

Wheat Domestic Fundamentals:

Reduction in wheat import duty from 25 to 15 and again 15 to 0 % have started given ground to higher import volume in India this year. As new crop is hardly two months away, higher import volume, above 3 million tonne under zero duty structure, may create problem not only for farmers buy also for govt too. As of now crop condition is good and Agriwatch expects over 94 MMT production this year under normal weather condition. If import flow continue with same pace ,private trade would reduce purchasing and govt would have to buy higher quantity on MSP for ensuring farmers interest.Govt should have a close eye on import volume and ensure restriction by imposing import duty before the end of January-2017.The price difference between imported and domestic wheat is higher by Rs 200 per qtl. and it encourages importers to import large volume

Wheat area coverage is up by 7.42 % to 278.62 lakh ha till Dec-23.2016. It is up by 1.44 % from 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 lakhha), 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.

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 harvest157 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 brought3.6 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 to143.17 lkah 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.

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

Wheat Futures Contract: NCDEX Price							Date:27.12.2016		
Contract Month	Ch. from previous day	Open	High	Low	Close	Volume	Ch. From previous day	OI	Ch. From previous day
17-Jan	-3	1980	1980	1980	1980	670	50	3540	1030
17-Feb	-7	1922	1931	1917	1925	100	-90	710	640
17-Mar	-	-	-	-	-	-	-	-	-

Spread	Dec-16	Jan-17	Feb-17	
Spot Narela				
16-Dec	-30			
17-Jan		-23		
17-Feb			-	

Stocks	Demat	In- Process	Total	FED
	26.Dec.16	26.Dec.16	26.Dec.16	26.Dec.16
Delhi	-	-	-	-
Itarsi	-	-	-	-
Kanpur	-	-	-	-
Kota	7218	0	7218	7218
Rajkot	-	-	-	-

Wheat Daily Prices and Arrivals on 26.12.2016

Centre	Market	Variety	Prices (Rs/Qtl)		Change
			27-Dec-16	26-Dec-16	
Delhi	Lawrence Road	Mill Delivery	2000	2000	Unch
	Narella	Mill Quality Loose	1950	2040	-90
	Nazafgarh	Mill Quality Loose	1950	1950	Unch
Gujarat	Rajkot	Mill Delivery	Closed	1760	-
	Ahmedabad	Mill Delivery	1870	1890	-20
	Surat	Mill Delivery	1910	1920	-10
	Dhrol	Mill Quality Loose	1915	2085	-170
M.P.	Indore	Mill Delivery	1900	1900	Unch
	Bhopal	Mill Quality Loose	1825	1825	Unch
Rajasthan	Kota	Mill Quality Loose	1825	1850	-25
		Mill Delivery	1925	1900	25
U.P.	Kanpur	Mill Delivery	1900	NR	-
	Mathura	Mill Quality Loose	1850	1850	Unch
	Kosi	Mill Quality Loose	1825	1900	-75
	Hathras	Mill Quality Loose	NA	2000	-
	Aligarh	Mill Quality Loose	1970	1960	10
Punjab	Khanna	Mill Quality Loose	1775	1850	-75
	Ludhiana (Jagraon)	Mill Delivery	NA	NA	-

Haryana	Sirsa	Mill Delivery loose	1800	1800	Unch
	Hodal	Mill Delivery	2040	2100	-60
	Bhiwani	Mill Quality Loose	1925	1925	Unch
	Karnal	Mill Delivery	1850	1850	Unch
	Panipat	Mill Quality Loose	NA	NA	-
Tamil Nadu	Chennai	Mill Quality	2350	2300	50
	Madurai	Mill Quality	2407	2357	50
	Coimbatore	Mill Quality	2407	2357	50
Bihar	Khagariya	Mill Delivery	1800	1800	Unch
	Muzaffarpur	Mill Delivery	1950	NR	-
FOR	Kandla (Rajasthan-Rajkot)	Mill Quality	Closed	NR	-
	Gandhidham (Rajasthan-Rajkot)	Mill Quality	Closed	NR	-

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

Wheat Arrivals in Key Centers:

Centre	Market	Variety	Arrivals (Bags/Qtl)		Change
			27-Dec-16	26-Dec-16	
Delhi	Lawrence Road	Mill Delivery	2500	2500	Unch
	Narella	Mill Quality Loose	150	150	Unch
	Nazafgarh	Mill Quality Loose	100	150	-50
Gujarat	Rajkot	Mill Quality Loose	Closed	500	-
	Dhrol	Mill Quality Loose	4	86	-82
M.P.	Indore	Mill Quality Loose	1000	1000	Unch
Rajasthan	Kota	Mill Quality	2000	2500	-500
U.P.	Kanpur	Mill Quality Loose	2800	NR	-
	Mathura	Mill Quality Loose	NA	150	-
	Kosi	Mill Quality Loose	400	200	200
	Hathras	Mill Quality Loose	NA	60	-
	Aligarh	Mill Quality Loose	1700	1800	-100
Punjab	Khanna	Mill Quality Loose	300	400	-100
	(Ludhiana)Jagraon	Mill Quality Loose	NA	NA	-
Haryana	Sirsa	Mill Quality Loose	100	200	-100

	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	27-Dec-16	26-Dec-16	Change
Atta (50kg) Ordinary	1115	1140	-25
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: 26.12.2016					
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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