

Wheat Domestic Fundamentals:

India has bought around 200000 tonnes of wheat from black sea region in the last week after Indian government scrapped import duty on wheat. Of the total quantity 150000 tonnes of wheat is from Ukraine and the remaining quantity is from Russia. Ukraine has already emerged as a key exporter of wheat to India as it has already exported around 900 thousand tonnes of wheat in the past five months.

Ukraine has become a key supplier of wheat to India in the past five months. It has exported around 900 thousand tonnes of wheat to India. Another factor apart from lower prices that supported such large quantities to be exported to India was revision of duty by India from 25% to 10%. As import duty has been scrapped now it will increase the flow of imports from Ukraine further.

All India weekly average prices increased by 3.01 percent to Rs. 2242.69 per quintal during the week ended 15th December 2016. Wheat average price was ruling at Rs 2177.08 per quintal during 01-08th December 2016. As compared to prices in the week 09-15th December 2015, the prices are firm by 28.71 percent. Prices are expected to remain range bound to slightly weak in coming days.

According to latest update, area sown until 09 December'16 is 225.62 lakh hectares compared to 202.29 lakh hectares in the previous Rabi season. Among major states the area is down in Chhattisgarh, Karnataka 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.

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.

At import front situation seems to be turning in favor of south Indian millers after revision of import duty to Zero. 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.

International Market Update:

As per latest update, Argentina exports are expected to be highest since 2007. In December 2007, Argentina exported 1.72 million tonnes of cereals. Now Argentina is expected to break this record. In December 2015, Argentina has exported around 40000 tonnes and around 295970 tonnes in the same month of 2014. After cuts in export tax Argentina recaptured its market share in Algeria, Kenya, Vietnam, Bangladesh and Thailand.

As per latest update, USDA has increased its global wheat production forecast for 2016-17 up by 6.54 MMT to 751.26 MMT. The forecast was revised up because of expectations of good crop in Australia. Consumption and ending stocks have also been revised up by 3.25 MMT and 2.91 MMT to 739.77 MMT and 252.14 MMT respectively.

The Saudi Arabia grains organization has bought around 725000 tonnes of hard wheat with a protein content of 12.5 percent for delivery between 1st February'17 to 10th April'17. Of the total quantity 430000 tonnes will arrive at Jeddah, 240000 tonnes will arrive at Dammam and the remaining 55000 tonnes at Jazan port.

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

Wheat Futures Contract: NCDEX Price							Date:16.12.2016		
Contract Month	Ch. from previous day	Open	High	Low	Close	Volume	Ch. From previous day	OI	Ch. From previous day
16-Dec	-22	2060	2060	2025	2025	100	30	1920	-370
17-Jan	-10	2012	2015	2006	2006	540	-120	3950	-70
17-Feb	-	-	-	-	-	-	-	-	-

Spread	Dec-16	Jan-17	Feb-17	
Spot Narela				
16-Dec	-25			
17-Jan		19		
17-Feb			-	

Stocks	Demat	In- Process	Total	FED
	15.Dec.16	15.Dec.16	15.Dec.16	12.Dec.16
Delhi	-	-	-	-
Itarsi	-	-	-	-
Kanpur	-	-	-	-
Kota	5569	710	5739	5270
Rajkot	-	-	-	-

