

Wheat Domestic Fundamentals:

Pressure continues on expectation of higher import volume. Wheat cash market continued to trade weak after cheaper option for import. Govt.'s move to erase duty to 0 % from 15 % has impacted cash wheat market and it declined by 7 to 8 % in last two weeks. At Delhi wheat price declined from Rs 2150 to Rs 2050 per qtl. Import flow may continue as parity of Rs 1000 per T still prevails. At the time the waiver was announced, the landed cost of import worked out to be cheaper by Rs 200 a qtl. Lured by the import benefit, flour mills contracted for around 500,000 tonnes of shipment from Ukraine. As of now 2 MMT wheat has been imported and 1MMT more is expected in next 2 to 3 months. Import still remains attractive.

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:

Agriculture Ministry of Argentina expects higher than expected wheat production this year due to increased investment in pesticides and fertilizers amid new government export policies. Rules regarding export curbs and other taxes have been eased. This led to massive increase in panted area this year. Argentina is expected to harvest 157 lakh tonne wheat this year against 113 lakh tonne last year. Previous estimate for this year was 149 lakh tonne. Wheat sowing has entered in last phase now.

Importers in the Philippines purchased about 25,000 tonnes of Australian-origin feed wheat. The buyers had asked for quotations for milling wheat but bought feed wheat grades. Price was around \$196 a tonne c&f for April 2017 arrival. Besides, Egypt brought 3.6 lakh tonne milling grade wheat from Russia, Romania and Argentina for mid Jan-2017 delivery. It has been brought at the average price of USD 198/ MT C&F. The price at the previous tender equaled USD 202.5/MT C&F. Due to the cheaper FOB offers available from Argentina, Russian traders had to lower their FOB prices in average by \$2. Also there was observed \$2.5 decrease in Russian freight rates.

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.

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:23.12.2016		
Contract Month	Ch. from previous day	Open	High	Low	Close	Volume	Ch. From previous day	OI	Ch. From previous day
17-Jan	-5	1987	1995	1982	1985	520	60	2660	-1170
17-Feb	-26	1942	1958	1958	1942	100	-90	710	640
17-Mar	-	-	-	-	-	-	-	-	-

Spread	Dec-16	Jan-17	Feb-17	
Spot Narela				
16-Dec	-50			
17-Jan		-42		
17-Feb			-	

Stocks	Demat	In- Process	Total	FED
	22.Dec.16	22.Dec.16	22.Dec.16	19.Dec.16
Delhi	-	-	-	-
Itarsi	-	-	-	-
Kanpur	-	-	-	-
Kota	7218	0	7218	6452
Rajkot	-	-	-	-

Wheat Daily Prices and Arrivals on 21.12.2016

Centre	Market	Variety	Prices (Rs/Qtl)		Change
			23-Dec-16	22-Dec-16	
Delhi	Lawrence Road	Mill Delivery	2050	2050	Unch
	Narella	Mill Quality Loose	2035	NR	-
	Nazafgarh	Mill Quality Loose	1960	1960	Unch
Gujarat	Rajkot	Mill Delivery	1765	1785	-20
	Ahmedabad	Mill Delivery	1910	1910	Unch
	Surat	Mill Delivery	1940	1940	Unch
	Dhrol	Mill Quality Loose	1960	NR	-
M.P.	Indore	Mill Delivery	1885	1880	5
	Bhopal	Mill Quality Loose	1850	1900	-50
Rajasthan	Kota	Mill Quality Loose	1810	1810	Unch
		Mill Delivery	1900	1900	Unch
U.P.	Kanpur	Mill Delivery	1875	1925	-50
	Mathura	Mill Quality Loose	1825	1850	-25
	Kosi	Mill Quality Loose	Closed	Closed	-
	Hathras	Mill Quality Loose	1950	1950	Unch
	Aligarh	Mill Quality Loose	1980	NA	-
Punjab	Khanna	Mill Quality Loose	1780	1800	-20
	Ludhiana (Jagraon)	Mill Delivery	NA	NA	-

Haryana	Sirsa	Mill Delivery loose	1800	1800	Unch
	Hodal	Mill Delivery	2100	2100	Unch
	Bhiwani	Mill Quality Loose	1950	1950	Unch
	Karnal	Mill Delivery	1875	1870	5
	Panipat	Mill Quality Loose	NA	NA	-
Tamil Nadu	Chennai	Mill Quality	2300	2300	Unch
	Madurai	Mill Quality	2357	2357	Unch
	Coimbatore	Mill Quality	2357	2357	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
			23-Dec-16	22-Dec-16	
Gujarat	Rajkot	Lokwan	2050	2050	Unch
M.P.	Indore	Lokwan	2100	2000	100
	Bhopal	Lokwan	2000	2000	Unch
	Bina	Sarbati 306	2200	2300	-100
Rajasthan	Kota	Lokwan Bilty	2100	2100	Unch
	Baran	Lokwan	1925	1925	Unch

Wheat Arrivals in Key Centers:

Centre	Market	Variety	Arrivals (Bags/Qtl)		Change
			23-Dec-16	22-Dec-16	
Delhi	Lawrence Road	Mill Delivery	2500	2000	500
	Narella	Mill Quality Loose	200	NR	-
	Nazafgarh	Mill Quality Loose	100	150	-50
Gujarat	Rajkot	Mill Quality Loose	400	1200	-800
	Dhrol	Mill Quality Loose	6	NR	-
M.P.	Indore	Mill Quality Loose	1525	1000	525
Rajasthan	Kota	Mill Quality	2500	2500	Unch
U.P.	Kanpur	Mill Quality Loose	3200	2600	600
	Mathura	Mill Quality Loose	150	200	-50
	Kosi	Mill Quality Loose	Closed	Closed	-
	Hathras	Mill Quality Loose	30	12	18
	Aligarh	Mill Quality Loose	1800	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	150	200	-50
	Karnal	Mill Delivery	NR	NR	-
	Panipat	Mill Quality Loose	NA	NA	-

Wheat Products Delhi	23-Dec-16	22-Dec-16	Change
Atta (50kg) Ordinary	1140	1140	Unch
Maida Grade 1 (50KG)	1510	1510	Unch
Suji (50kg)	1535	1535	Unch
Chokar (50 kg)	894	894	Unch
Chokar (34 kg)	600	600	Unch
Chakki Atta (50kg)	1195	1195	Unch
Chakki Atta (50kg) Special	1195	1195	Unch
Chakki Atta (90kg) Superfine	1953	1953	Unch
Chakki Atta (50kg) Superfine	1055	1055	Unch

Wheat (CBOT) Future Price: 22.12.2016					
Contract Month	Open	High	Low	Close	Change
17-Mar	399.25	400.50	396.50	397.00	-2.50
17-May	412.00	413.00	409.50	410.00	-2.25
17-Jul	426.25	427.25	423.50	424.00	-2.50
17-Sep	440.00	441.75	438.00	438.50	-2.50
17-Dec	458.00	460.00	456.00	456.25	-2.50
18-Mar	472.00	473.50	470.00	470.00	-2.00

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