

Wheat Domestic Fundamentals:

As per latest update, FCI has sold around 83000 tonnes of wheat in the first week of January. For the year 2016-17, FCI has sold around 37.3 lakh tonnes of wheat until last week of December. Of this total quantity around 32 lakh tonnes has been purchased by millers and the remaining quantity by state governments. Government has increased its release in OMSS but it is still lower compared to last year.

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 12.8 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.

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, Ukraine has exported around 10.8 MMT of wheat in the first half of July-June season. Ukraine is expecting to export around 16.6 MMT of wheat in this season. India has imported around 1.5 MMT of wheat from Ukraine since July till December'16. This is the largest quantity of Ukrainian wheat which has been shipped to India in the history of Ukraine. Crop loss in France gave Ukraine an opportunity to step up their exports.

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 majorly 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.

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

Wheat Futures Contract: NCDEX Price							Date:11.01.2017		
Contract Month	Ch. from previous day	Open	High	Low	Close	Volume	Ch. From previous day	OI	Ch. From previous day
17-Jan	+52	1936	1936	1845	1849	410	-550	2450	-250
17-Feb	+2	1870	1895	1870	1880	1540	330	3590	230
17-Mar	+3	1766	1769	1767	1769	30	-70	670	10

Spread	Jan-17	Feb-17	Mar-17	
Spot Narela				
17-Jan	-36			
17-Feb		31		
17-Mar			-111	

Stocks	Demat	In- Process	Total	FED
	10.Jan.17	10.Jan.17	10.Jan.17	09.Jan.17
Delhi	-	-	-	-
Itarsi	-	-	-	-
Kanpur	-	-	-	-
Kota	7190	0	7190	7190
Rajkot	-	-	-	-

Wheat Daily Prices and Arrivals on 11.01.2017

Centre	Market	Variety	Prices (Rs/Qtl)		Change
			11-Jan-17	10-Jan-17	
Delhi	Lawrence Road	Mill Delivery	2100	2030	70
	Narella	Mill Quality Loose	Closed	1885	-
	Nazafgarh	Mill Quality Loose	Closed	1940	-
Gujarat	Rajkot	Mill Delivery	1800	1750	50
	Ahmedabad	Mill Delivery	1860	1870	-10
	Surat	Mill Delivery	1910	1900	10
	Dhrol	Mill Quality Loose	2180	2010	170
M.P.	Indore	Mill Delivery	1900	1900	Unch
	Bhopal	Mill Quality Loose	1850	1850	Unch
Rajasthan	Kota	Mill Quality Loose	1800	1850	-50
		Mill Delivery	1900	1900	Unch
U.P.	Kanpur	Mill Delivery	1950	1950	Unch
	Mathura	Mill Quality Loose	1925	1900	25
	Kosi	Mill Quality Loose	1910	1925	-15
	Hathras	Mill Quality Loose	1850	1860	-10
	Aligarh	Mill Quality Loose	1850	1800	50
Punjab	Khanna	Mill Quality Loose	1750	1730	20

	Ludhiana (Jagraon)	Mill Delivery	NA	NA	-
Haryana	Sirsa	Mill Delivery loose	1840	1840	Unch
	Hodal	Mill Delivery	2000	2000	Unch
	Bhiwani	Mill Quality Loose	1915	1915	Unch
	Karnal	Mill Delivery	1850	1850	Unch
	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	2150	2200	-50
	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
			11-Jan-17	10-Jan-17	
Gujarat	Rajkot	Lokwan	2050	2050	Unch
M.P.	Indore	Lokwan	2200	2200	Unch
	Bhopal	Lokwan	2000	2000	Unch
	Bina	Sarbati 306	Closed	2400	-
Rajasthan	Kota	LokwanBilty	2000	2000	Unch
	Baran	Lokwan	1925	1900	25

Wheat Arrivals in Key Centers:

Centre	Market	Variety	Arrivals (Bags/Qtl)		Change
			11-Jan-17	10-Jan-17	
Delhi	Lawrence Road	Mill Delivery	1500	3000	-1500
	Narella	Mill Quality Loose	Closed	200	-
	Nazafgarh	Mill Quality Loose	Closed	100	-
Gujarat	Rajkot	Mill Quality Loose	900	1000	-100
	Dhrol	Mill Quality Loose	NA	14	-
M.P.	Indore	Mill Quality Loose	2000	2000	Unch
Rajasthan	Kota	Mill Quality	3000	3000	Unch
U.P.	Kanpur	Mill Quality Loose	3000	3000	Unch
	Mathura	Mill Quality Loose	50	150	-100
	Kosi	Mill Quality Loose	300	400	-100
	Hathras	Mill Quality Loose	400	526	-126
	Aligarh	Mill Quality Loose	180	170	10
Punjab	Khanna	Mill Quality Loose	500	300	200
	(Ludhiana)Jagraon	Mill Quality Loose	NA	NA	-

Haryana	Sirsa	Mill Quality Loose	100	100	Unch
	Hodal	Mill Quality Loose	50	40	10
	Bhiwani	Mill Quality Loose	150	200	-50
	Karnal	Mill Delivery	NR	NR	-
	Panipat	Mill Quality Loose	NA	NA	-

Wheat Products Delhi		11-Jan-17	10-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	859	Unch
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:10.01.2017					
Contract Month	Open	High	Low	Close	Change
17-Mar	426.75	427.25	423.50	426.75	-0.50
17-May	440.00	440.25	436.00	439.75	-0.25
17-Jul	454.00	454.50	450.00	454.25	0.25
17-Sep	466.75	467.25	463.00	467.25	0.50
17-Dec	482.00	482.50	478.00	482.50	0.50
18-Mar	493.25	494.00	491.25	494.00	1.00

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