

Wheat Domestic Fundamentals:

As per latest update, area sown until 13 January'17 is 309.6 lakh hectares compared to 289.07 lakh hectares in the previous Rabi season. The area is higher by around 7 percent compared to last year for the same date. 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.

As per latest update, India is expected to receive around 1MMT of wheat in January'17. This will include delayed shipments from last year as well as shipments that were booked for this month only. This may lead to congestion at Indian ports. Around 700,000 tonnes is expected from Ukraine and the remaining from Australia for the month. Furthermore Indian crop has entered crucial stages and any further deals will depend on how the crop shapes up. As of now, not many new deals are being signed.

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.

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.

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, U.S. farmers have lowered their winter wheat planting to 32.3 million acres as supplies were at their 29 year high. This year has marked the lowest acreage in more than a century. Last year area planted was around 34.14 million acres. U.S. wheat stocks rose to 2.073 billion bushels on December 01st compared to 1.746 billion bushels last year for the same date.

Major feedmill group of south Korea has purchased around 60000 tonnes of feed wheat from Concordia at \$187.88/tonne cost and freight. Around \$1.5 per tonne will be charged for port unloading. The quantity is likely to be shipped between March17 and April 05.

Algeria state grains agency OAIC has bought around 475000 tonnes of wheat in a tender. The prices paid were in the range of \$198 to \$202 per tonne (Cost and Freight). The quantity to be shipped is due in March. The wheat is expected to be sourced from Argentina and other European Union states.

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

Wheat Futures Contract: NCDEX Price							Date:13.01.2017		
Contract Month	Ch. from previous day	Open	High	Low	Close	Volume	Ch. From previous day	OI	Ch. From previous day
17-Jan	49	1938	1938	1938	1938	10	-690	1900	-530
17-Feb	16	1930	1969	1926	1940	3540	950	3700	-190
17-Mar	11	1790	1810	1788	1790	400	180	770	20

Spread	Jan-17	Feb-17	Mar-17	
Spot Narela				
17-Jan	-77			
17-Feb		2		
17-Mar			-150	

Stocks	Demat	In- Process	Total	FED
	13.Jan.17	13.Jan.17	13.Jan.17	09.Jan.17
Delhi	-	-	-	-
Itarsi	-	-	-	-
Kanpur	-	-	-	-
Kota	7190	0	7190	7190
Rajkot	-	-	-	-

Wheat Daily Prices and Arrivals on 14.01.2017

Centre	Market	Variety	Prices (Rs/Qtl)		Change
			14-Jan-17	13-Jan-17	
Delhi	Lawrence Road	Mill Delivery	2175	2175	Unch
	Narella	Mill Quality Loose	2015	1960	55
	Nazafgarh	Mill Quality Loose	2100	2050	50
Gujarat	Rajkot	Mill Delivery	Closed	1820	-
	Ahmedabad	Mill Delivery	Closed	1890	-
	Surat	Mill Delivery	Closed	1940	-
	Dhrol	Mill Quality Loose	NR	1980	-
M.P.	Indore	Mill Delivery	1900	1900	Unch
	Bhopal	Mill Quality Loose	1900	1900	Unch
Rajasthan	Kota	Mill Quality Loose	1900	1900	Unch
		Mill Delivery	2000	2000	Unch
U.P.	Kanpur	Mill Delivery	NR	1915	-
	Mathura	Mill Quality Loose	1950	1950	Unch
	Kosi	Mill Quality Loose	Closed	2000	-
	Hathras	Mill Quality Loose	1900	1880	20
	Aligarh	Mill Quality Loose	1850	1900	-50
Punjab	Khanna	Mill Quality Loose	1750	1750	Unch
	Ludhiana (Jagraon)	Mill Delivery	NA	NA	-

Haryana	Sirsa	Mill Delivery loose	1950	1900	50
	Hodal	Mill Delivery	Closed	2000	-
	Bhiwani	Mill Quality Loose	2050	2000	50
	Karnal	Mill Delivery	NR	NR	-
	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	2100	50
	Muzaffarpur	Mill Delivery	Closed	1950	-
FOR	Kandla (Rajasthan-Rajkot)	Mill Quality	Closed	NR	-
	Gandhidham (Rajasthan-Rajkot)	Mill Quality	Closed	NR	-

Centre	Market	Variety	Prices (Rs/Qtl)		Change
			14-Jan-17	13-Jan-17	
Gujarat	Rajkot	Lokwan	Closed	2075	-
M.P.	Indore	Lokwan	2300	2300	Unch
	Bhopal	Lokwan	2100	2100	Unch
	Bina	Sarbati 306	Closed	2400	-
Rajasthan	Kota	LokwanBilty	2100	2100	Unch
	Baran	Lokwan	1950	1950	Unch

Wheat Arrivals in Key Centers:

Centre	Market	Variety	Arrivals (Bags/Qtl)		Change
			14-Jan-17	13-Jan-17	
Delhi	Lawrence Road	Mill Delivery	1000	1500	-500
	Narella	Mill Quality Loose	300	300	Unch
	Nazafgarh	Mill Quality Loose	100	100	Unch
Gujarat	Rajkot	Mill Quality Loose	Closed	700	-
	Dhrol	Mill Quality Loose	NR	35	-
M.P.	Indore	Mill Quality Loose	3000	3000	Unch
Rajasthan	Kota	Mill Quality	2500	2500	Unch
U.P.	Kanpur	Mill Quality Loose	NR	3800	-
	Mathura	Mill Quality Loose	100	250	-150
	Kosi	Mill Quality Loose	Closed	300	-
	Hathras	Mill Quality Loose	350	482	-132
	Aligarh	Mill Quality Loose	50	100	-50
Punjab	Khanna	Mill Quality Loose	500	500	Unch
	(Ludhiana)Jagraon	Mill Quality Loose	NA	NA	-
Haryana	Sirsa	Mill Quality Loose	100	200	-100

	Hodal	Mill Quality Loose	Closed	60	-
	Bhiwani	Mill Quality Loose	200	300	-100
	Karnal	Mill Delivery	NR	NR	-
	Panipat	Mill Quality Loose	NA	NA	-

Wheat Products Delhi	14-Jan-17	13-Jan-17	Change
Atta (50kg) Ordinary	1105	1090	15
Maida Grade 1 (50KG)	1505	1485	20
Suji (50kg)	1510	1510	Unch
Chokar (50 kg)	859	859	Unch
Chokar (34 kg)	615	615	Unch
Chakki Atta (50kg)	1210	1195	15
Chakki Atta (50kg) Special	1210	1195	15
Chakki Atta (90kg) Superfine	1968	1953	15
Chakki Atta (50kg) Superfine	1070	1055	15

Wheat (CBOT) Future Price:13.01.2017					
Contract Month	Open	High	Low	Close	Change
17-Mar	426.3	426.75	419.25	426.00	-0.25
17-May	439.0	440.50	432.75	439.75	0.50
17-Jul	453.0	455.00	447.25	454.75	1.25
17-Sep	467.3	469.50	461.50	469.50	2.00
17-Dec	483.0	486.00	477.75	486.00	2.75
18-Mar	493.3	498.25	491.75	498.25	3.50

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