

Wheat Domestic Fundamentals:

As per latest update, India has removed import duty on wheat in order to improve domestic supplies and keep the rising prices in check. Government revised import duty from 25 percent to 10 percent in the month of September. As import duty has been removed import volume may be around 3MMT in current marketing year. Furthermore latest update by IMD for a warmer winter has increased concern for this year's wheat crop. Wheat stocks with FCI have fallen to a five year low which has reduced the sale of wheat in open market.

According to latest update, area sown until 02 December'16 is 173.93 lakh hectares compared to 152.26 lakh hectares in the previous Rabi season. Among major states the area is down in Chhattisgarh, Gujarat and Himachal Pradesh, whereas Madhya Pradesh, Maharashtra, Punjab and Uttar Pradesh have seen an increase in area compared to last year for the same date. The normal area is 304.05 lakh hectares. Area is expected to be higher this year as government has increased MSP of wheat which may motivate farmers to sow more area.

At import front situation seems to be turning in favor of south Indian millers after revision of import duty to 10%. Wheat from Ukraine is arrived at Chennai and Tuticorin port at \$195.23 per tonne and \$199.93 per tonne respectively. In October India imported 5.41 lakh tonne wheat at an average CiF of \$221.97 per tonne. Import is likely to continue as prices in domestic market rules higher. As import duty is slashed, import volume may exceed 2MMT in current MY. It would impact south Indian millers demand from central and north India. Off-take from central pool would decrease.

At export front prevailing market conditions are not in favor of Indian exporters due to huge price gap. The difference is over \$130 per tonne from Black Sea Region. Russia/Ukraine is offering wheat at \$181.5/183 per tonne on FoB basis while Indian FoB at Kandla port comes to \$318.12 per tonne. India exported 3350 tonne wheat in November at an average FoB of \$373.81 per tonne. Total export in current MY till October-2016 was registered around 29694 tonne from 1st April. For current MY till October average FoB comes to \$344.7 per tonne. There is no hope for any recovery at export front this year.

All India weekly average prices increased by 2.41 percent to Rs. 2177.08 per quintal during the week ended 08th December 2016. Wheat average price were ruling at Rs 2125.88 per quintal during 24-30th November 2016. As compared to prices in the week 01-08th December 2015, the prices are firm by 27.50 percent. Prices are expected to remain range bound to slightly weak in coming days.

Wheat WPI has increased slightly from 231.9 in September to 232.9 in October-2016. Monthly wheat inflation has increased by 0.43 percent in October-16 compared to September -16. As compared to October-15 wheat WPI has increased by around 6.3 percent.

International Market Update:

As per latest update, Japan's ministry of agriculture bought 123354 tonnes of food quality wheat from United States and Canada. Around 67780 tonnes has been bought from United States with minimum protein content of 14 percent and 55574 tonnes has been bought from Canada with minimum protein content of 13.5 percent. The entire quantity from US will be loaded between January 16 and February 15, 2017.

Ukrainian wheat shipments of around 400000 tonnes which were booked for December delivery may be delayed as traders are giving priority to corn exports. Wheat shipment season is nearly over and corn shipments are at its peak. Therefore India may face low wheat supplies in upcoming days.

Australia is expecting a crop of around 31.5 million tonnes which will break its own record of 29.9 million tonnes set five years earlier. Australia is not only hoping to regain its market share lost in Asia but also challenge countries in the black sea region at a global level. Australia standard wheat with 9 percent protein was quoted at \$185 per tonne FoB this week. This quote is still higher by around \$6 per tonne compared to Russia and Ukraine.

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

Wheat Futures Contract: NCDEX Price							Date:09.12.2016		
Contract Month	Ch. from previous day	Open	High	Low	Close	Volume	Ch. From previous day	OI	Ch. From previous day
16-Dec	35	1995	2075	1995	2037	870	-1,840	6330	-450
17-Jan	32	1975	2025	1967	2014	1510	-2,910	4030	-140
17-Feb	-	-	-	-	-	-	-	-	-

Spread	Dec-16	Jan-17	Feb-17	
Spot Narela				
16-Dec	-12			
17-Jan		23		
17-Feb			-	

Stocks	Demat	In- Process	Total	FED
	8.Dec.16	8.Dec.16	8.Dec.16	5.Dec.16
Delhi	-	-	-	-
Itarsi	-	-	-	-
Kanpur	-	-	-	-
Kota	5270	0	5270	5270
Rajkot	-	-	-	-

