty.

Government has reduced import duty on wheat, Crude palm oil and refined vegetable oils in order to curb food inflation. The import duty on wheat has been reduced from 25 percent to 10 percent. Traders were expecting a reduction in import duty to make imports cheaper and ease the pressure on domestic market. Private traders have already imported around 600000 tonnes in the current marketing year.

India imports 150 KMT of Wheat from Ukraine since the beginning of September and over July-August Ukraine exported about 240 KMT of wheat to India. As per USDA current release, wheat production in India at its lowest level since 2012-13 marketing year, over the past five seasons domestic wheat consumption in the country has increased by 10 MMT. Nevertheless, since the beginning of season 2016/17 India has increased wheat imports even with the import duty. This season Ukraine has already entered the list of key wheat suppliers to India.

Wheat stock in central pool is almost 25.28% lower than stock registered in Aug-2015. As on 1st August-2016 wheat stock in central pool was registered at 268.79 lakh tonne. It was 301.81 lakh tonne in July-2016. Major portion of wheat stock is available in north zone where 202 lakh tonne wheat was registered in stock. South zone has 54.18 lakh tonne wheat. North zone includes Haryana, Punjab and Rajasthan while south zone includes Gujarat, Maharashtra, M.P and Chhatisgarh.

International Market Update:

According to latest update by International Grains Council, the production forecast has been increased by 4 million tons for crop year 2016-17. The production may touch 747 million tons against a forecast of 736 million tons for 2015-16. The difference is around 11 million tons. Higher projection for wheat may pressurize global wheat at current level and any major recovery from current level is unlikely.

Australia's wheat crop is expected to fall due to damages caused to the crop by recent rainfalls. East coast of the country is expected to receive around 100 millimeters of rainfall, which will lead to wetter than average conditions until November. Furthermore east coast of the country produces high protein wheat which means crop loss in the region will limit the exports with the country. Earlier a forecast of 28.1 million tonnes was given for production which is likely to be revised in the near future.

GASC has purchased 240000 tonnes of Russian wheat through tender after abolishing its zero-tolerance policy towards ergot. Louis Dreyfus offered 60000 tonnes at FOB \$189/tonne, union offered three cargoes each of 60000 tonnes at FOB \$ 178.78/tonne, Olam offered 60000 tonnes at FOB \$187.79/tonne and Aston offered 60000 tonnes at FOB \$179/tonne. Earlier suppliers were reluctant in making offers as they were afraid whether import authorities will tolerate negligible level of ergot or not in their cargoes.

Wheat stockpiles in Canada have decreased sharply in comparison to last year. However, it has not declined as much as expected at this point of time. A report from Statistics Canada shows this. It has pegged wheat stock at 5.2 MMT by the end July-2016. It is down by 27 % from last year. However, it is higher by trade estimate of 4.29 MMT. The main reason behind higher stock is higher retention at farm level. Canada is a major wheat exporter.

Outlook: Cash market is expected to trade steady to weak in the near term

| Wheat Futures Contract: NCDEX Price | | | | | | | | Date:04.10.2016 | |
|-------------------------------------|----------------------|------|------|------|-------|--------|-----------------------|-----------------|-----------------------|
| Contract Month | Ch from previous day | Open | High | Low | Close | Volume | Ch. From previous day | OI | Ch. From previous day |
| 16-Oct | -1 | 1749 | 1759 | 1749 | 1751 | 1450 | 690 | 8430 | -1,180 |
| 16-Nov | -2 | 1765 | 1774 | 1765 | 1765 | 610 | 260 | 2450 | 290 |
| 16-Dec | - | - | - | - | - | - | - | - | - |

| Spread | Oct -16 | Nov-16 | Dec-16 | |
|-------------|---------|--------|--------|--|
| Spot Narela | | | | |
| 16-Oct | -26 | | | |
| 16-Nov | | -14 | | |
| 16-Dec | | | - | |

| Stocks | Demat | In- Process | Total | FED |
|--------|-----------|-------------|-----------|-----------|
| | 03.Sep.16 | 03.Sep.16 | 03.Sep.16 | 03.Sep.16 |
| Delhi | 342 | 0 | 342 | 342 |
| Itarsi | - | - | - | - |
| Kanpur | - | - | - | - |
| Kota | 7898 | 0 | 7898 | 7898 |
| Rajkot | - | - | - | - |

Wheat Daily Prices and Arrivals on 04.10.2016

| Centre | Market | Variety | Prices (Rs/Qtl) | | Change |
|-----------|---------------|--------------------|-----------------|----------|--------|
| | | | 4-Oct-16 | 3-Oct-16 | |
| Delhi | Lawrence Road | Mill Delivery | 1820 | 1815 | 5 |
| | Narella | Mill Quality Loose | 1725 | 1720 | 5 |
| | Nazafgarh | Mill Quality Loose | 1735 | 1735 | Unch |
| Gujarat | Rajkot | Mill Delivery | 1700 | 1720 | -20 |
| | Ahmedabad | Mill Delivery | 1860 | 1850 | 10 |
| | Surat | Mill Delivery | 1880 | 1880 | Unch |
| | Dhrol | Mill Quality Loose | 1815 | 2110 | -295 |
| M.P. | Indore | Mill Delivery | 1650 | 1650 | Unch |
| | Bhopal | Mill Quality Loose | 1650 | 1650 | Unch |
| Rajasthan | Kota | Mill Quality Loose | 1615 | 1630 | -15 |
| | | Mill Delivery | 1710 | 1710 | Unch |
| U.P. | Kanpur | Mill Delivery | 1715 | 1725 | -10 |
| | Mathura | Mill Quality Loose | 1640 | 1640 | Unch |
| | Kosi | Mill Quality Loose | 1675 | 1675 | Unch |
| | Hathras | Mill Quality Loose | NA | NA | - |
| | Aligarh | Mill Quality Loose | 1620 | 1620 | Unch |
| Punjab | Khanna | Mill Quality Loose | 1630 | 1615 | 15 |

