

Wheat Domestic Fundamentals:

Traders have bought around 400000 lakh tonnes of Ukraine-origin wheat after import duty was lowered from 25 percent to 10 percent. Most deals are made between \$192 and \$199 per tonne C&F for milling wheat with 11.5 percent protein. Indian buying of Ukraine-origin wheat has already pushed up prices as two weeks ago traders were paying \$192 per tonne.

According to latest update, export of wheat has increased compared to last week. In the week (26-02 October) the exports were around 256.55 metric tonnes compared to 184.6 metric tonnes in the week (19-25 September). The said quantity was exported at an average FOB of \$ 347.08 per tonne and the major destinations were UAE, Kenya, Sri Lanka and UK. Total export till 02nd Oct-2016 since 4th April was registered around 23390 tonne. Export window remained restricted due to disparity.

All India average monthly price for wheat decreased by 2.23 percent from Rs 1786.21 (in August) to Rs 1746.43 per qtl in September-2016 due to increasing fear of higher import volume and continuous sale from OMSS through auction. Better crop prospects for next year have weakened inner tone in the market. Average price (September) is higher by 7.33 percent from the price (Rs 1673.9 per qtl.) registered in September-2015. However, festive demand would continue to lend support to cash market fundamental and restrict market from any major decline.

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.

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:

GASC has purchased 480000 tonnes of Russian and Romanian wheat through tender after abolishing its zero-tolerance policy towards ergot. Louis Dreyfus offered 60000 tonnes at FOB \$181.7/tonne, ADM offered three cargoes each of 60000 tonnes at an average FOB of \$180.33/tonne, Union offered 60000 tonnes at FOB \$177.7/tonne, Aston offered 60000 tonnes at FOB \$183.5/tonne, Alegrow offered 60000 tonnes at FOB \$179.5/tonne and Venus offered 60000 tonnes at FOB \$181.45/tonne

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.

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:07.10.2016	
Contract Month	Ch from previous day	Open	High	Low	Close	Volume	Ch. From previous day	OI	Ch. From previous day
16-Oct	-4	1747	1751	1744	1746	1720	520	4580	-1,470
16-Nov	-5	1758	1760	1755	1756	1340	620	5430	1,190
16-Dec	-	-	-	-	-	-	-	-	-

Spread	Oct -16	Nov-16	Dec-16	
Spot Narela				
16-Oct	-26			
16-Nov		-10		
16-Dec			-	

Stocks	Demat	In- Process	Total	FED
	06.Sep.16	06.Sep.16	06.Sep.16	03.Sep.16
Delhi	342	0	342	342
Itarsi	-	-	-	-
Kanpur	-	-	-	-
Kota	7898	0	7898	7898
Rajkot	-	-	-	-

Wheat Daily Prices and Arrivals on 08.10.2016

Centre	Market	Variety	Prices (Rs/Qtl)		Change
			8-Oct-16	7-Oct-16	
Delhi	Lawrence Road	Mill Delivery	1830	1825	5
	Narella	Mill Quality Loose	1720	1715	5
	Nazafgarh	Mill Quality Loose	1730	1735	-5
Gujarat	Rajkot	Mill Delivery	1730	1720	10
	Ahmedabad	Mill Delivery	1880	1870	10
	Surat	Mill Delivery	1900	1895	5
	Dhrol	Mill Quality Loose	NR	1860	-
M.P.	Indore	Mill Delivery	1750	1750	Unch
	Bhopal	Mill Quality Loose	1700	1700	Unch
Rajasthan	Kota	Mill Quality Loose	1615	Closed	-
		Mill Delivery	1710	Closed	-
U.P.	Kanpur	Mill Delivery	1715	1700	15
	Mathura	Mill Quality Loose	1630	1635	-5
	Kosi	Mill Quality Loose	1680	1685	-5
	Hathras	Mill Quality Loose	NR	1700	-
	Aligarh	Mill Quality Loose	1610	1600	10
Punjab	Khanna	Mill Quality Loose	1635	1630	5

	Ludhiana (Jagraon)	Mill Delivery	NA	NA	-
Haryana	Sirsa	Mill Delivery loose	1645	1650	-5
	Hodal	Mill Delivery	NA	NA	-
	Bhiwani	Mill Quality Loose	1725	1725	Unch
	Karnal	Mill Delivery	1700	1680	20
	Panipat	Mill Quality Loose	NA	NA	-
Tamil Nadu	Chennai	Mill Quality	2050	Closed	-
	Madurai	Mill Quality	2107	Closed	-
	Coimbatore	Mill Quality	2107	Closed	-
Bihar	Khagariya	Mill Delivery	1820	1800	20
	Muzaffarpur	Mill Delivery	1820	1825	-5
FOR	Kandla (Rajasthan-Rajkot)	Mill Quality	NR	NR	-
	Gandhidham (Rajasthan-Rajkot)	Mill Quality	NR	NR	-

Centre	Market	Variety	Prices (Rs/Qtl)		Change
			8-Oct-16	7-Oct-16	
Gujarat	Rajkot	Lokwan	2025	2025	Unch
M.P.	Indore	Lokwan	2200	2200	Unch
	Bhopal	Lokwan	1900	1900	Unch
	Bina	Sarbati 306	2300	2300	Unch
Rajasthan	Kota	LokwanBilty	1850	Closed	-
	Baran	Lokwan	Closed	Closed	-

Wheat Arrivals in Key Centers:

Centre	Market	Variety	Arrivals (Bags/Qtl)		Change
			8-Oct-16	7-Oct-16	
Delhi	Lawrence Road	Mill Delivery	4000	3000	1000
	Narella	Mill Quality Loose	125	150	-25
	Nazafgarh	Mill Quality Loose	100	100	Unch
Gujarat	Rajkot	Mill Quality Loose	800	1000	-200
	Dhrol	Mill Quality Loose	NR	29	-
M.P.	Indore	Mill Quality Loose	600	700	-100
Rajasthan	Kota	Mill Quality	2000	Closed	-
U.P.	Kanpur	Mill Quality Loose	9500	10500	-1000
	Mathura	Mill Quality Loose	70	250	-180
	Kosi	Mill Quality Loose	500	600	-100
	Hathras	Mill Quality Loose	NR	50	-
	Aligarh	Mill Quality Loose	250	300	-50
Punjab	Khanna	Mill Quality Loose	300	300	Unch
	(Ludhiana)Jagraon	Mill Quality Loose	NA	NA	-

Haryana	Sirsa	Mill Quality Loose	100	200	-100
	Hodal	Mill Quality Loose	NA	NA	-
	Bhiwani	Mill Quality Loose	400	500	-100
	Karnal	Mill Delivery	NA	NA	-
	Panipat	Mill Quality Loose	NA	NA	-

Wheat Products Delhi		8-Oct-16	7-Oct-16	Change
Atta (50kg) Ordinary		975	975	Unch
Maida Grade 1 (50KG)		1330	1330	Unch
Suji (50kg)		1380	1380	Unch
Chokar (50 kg)		754	754	Unch
Chokar (34 kg)		531	531	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: 07.10.2016					
Contract Month	Open	High	Low	Close	Change
Dec-16	397.75	401.00	394.25	394.75	-1.00
Mar-17	418.25	422.00	414.00	414.75	-2.25
May-17	432.00	435.25	428.00	428.75	-2.50
Jul-17	444.00	446.00	440.00	440.50	-2.25
Sep-17	462.25	462.25	456.25	456.25	-1.75
Dec-17	479.00	481.00	475.50	476.50	-1.50

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