Wheat Daily Prices and Arrivals on 16.12.2016

Centre	Market	Variety	Prices (Rs/Qtl)		Change
			16-Dec-16	15-Dec-16	
Delhi	Lawrence Road	Mill Delivery	2115	2100	15
	Narella	Mill Quality Loose	2000	2020	-20
	Nazafgarh	Mill Quality Loose	2050	2050	Unch
Gujarat	Rajkot	Mill Delivery	1875	1915	-40
	Ahmedabad	Mill Delivery	1975	2010	-35
	Surat	Mill Delivery	2110	2050	60
	Dhrol	Mill Quality Loose	2290	2255	35
M.P.	Indore	Mill Delivery	1950	1950	Unch
	Bhopal	Mill Quality Loose	1850	1850	Unch
Rajasthan	Kota	Mill Quality Loose	1850	1860	-10
		Mill Delivery	1900	1925	-25
U.P.	Kanpur	Mill Delivery	1905	1900	5
	Mathura	Mill Quality Loose	1925	1900	25
	Kosi	Mill Quality Loose	2025	1950	75
	Hathras	Mill Quality Loose	NR	2100	-
	Aligarh	Mill Quality Loose	NA	NA	-
Punjab	Khanna	Mill Quality Loose	1800	1850	-50
	Ludhiana (Jagraon)	Mill Delivery	NA	NA	-

Haryana	Sirsa	Mill Delivery loose	1800	1800	Unch
	Hodal	Mill Delivery	2240	2240	Unch
	Bhiwani	Mill Quality Loose	2100	Closed	-
	Karnal	Mill Delivery	1975	2070	-95
	Panipat	Mill Quality Loose	NA	NA	-
Tamil Nadu	Chennai	Mill Quality	2300	2350	-50
	Madurai	Mill Quality	2357	2407	-50
	Coimbatore	Mill Quality	2357	2407	-50
Bihar	Khagariya	Mill Delivery	1800	1850	-50
	Muzaffarpur	Mill Delivery	NR	NR	-
FOR	Kandla (Rajasthan-Rajkot)	Mill Quality	NR	NR	-
	Gandhidham (Rajasthan-Rajkot)	Mill Quality	NR	NR	-

Centre	Market	Variety	Prices (Rs/Qtl)		Change
			16-Dec-16	15-Dec-16	
Gujarat	Rajkot	Lokwan	2050	2075	-25
M.P.	Indore	Lokwan	2000	2000	Unch
	Bhopal	Lokwan	2050	2000	50
	Bina	Sarbati 306	2300	2300	Unch
Rajasthan	Kota	LokwanBilty	2300	2200	100
	Baran	Lokwan	1950	2000	-50

Wheat Arrivals in Key Centers:

Centre	Market	Variety	Arrivals (Bags/Qtl)		Change
			16-Dec-16	15-Dec-16	
Delhi	Lawrence Road	Mill Delivery	2500	2000	500
	Narella	Mill Quality Loose	200	250	-50
	Nazafgarh	Mill Quality Loose	150	100	50
Gujarat	Rajkot	Mill Quality Loose	1300	800	500
	Dhrol	Mill Quality Loose	22	30	-8
M.P.	Indore	Mill Quality Loose	700	1000	-300
Rajasthan	Kota	Mill Quality	3000	3000	Unch
U.P.	Kanpur	Mill Quality Loose	2800	2500	300
	Mathura	Mill Quality Loose	150	250	-100
	Kosi	Mill Quality Loose	400	350	50
	Hathras	Mill Quality Loose	NR	60	-60
	Aligarh	Mill Quality Loose	NA	NA	-
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	200	Closed	-
	Karnal	Mill Delivery	NR	NR	-
	Panipat	Mill Quality Loose	NA	NA	-

Wheat Products Delhi	16-Dec-16	15-Dec-16	Change
Atta (50kg) Ordinary	1190	1190	Unch
Maida Grade 1 (50KG)	1545	1545	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	1220	1220	Unch
Chakki Atta (90kg) Superfine	1978	1978	Unch
Chakki Atta (50kg) Superfine	1080	1080	Unch

Wheat (CBOT) Future Price: 15.12.2016					
Contract Month	Open	High	Low	Close	Change
17-Mar	418.00	418.25	408.50	409.25	-8.75
17-May	428.75	429.25	420.00	421.25	-7.75
17-Jul	440.75	440.75	432.50	433.75	-7.25
17-Sep	453.75	453.75	445.75	446.50	-7.50
17-Dec	469.00	469.00	460.50	462.25	-8.00
18-Mar	475.00	475.00	470.25	473.00	-7.75

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