

Wheat Domestic Fundamentals:

Mixed trend continued in cash markets amid weak sentiments on the back of higher area coverage and increasing prospects of large volume of import. Market is expected to trade range bound as import flow may increase in coming weeks. It may impact south Indian millers demand from central and north India.

According to latest update, area sown until 16 December'16 is 256.19 lakh hectares compared to 239.45 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. Sowing would continue till first week of January. Weather remains favorable for wheat crop.

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 Indian 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.

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:20.12.2016		
Contract Month	Ch. from previous day	Open	High	Low	Close	Volume	Ch. From previous day	OI	Ch. From previous day
16-Dec	56	2014	2070	2040	2070	130	30	1620	-370
17-Jan	-2	1995	2006	1995	1995	400	-120	3250	-270
17-Feb	-12	1955	1960	1955	1960	30	-	-	-

Spread	Dec-16	Jan-17	Feb-17	
Spot Narela				
16-Dec	-30			
17-Jan		-75		
17-Feb			-35	

Stocks	Demat	In- Process	Total	FED
	19.Dec.16	19.Dec.16	19.Dec.16	19.Dec.16
Delhi	-	-	-	-
Itarsi	-	-	-	-
Kanpur	-	-	-	-
Kota	6451	537	6988	6452
Rajkot	-	-	-	-

Wheat Daily Prices and Arrivals on 20.12.2016

Centre	Market	Variety	Prices (Rs/Qtl)		Change
			20-Dec-16	19-Dec-16	
Delhi	Lawrence Road	Mill Delivery	2100	2100	Unch
	Narella	Mill Quality Loose	2040	2040	Unch
	Nazafgarh	Mill Quality Loose	NR	2000	-
Gujarat	Rajkot	Mill Delivery	1825	1825	Unch
	Ahmedabad	Mill Delivery	1950	1920	30
	Surat	Mill Delivery	1970	1940	30
	Dhrol	Mill Quality Loose	2205	2190	15
M.P.	Indore	Mill Delivery	1880	1950	-70
	Bhopal	Mill Quality Loose	1950	1950	Unch
Rajasthan	Kota	Mill Quality Loose	1860	1860	Unch
		Mill Delivery	1940	1940	Unch
U.P.	Kanpur	Mill Delivery	1935	1915	20
	Mathura	Mill Quality Loose	1925	1950	-25
	Kosi	Mill Quality Loose	2060	2060	Unch
	Hathras	Mill Quality Loose	2050	2100	-50
	Aligarh	Mill Quality Loose	NA	NA	-
Punjab	Khanna	Mill Quality Loose	1800	1800	Unch
	Ludhiana (Jagraon)	Mill Delivery	NA	NA	-
Haryana	Sirsa	Mill Delivery loose	1800	1800	Unch

	Hodal	Mill Delivery	2140	2140	Unch
	Bhiwani	Mill Quality Loose	1950	2010	-60
	Karnal	Mill Delivery	1850	1850	Unch
	Panipat	Mill Quality Loose	NA	NA	-
Tamil Nadu	Chennai	Mill Quality	2350	2350	Unch
	Madurai	Mill Quality	2407	2407	Unch
	Coimbatore	Mill Quality	2407	2407	Unch
Bihar	Khagariya	Mill Delivery	1850	1850	Unch
	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
			20-Dec-16	19-Dec-16	
Gujarat	Rajkot	Lokwan	2050	2050	Unch
M.P.	Indore	Lokwan	2000	2000	Unch
	Bhopal	Lokwan	2100	2100	Unch
	Bina	Sarbati 306	2300	2300	Unch
Rajasthan	Kota	Lokwan Bilty	2150	2150	Unch
	Baran	Lokwan	1975	1975	Unch

Wheat Arrivals in Key Centers:

Centre	Market	Variety	Arrivals (Bags/Qtl)		Change
			20-Dec-16	19-Dec-16	
Delhi	Lawrence Road	Mill Delivery	2000	2000	Unch
	Narella	Mill Quality Loose	300	300	Unch
	Nazafgarh	Mill Quality Loose	NR	50	-
Gujarat	Rajkot	Mill Quality Loose	800	900	-100
	Dhrol	Mill Quality Loose	18	17	1
M.P.	Indore	Mill Quality Loose	1000	800	200
Rajasthan	Kota	Mill Quality	3000	3000	Unch
U.P.	Kanpur	Mill Quality Loose	3000	2800	200
	Mathura	Mill Quality Loose	150	150	Unch
	Kosi	Mill Quality Loose	200	200	Unch
	Hathras	Mill Quality Loose	30	0	30
	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	200	200	Unch
	Hodal	Mill Quality Loose	50	50	Unch

	Bhiwani	Mill Quality Loose	200	150	50
	Karnal	Mill Delivery	NR	NR	-
	Panipat	Mill Quality Loose	NA	NA	-

Wheat Products Delhi	20-Dec-16	19-Dec-16	Change
Atta (50kg) Ordinary	1165	1165	Unch
Maida Grade 1 (50KG)	1510	1510	Unch
Suji (50kg)	1535	1535	Unch
Chokar (50 kg)	914	914	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: 16.12.2016					
Contract Month	Open	High	Low	Close	Change
17-Mar	412.25	413.00	403.00	405.00	-4.25
17-May	425.00	425.50	415.75	417.50	-4.25
17-Jul	437.75	438.50	429.25	431.25	-3.50
17-Sep	450.50	451.25	443.50	445.00	-3.25
17-Dec	468.25	468.25	459.25	462.00	-2.50
18-Mar	473.50	475.00	473.50	473.50	-2.00

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