

### Wheat Domestic Fundamentals:

**Wheat area coverage is up by 7.42 % to 278.62 lakh ha till Dec-23.2016.** It is up by 1.44 % from normal till date. Normal area under wheat is 304.05 lakh ha. Higher area coverage has been reported from the States of Madhya Pradesh (3.85 lakh ha), Maharashtra (1.89 lakh ha), Rajasthan (1.74 lakh ha), Bihar (0.44 lakh ha), Jharkhand (0.26 lakh ha), Haryana (0.14 lakh ha) and Uttarakhand (0.14 lakh ha). Less area coverage has been reported from the States of Gujarat (1.47 lakh ha), J&K (0.75 lakh ha), Himachal Pradesh (0.67 lakh ha), West Bengal (0.49 lakh ha), Karnataka (0.45 lakh ha), Punjab (0.33 lakh ha), Chhattisgarh (0.14 lakh ha), Assam (0.07 lakh ha) and Uttar Pradesh (0.02 lakh ha).

**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.

**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 planted 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:26.12.2016		
Contract Month	Ch. from previous day	Open	High	Low	Close	Volume	Ch. From previous day	OI	Ch. From previous day
17-Jan	-6	1981	1990	1980	1980	670	50	3540	1030
17-Feb	-26	1922	1931	1917	1924	100	-90	710	640
17-Mar	-	-	-	-	-	-	-	-	-

Spread	Dec-16	Jan-17	Feb-17	
Spot Narela				
17-Jan	-60			
17-Feb		-44		
17-March				

Stocks	Demat	In- Process	Total	FED
	24.Dec.16	24.Dec.16	24.Dec.16	19.Dec.16
Delhi	-	-	-	-
Itarsi	-	-	-	-
Kanpur	-	-	-	-
Kota	7218	0	7218	6452
Rajkot	-	-	-	-

**Wheat Daily Prices and Arrivals on 26.12.2016**

Centre	Market	Variety	Prices (Rs/Qtl)		Change
			26-Dec-16	24-Dec-16	
Delhi	Lawrence Road	Mill Delivery	2000	2050	-50
	Narella	Mill Quality Loose	2040	2035	5
	Nazafgarh	Mill Quality Loose	1950	1950	Unch
Gujarat	Rajkot	Mill Delivery	1760	1770	-10
	Ahmedabad	Mill Delivery	1890	1900	-10
	Surat	Mill Delivery	1920	1930	-10
	Dhrol	Mill Quality Loose	NR	2000	-
M.P.	Indore	Mill Delivery	1900	1885	15
	Bhopal	Mill Quality Loose	1825	1800	25
Rajasthan	Kota	Mill Quality Loose	1850	1810	40
		Mill Delivery	1900	1900	Unch
U.P.	Kanpur	Mill Delivery	NR	NR	-
	Mathura	Mill Quality Loose	1850	1825	25
	Kosi	Mill Quality Loose	1900	1950	-50
	Hathras	Mill Quality Loose	2000	1950	50
	Aligarh	Mill Quality Loose	NA	NA	-
Punjab	Khanna	Mill Quality Loose	1850	1850	Unch
	Ludhiana (Jagraon)	Mill Delivery	NA	NA	-

<b>Haryana</b>	Sirsa	Mill Delivery loose	1800	1800	Unch
	Hodal	Mill Delivery	2100	2100	Unch
	Bhiwani	Mill Quality Loose	1925	1925	Unch
	Karnal	Mill Delivery	1850	1875	-25
	Panipat	Mill Quality Loose	NA	NA	-
<b>Tamil Nadu</b>	Chennai	Mill Quality	2300	2300	Unch
	Madurai	Mill Quality	2357	2357	Unch
	Coimbatore	Mill Quality	2357	2357	Unch
<b>Bihar</b>	Khagariya	Mill Delivery	1800	1850	-50
	Muzaffarpur	Mill Delivery	NR	NR	-
<b>FOR</b>	Kandla (Rajasthan-Rajkot)	Mill Quality	NR	NR	-
	Gandhidham (Rajasthan-Rajkot)	Mill Quality	NR	NR	-

Centre	Market	Variety	Prices (Rs/Qtl)		Change
			26-Dec-16	24-Dec-16	
<b>Gujarat</b>	Rajkot	Lokwan	2075	2000	75
<b>M.P.</b>	Indore	Lokwan	2100	2100	Unch
	Bhopal	Lokwan	1950	2000	-50
	Bina	Sarbati 306	2250	2200	50
<b>Rajasthan</b>	Kota	Lokwan Bilty	2100	2100	Unch
	Baran	Lokwan	1850	1925	-75

## Wheat Arrivals in Key Centers:

Centre	Market	Variety	Arrivals (Bags/Qtl)		Change
			26-Dec-16	24-Dec-16	
<b>Delhi</b>	Lawrence Road	Mill Delivery	2500	2000	500
	Narella	Mill Quality Loose	150	300	-150
	Nazafgarh	Mill Quality Loose	150	70	80
<b>Gujarat</b>	Rajkot	Mill Quality Loose	500	500	Unch
	Dhrol	Mill Quality Loose	NR	2	-
<b>M.P.</b>	Indore	Mill Quality Loose	1000	1525	-525
<b>Rajasthan</b>	Kota	Mill Quality	2500	2500	Unch
<b>U.P.</b>	Kanpur	Mill Quality Loose	NR	NR	-
	Mathura	Mill Quality Loose	150	150	Unch
	Kosi	Mill Quality Loose	200	200	Unch
	Hathras	Mill Quality Loose	60	NA	-
	Aligarh	Mill Quality Loose	1800	NA	-
<b>Punjab</b>	Khanna	Mill Quality Loose	400	300	100
	(Ludhiana)Jagraon	Mill Quality Loose	NA	NA	-
<b>Haryana</b>	Sirsa	Mill Quality Loose	200	100	100

	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	26-Dec-16	24-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: 23.12.2016					
Contract Month	Open	High	Low	Close	Change
17-Mar	397.00	398.25	392.75	393.50	-3.50
17-May	410.00	410.50	406.00	406.75	-3.25
17-Jul	423.75	424.50	420.00	420.75	-3.25
17-Sep	439.50	439.50	434.50	435.25	-3.25
17-Dec	456.25	457.00	453.00	453.50	-2.75
18-Mar	470.25	470.25	466.25	467.00	-3.00

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