

Wheat Domestic Fundamentals:

All India weekly average prices decreased by 0.86 percent to Rs. 1997.45 per quintal during the week ended 08th January 2017. Wheat average price were ruling at Rs 2014.77 per quintal during 24-31st December 2016. As compared to prices in the week 01-08th January 2016, the prices are firm by 15.59 percent. Prices are expected to remain range bound to slightly weak in coming days.

As per latest update, area sown until 06 January'17 is 303.16 lakh hectares compared to 281.7 lakh hectares in the previous Rabi season. Among major states the area is down in Bihar, Chhattisgarh, Himachal Pradesh and Jammu & Kashmir, 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.

Wheat WPI has increased slightly from 232.9 in October to 245 in November-2016. Monthly wheat inflation has increased by 5.19 percent in November-16 compared to October -16. As compared to November-15 wheat WPI has increased by around 10.71 percent.

Pressure on cash wheat market may continue as recent rains in major growing belts and decreasing temperature are considered to be favorable for standing crop and its better growth. Crop is in developmental stage and farmers are happy with short spell of rains. One –two spell of rains in Jan end and Feb would help in attaining better yield. Import flows continue and domestic demand remains restricted. All these developments would not allow wheat market to get firmer.

To ease supply side and check price in the open market, FCI has revised its grain stocks norms for third quarter beginning in the month of October and January while rules for July and April have remained unchanged. Under the revised norms FCI needs to maintain wheat stocks of 19.5 million tonne (MT) and 13.8 MT on October 1 and January 1, respectively. Now it needs to maintain 1MMT less wheat. As on December 1, FCI had a wheat stock of 16.49 MT, against the buffer stocks norm of 13.8 MT required to be maintained on January 1. This implies that the corporation would be left with virtually no excess wheat stocks starting next year as it requires around 2.5 MT of grain monthly for Public Distribution System.

Food corporation of India has been selling wheat at Rs 1640 per qtl. In ongoing MY, FCI has sold 3.6 MT of wheat under OMSS to bulk buyers so far. In MY 16, it had sold 7.1 MT of wheat through OMSS while in the 2014-15, it had sold more than 4.2 mt of grain to bulk purchasers.

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.

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, Russia has harvested around 73.3 MMT of wheat in 2016 up by 18.6 percent compared to 2015. The total quantity majority included 51 MMT of milling wheat and 15.9 MMT of third grade milling wheat. Furthermore around 34.6 MMT of cereal crops were exported out of which 25.3 MMT was wheat.

Ukraine exported 1382.7KMT wheat in the month of Nov-2016. It is almost same the quantity exported in Nov-2015. In the first 5 months of season-2016-17 wheat export from Ukraine increased by 7.7% YoY to 9618.3 KMT. India too emerged as a major buyer for Ukraine wheat. During this period India imported 10 % of total exported volume from Ukraine. Other major buyers were Thailand, Indonesia and South Korea.

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.

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

Wheat Futures Contract: NCDEX Price							Date:09.01.2017		
Contract Month	Ch. from previous day	Open	High	Low	Close	Volume	Ch. From previous day	OI	Ch. From previous day
17-Jan	-4	1860	1864	1852	1862	620	-830	3470	-80
17-Feb	-10	1873	1874	1862	1863	570	-110	3050	230
17-Mar	-4	1750	1753	1750	1751	100	70	670	30

Spread	Jan-17	Feb-17	Mar-17	
Spot Narela				
17-Jan	-28			
17-Feb		1		
17-Mar			-112	

Stocks	Demat	In- Process	Total	FED
	07.Jan.17	07.Jan.17	07.Jan.17	02.Jan.17
Delhi	-	-	-	-
Itarsi	-	-	-	-
Kanpur	-	-	-	-
Kota	7190	0	7190	7238
Rajkot	-	-	-	-