| | | | | | |
|-------------------|-------------------------------|---------------------|------|------|------|
| | Ludhiana (Jagraon) | Mill Delivery | NA | NA | - |
| Haryana | Sirsa | Mill Delivery loose | 1650 | 1650 | Unch |
| | Hodal | Mill Delivery | NA | NA | - |
| | Bhiwani | Mill Quality Loose | 1715 | 1715 | Unch |
| | Karnal | Mill Delivery | 1660 | 1660 | Unch |
| | Panipat | Mill Quality Loose | NA | NA | - |
| Tamil Nadu | Chennai | Mill Quality | 2050 | 2050 | Unch |
| | Madurai | Mill Quality | 2107 | 2107 | Unch |
| | Coimbatore | Mill Quality | 2107 | 2107 | Unch |
| Bihar | Khagariya | Mill Delivery | 1800 | 1800 | Unch |
| | Muzaffarpur | Mill Delivery | 1800 | 1825 | -25 |
| FOR | Kandla (Rajasthan-Rajkot) | Mill Quality | NR | NR | - |
| | Gandhidham (Rajasthan-Rajkot) | Mill Quality | NR | NR | - |

| Centre | Market | Variety | Prices (Rs/Qtl) | | Change |
|------------------|--------|-------------|-----------------|----------|--------|
| | | | 4-Oct-16 | 3-Oct-16 | |
| Gujarat | Rajkot | Lokwan | 2000 | 2000 | Unch |
| M.P. | Indore | Lokwan | 2200 | 2200 | Unch |
| | Bhopal | Lokwan | 1800 | 1800 | Unch |
| | Bina | Sarbati 306 | 2300 | 2300 | Unch |
| Rajasthan | Kota | LokwanBilty | 1850 | 1850 | Unch |
| | Baran | Lokwan | 1760 | 1750 | 10 |

Wheat Arrivals in Key Centers:

| Centre | Market | Variety | Arrivals (Bags/Qtl) | | Change |
|------------------|-------------------|--------------------|---------------------|----------|--------|
| | | | 4-Oct-16 | 3-Oct-16 | |
| Delhi | Lawrence Road | Mill Delivery | 3000 | 4000 | -1000 |
| | Narella | Mill Quality Loose | 150 | 100 | 50 |
| | Nazafgarh | Mill Quality Loose | 150 | 200 | -50 |
| Gujarat | Rajkot | Mill Quality Loose | 500 | 1000 | -500 |
| | Dhrol | Mill Quality Loose | 3 | 29 | -26 |
| M.P. | Indore | Mill Quality Loose | 2000 | 2000 | Unch |
| Rajasthan | Kota | Mill Quality | 2000 | 3000 | -1000 |
| U.P. | Kanpur | Mill Quality Loose | 10500 | NR | - |
| | Mathura | Mill Quality Loose | 300 | 200 | 100 |
| | Kosi | Mill Quality Loose | 600 | 600 | Unch |
| | Hathras | Mill Quality Loose | NA | NA | - |
| | Aligarh | Mill Quality Loose | 500 | 500 | Unch |
| Punjab | Khanna | Mill Quality Loose | 300 | 300 | Unch |
| | (Ludhiana)Jagraon | Mill Quality Loose | NA | NA | - |

| | | | | | |
|----------------|---------|--------------------|-----|-----|------|
| Haryana | Sirsa | Mill Quality Loose | 100 | 100 | Unch |
| | Hodal | Mill Quality Loose | NA | NA | - |
| | Bhiwani | Mill Quality Loose | 600 | 500 | 100 |
| | Karnal | Mill Delivery | NA | NA | - |
| | Panipat | Mill Quality Loose | NA | NA | - |

| Wheat Products Delhi | | 4-Oct-16 | 3-Oct-16 | Change |
|------------------------------|--|----------|----------|--------|
| Atta (50kg) Ordinary | | 975 | 975 | Unch |
| Maida Grade 1 (50KG) | | 1330 | 1330 | Unch |
| Suji (50kg) | | 1380 | 1380 | Unch |
| Chokar (50 kg) | | 744 | 744 | Unch |
| Chokar (34 kg) | | 525 | 525 | Unch |
| Chakki Atta (50kg) | | 1025 | 1025 | Unch |
| Chakki Atta (50kg) Special | | 1050 | 1050 | Unch |
| Chakki Atta (90kg) Superfine | | 1942 | 1942 | Unch |
| Chakki Atta (50kg) Superfine | | 1060 | 1060 | Unch |

| Wheat (CBOT) Future Price: 03.10.2016 | | | | | |
|---------------------------------------|--------|--------|--------|--------|--------|
| Contract Month | Open | High | Low | Close | Change |
| Dec-16 | 399.75 | 401.75 | 391.50 | 395.50 | -6.50 |
| Mar-17 | 422.50 | 423.75 | 413.75 | 417.25 | -7.50 |
| May-17 | 436.75 | 436.75 | 426.75 | 430.50 | -7.50 |
| Jul-17 | 445.50 | 446.50 | 436.75 | 441.25 | -6.25 |
| Sep-17 | 458.25 | 458.25 | 452.75 | 455.75 | -6.00 |
| Dec-17 | 474.50 | 476.25 | 471.75 | 476.25 | -4.25 |

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