

### Wheat Domestic Fundamentals:

**Steady to weak sentiment prevailed in cash market due to fear of higher import** volume and good production prospects next year. In a latest development a north Indian farmers association BKU has demanded to reinstate import duty on wheat once again. It has appealed to govt. to raise it up to 40 % to secure farmers interest. Notably, govt has erased import duty on wheat from 10% to nil in the first week of December. Wheat cash market is likely to trade steady to weak in coming weeks.

**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:

**Russian wheat export in MY 2016-17 from 1st July to 14 Dec has increased by 1.9 percent** to 143.17 lakh tonne YoY basis. However, wheat exports from this country has been lower than expected in the 2016-17 marketing year as farmers have been slow to let go of their stocks on the domestic market due to low prices. However, this year's projected exports are 3.46 million mt higher than last year's first half. Higher export is mainly attributed to higher export volume in non-traditional countries like Algeria, Tunisia and others.

**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:21.12.2016		
Contract Month	Ch. from previous day	Open	High	Low	Close	Volume	Ch. From previous day	OI	Ch. From previous day
17-Jan	-10	1990	1995	1983	1986	770	530	3780	1890
17-Feb	-2	1958	1958	1955	1957	120	-220	670	-1270
17-Mar	-	-	-	-	-	-	-	-	-

Spread	Dec-16	Jan-17	Feb-17	
Spot Narela	closed			
16-Dec				
17-Jan				
17-Feb				

Stocks	Demat	In- Process	Total	FED
	20.Dec.16	20.Dec.16	20.Dec.16	19.Dec.16
Delhi	-	-	-	-
Itarsi	-	-	-	-
Kanpur	-	-	-	-
Kota	6451	767	7218	6452
Rajkot	-	-	-	-

**Wheat Daily Prices and Arrivals on 21.12.2016**

Centre	Market	Variety	Prices (Rs/Qtl)		Change
			21-Dec-16	20-Dec-16	
Delhi	Lawrence Road	Mill Delivery	2075	2100	-25
	Narella	Mill Quality Loose	Closed	2040	-
	Nazafgarh	Mill Quality Loose	Closed	NR	-
Gujarat	Rajkot	Mill Delivery	1810	1825	-15
	Ahmedabad	Mill Delivery	1930	1950	-20
	Surat	Mill Delivery	1960	1970	-10
	Dhrol	Mill Quality Loose	2200	2205	-5
M.P.	Indore	Mill Delivery	1880	1880	Unch
	Bhopal	Mill Quality Loose	1900	1950	-50
Rajasthan	Kota	Mill Quality Loose	1850	1860	-10
		Mill Delivery	1930	1940	-10
U.P.	Kanpur	Mill Delivery	1925	1935	-10
	Mathura	Mill Quality Loose	1850	1925	-75
	Kosi	Mill Quality Loose	Closed	2060	-
	Hathras	Mill Quality Loose	2050	2050	Unch
	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	1950	Unch
	Karnal	Mill Delivery	1870	1850	20
	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	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
			21-Dec-16	20-Dec-16	
Gujarat	Rajkot	Lokwan	2050	2050	Unch
M.P.	Indore	Lokwan	2000	2000	Unch
	Bhopal	Lokwan	2000	2100	-100
	Bina	Sarbati 306	Closed	2300	-
Rajasthan	Kota	Lokwan Bilty	2100	2150	-50
	Baran	Lokwan	1925	1975	-50

### Wheat Arrivals in Key Centers:

Centre	Market	Variety	Arrivals (Bags/Qtl)		Change
			21-Dec-16	20-Dec-16	
Delhi	Lawrence Road	Mill Delivery	2200	2000	200
	Narella	Mill Quality Loose	Closed	300	-
	Nazafgarh	Mill Quality Loose	Closed	NR	-
Gujarat	Rajkot	Mill Quality Loose	700	800	-100
	Dhrol	Mill Quality Loose	28	18	10
M.P.	Indore	Mill Quality Loose	1000	1000	Unch
Rajasthan	Kota	Mill Quality	2500	3000	-500
U.P.	Kanpur	Mill Quality Loose	2600	3000	-400
	Mathura	Mill Quality Loose	150	150	Unch
	Kosi	Mill Quality Loose	Closed	200	-
	Hathras	Mill Quality Loose	NR	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	200	Unch
	Karnal	Mill Delivery	NR	NR	-
	Panipat	Mill Quality Loose	NA	NA	-

Wheat Products Delhi	21-Dec-16	20-Dec-16	Change
Atta (50kg) Ordinary	1140	1165	-25
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)	1195	1220	-25
Chakki Atta (50kg) Special	1195	1220	-25
Chakki Atta (90kg) Superfine	1953	1978	-25
Chakki Atta (50kg) Superfine	1055	1080	-25

Wheat (CBOT) Future Price: 20.12.2016					
Contract Month	Open	High	Low	Close	Change
17-Mar	406.00	407.75	400.25	403.25	-1.75
17-May	418.75	420.25	413.00	416.00	-1.50
17-Jul	432.00	434.25	427.00	430.50	-0.75
17-Sep	445.25	448.00	440.75	444.50	-0.50
17-Dec	461.50	464.75	457.50	461.50	-0.50
18-Mar	472.00	473.25	470.00	473.25	-0.25

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