Wheat Daily Prices and Arrivals on 09.01.2017

Centre	Market	Variety	Prices (Rs/Qtl)		Change
			9-Jan-17	7-Jan-17	
Delhi	Lawrence Road	Mill Delivery	2025	2020	5
	Narella	Mill Quality Loose	1890	NA	-
	Nazafgarh	Mill Quality Loose	1925	NA	-
Gujarat	Rajkot	Mill Delivery	1750	1750	Unch
	Ahmedabad	Mill Delivery	1860	1870	-10
	Surat	Mill Delivery	1900	1900	Unch
	Dhrol	Mill Quality Loose	1860	2000	-140
M.P.	Indore	Mill Delivery	1900	1900	Unch
	Bhopal	Mill Quality Loose	1850	1850	Unch
Rajasthan	Kota	Mill Quality Loose	1850	1800	50
		Mill Delivery	1900	1900	Unch
U.P.	Kanpur	Mill Delivery	NR	NR	-
	Mathura	Mill Quality Loose	1850	1900	-50
	Kosi	Mill Quality Loose	1930	1915	15
	Hathras	Mill Quality Loose	1865	1925	-60

	Aligarh	Mill Quality Loose	1800	1750	50
Punjab	Khanna	Mill Quality Loose	1750	NA	-
	Ludhiana (Jagraon)	Mill Delivery	NA	NA	-
Haryana	Sirsa	Mill Delivery loose	1820	1810	10
	Hodal	Mill Delivery	2000	2000	Unch
	Bhiwani	Mill Quality Loose	1910	1850	60
	Karnal	Mill Delivery	1800	1825	-25
	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	2100	2100	Unch
	Muzaffarpur	Mill Delivery	1950	1950	Unch
FOR	Kandla (Rajasthan-Rajkot)	Mill Quality	NR	NR	-
	Gandhidham (Rajasthan-Rajkot)	Mill Quality	NR	NR	-

Centre	Market	Variety	Prices (Rs/Qtl)		Change
			9-Jan-17	7-Jan-17	
Gujarat	Rajkot	Lokwan	2050	2050	Unch
M.P.	Indore	Lokwan	2200	2200	Unch
	Bhopal	Lokwan	2000	2000	Unch
	Bina	Sarbati 306	2400	2400	Unch
Rajasthan	Kota	LokwanBilty	2000	2000	Unch
	Baran	Lokwan	1875	1900	-25

Wheat Arrivals in Key Centers:

Centre	Market	Variety	Arrivals (Bags/Qtl)		Change
			9-Jan-17	7-Jan-17	
Delhi	Lawrence Road	Mill Delivery	2000	NA	-
	Narella	Mill Quality Loose	300	NA	-
	Nazafgarh	Mill Quality Loose	100	NA	-
Gujarat	Rajkot	Mill Quality Loose	900	900	Unch
	Dhrol	Mill Quality Loose	7	145	-138
M.P.	Indore	Mill Quality Loose	1500	1500	Unch
Rajasthan	Kota	Mill Quality	3000	3000	Unch
U.P.	Kanpur	Mill Quality Loose	NR	NR	-
	Mathura	Mill Quality Loose	60	50	10
	Kosi	Mill Quality Loose	400	200	200
	Hathras	Mill Quality Loose	400	NA	-
	Aligarh	Mill Quality Loose	200	150	50

Punjab	Khanna	Mill Quality Loose	500	NA	-
	(Ludhiana)Jagraon	Mill Quality Loose	NA	NA	-
Haryana	Sirsa	Mill Quality Loose	200	100	100
	Hodal	Mill Quality Loose	30	20	10
	Bhiwani	Mill Quality Loose	200	200	Unch
	Karnal	Mill Delivery	NR	NR	-
	Panipat	Mill Quality Loose	NA	NA	-

Wheat Products Delhi		9-Jan-17	7-Jan-17	Change
Atta (50kg) Ordinary		1090	1090	Unch
Maida Grade 1 (50KG)		1485	1485	Unch
Suji (50kg)		1510	1510	Unch
Chokar (50 kg)		859	876	-17
Chokar (34 kg)		615	615	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:06.01.2017					
Contract Month	Open	High	Low	Close	Change
17-Mar	425.75	428.00	421.75	423.25	-3.00
17-May	436.00	438.50	433.25	434.75	-1.75
17-Jul	449.50	451.50	446.75	448.25	-1.00
17-Sep	461.25	463.00	458.75	460.50	-0.25
17-Dec	475.00	477.25	472.75	476.00	0.25
18-Mar	487.50	487.50	484.25	487.25	0.75

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