Wheat Daily Prices and Arrivals on 9.12.2016

Centre	Market	Variety	Prices (Rs/Qtl)		Change
			9-Dec-16	8-Dec-16	
Delhi	Lawrence Road	Mill Delivery	2150	2150	Unch
	Narella	Mill Quality Loose	2025	2030	-5
	Nazafgarh	Mill Quality Loose	2050	2075	-25
Gujarat	Rajkot	Mill Delivery	1900	1970	-70
	Ahmedabad	Mill Delivery	1980	2130	-150
	Surat	Mill Delivery	2040	2140	-100
	Dhrol	Mill Quality Loose	NA	2185	-
M.P.	Indore	Mill Delivery	1800	1950	-150
	Bhopal	Mill Quality Loose	1900	1925	-25
Rajasthan	Kota	Mill Quality Loose	1900	1900	Unch
		Mill Delivery	2000	2000	Unch
U.P.	Kanpur	Mill Delivery	NR	1925	-
	Mathura	Mill Quality Loose	1940	1940	Unch
	Kosi	Mill Quality Loose	2100	2150	-50
	Hathras	Mill Quality Loose	1940	1940	Unch
	Aligarh	Mill Quality Loose	1900	1900	Unch
Punjab	Khanna	Mill Quality Loose	1940	1980	-40

	Ludhiana (Jagraon)	Mill Delivery	NA	NA	-
Haryana	Sirsa	Mill Delivery loose	1875	1900	-25
	Hodal	Mill Delivery	2240	2240	Unch
	Bhiwani	Mill Quality Loose	2100	NR	-
	Karnal	Mill Delivery	NR	2060	-
	Panipat	Mill Quality Loose	NA	NA	-
Tamil Nadu	Chennai	Mill Quality	2400	2400	Unch
	Madurai	Mill Quality	2457	2457	Unch
	Coimbatore	Mill Quality	2457	2457	Unch
Bihar	Khagariya	Mill Delivery	1850	1800	50
	Muzaffarpur	Mill Delivery	1950	1925	25
FOR	Kandla (Rajasthan-Rajkot)	Mill Quality	NR	NR	-
	Gandhidham (Rajasthan-Rajkot)	Mill Quality	NR	NR	-

Centre	Market	Variety	Prices (Rs/Qtl)		Change
			9-Dec-16	8-Dec-16	
Gujarat	Rajkot	Lokwan	2075	2100	-25
M.P.	Indore	Lokwan	2200	2300	-100
	Bhopal	Lokwan	2000	2100	-100
	Bina	Sarbati 306	2300	2200	100
Rajasthan	Kota	LokwanBilty	2000	2000	Unch
	Baran	Lokwan	1950	2000	-50

Wheat Arrivals in Key Centers:

Centre	Market	Variety	Arrivals (Bags/Qtl)		Change
			9-Dec-16	8-Dec-16	
Delhi	Lawrence Road	Mill Delivery	2000	2000	Unch
	Narella	Mill Quality Loose	150	300	-150
	Nazafgarh	Mill Quality Loose	100	100	Unch
Gujarat	Rajkot	Mill Quality Loose	800	1200	-400
	Dhrol	Mill Quality Loose	NA	5	-
M.P.	Indore	Mill Quality Loose	500	1000	-500
Rajasthan	Kota	Mill Quality	2500	2500	Unch
U.P.	Kanpur	Mill Quality Loose	NR	1650	-
	Mathura	Mill Quality Loose	150	150	Unch
	Kosi	Mill Quality Loose	250	300	-50
	Hathras	Mill Quality Loose	50	50	Unch
	Aligarh	Mill Quality Loose	150	100	50
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	50	50	Unch
	Bhiwani	Mill Quality Loose	150	NR	-
	Karnal	Mill Delivery	NR	NR	-
	Panipat	Mill Quality Loose	NA	NA	-

Wheat Products Delhi	9-Dec-16	8-Dec-16	Change
Atta (50kg) Ordinary	1190	1190	Unch
Maida Grade 1 (50KG)	1510	1510	Unch
Suji (50kg)	1560	1560	Unch
Chokar (50 kg)	924	924	Unch
Chokar (34 kg)	621	621	Unch
Chakki Atta (50kg)	1220	1220	Unch
Chakki Atta (50kg) Special	1250	1250	Unch
Chakki Atta (90kg) Superfine	1978	1978	Unch
Chakki Atta (50kg) Superfine	1080	1080	Unch

Wheat (CBOT) Future Price: 8.12.2016					
Contract Month	Open	High	Low	Close	Change
16-Dec	396.50	396.50	389.75	390.75	4.50
17-Mar	402.00	409.25	401.50	408.25	7.25
17-May	413.50	420.50	413.25	418.75	6.25
17-Jul	427.00	432.25	425.25	430.25	5.50
17-Sep	440.75	446.25	440.75	444.25	5.50
17-Dec	458.00	462.75	458.00	462.00	6.25

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