

Wheat Domestic Fundamentals:

All India weekly average prices increased by 0.96 percent to Rs. 2016.64 per quintal during the week ended 15th January 2017. Wheat average price were ruling at Rs 1997.45 per quintal during 01-08th January 2017. As compared to prices in the week 09-15th January 2016, the prices are firm by 14.42 percent. Prices are expected to remain range bound to slightly firm in coming days.

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.

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, Australia is likely to produce around 33 MMT of wheat in 2016-17 surpassing its own record of 29.9 MMT set five years ago. Given the increase in production, Australia is expected to have around 53% more exportable volume compared to last year. Prices for the new crop are lower compared to last year, as Australian premium wheat with minimum 10.5% protein content was quoted around \$199/mt FoB Kwinana compared to \$212-213/mt last year and Australian standard white wheat with minimum 9% protein content was quoted around \$186/mt FoB Kwinana which is around \$5-10/mt less compared to black sea wheat with 11.5% protein content.

GASC has purchased 235000 tonnes of Russian and Romanian wheat through tender. Of the total quantity purchased 175000 tonnes is from Russia and rest is from Romania. Grainbow offered 60000 tonnes at FOB \$187.5/tonne, Olam offered 60000 tonnes at FOB of \$187.95/tonne, Cerealscom offered 60000 tonnes of Romanian wheat at FOB \$189.65/tonne and Glencore offered 55000 tonnes at FOB \$188.34/tonne. The quantity is likely to be shipped between February 15th and 25th.

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

Wheat Futures Contract: NCDEX Price							Date:19.01.2017		
Contract Month	Ch. from previous day	Open	High	Low	Close	Volume	Ch. From previous day	OI	Ch. From previous day
17-Feb	-24	1867	1870	1841	1854	3580	1,200	5070	630
17-Mar	+17	1757	1774	1745	1774	170	-20	950	40
17-Apr	+21	1673	1694	1671	1694	40	10	190	0

Spread	Feb-17	Mar-17	Apr-17	
Spot Narela				
17-Feb	-171			
17-Mar		-80		
17-Apr			-80	

Stocks	Demat	In- Process	Total	FED
	18.Jan.17	18.Jan.17	18.Jan.17	16.Jan.17
Delhi	-	-	-	-
Itarsi	-	-	-	-
Kanpur	-	-	-	-
Kota	7190	0	7190	7190
Rajkot	-	-	-	-

Wheat Daily Prices and Arrivals on 19.01.2017

Centre	Market	Variety	Prices (Rs/Qtl)		Change
			19-Jan-17	18-Jan-17	
Delhi	Lawrence Road	Mill Delivery	2100	2110	-10
	Narella	Mill Quality Loose	2025	Closed	-
	Nazafgarh	Mill Quality Loose	2000	Closed	-
Gujarat	Rajkot	Mill Delivery	Closed	Closed	-
	Ahmedabad	Mill Delivery	2040	2040	Unch
	Surat	Mill Delivery	2060	2060	Unch
	Dhrol	Mill Quality Loose	NR	1980	-
M.P.	Indore	Mill Delivery	2000	2000	Unch
	Bhopal	Mill Quality Loose	1900	1900	Unch
Rajasthan	Kota	Mill Quality Loose	1850	1915	-65
		Mill Delivery	2000	2050	-50
U.P.	Kanpur	Mill Delivery	1950	1950	Unch
	Mathura	Mill Quality Loose	1925	1925	Unch
	Kosi	Mill Quality Loose	2025	2000	25
	Hathras	Mill Quality Loose	1900	1950	-50
	Aligarh	Mill Quality Loose	1950	1880	70
Punjab	Khanna	Mill Quality Loose	1860	1850	10

	Ludhiana (Jagraon)	Mill Delivery	NA	NA	-
Haryana	Sirsa	Mill Delivery loose	1935	1935	Unch
	Hodal	Mill Delivery	2000	2025	-25
	Bhiwani	Mill Quality Loose	2010	2020	-10
	Karnal	Mill Delivery	NR	NR	-
	Panipat	Mill Quality Loose	NA	NA	-
Tamil Nadu	Chennai	Mill Quality	2350	2350	Unch
	Madurai	Mill Quality	2407	2407	Unch
	Coimbatore	Mill Quality	2407	2407	Unch
Bihar	Khagariya	Mill Delivery	2150	2150	Unch
	Muzaffarpur	Mill Delivery	1950	1950	Unch
FOR	Kandla (Rajasthan-Rajkot)	Mill Quality	Closed	Closed	-
	Gandhidham (Rajasthan-Rajkot)	Mill Quality	Closed	Closed	-

Centre	Market	Variety	Prices (Rs/Qtl)		Change
			19-Jan-17	18-Jan-17	
Gujarat	Rajkot	Lokwan	Closed	Closed	-
M.P.	Indore	Lokwan	2200	2200	Unch
	Bhopal	Lokwan	2000	2000	Unch
	Bina	Sarbati 306	NR	Closed	-
Rajasthan	Kota	Lokwan Bilty	2100	2100	Unch
	Baran	Lokwan	1925	1950	-25

Wheat Arrivals in Key Centers:

Centre	Market	Variety	Arrivals (Bags/Qtl)		Change
			19-Jan-17	18-Jan-17	
Delhi	Lawrence Road	Mill Delivery	1500	2500	-1000
	Narella	Mill Quality Loose	300	Closed	-
	Nazafgarh	Mill Quality Loose	150	Closed	-
Gujarat	Rajkot	Mill Quality Loose	Closed	Closed	-
	Dhrol	Mill Quality Loose	NR	15	-
M.P.	Indore	Mill Quality Loose	1000	1000	Unch
Rajasthan	Kota	Mill Quality	2000	1800	200
U.P.	Kanpur	Mill Quality Loose	3000	3000	Unch
	Mathura	Mill Quality Loose	200	100	100
	Kosi	Mill Quality Loose	300	300	Unch
	Hathras	Mill Quality Loose	350	NA	-
	Aligarh	Mill Quality Loose	200	180	20
Punjab	Khanna	Mill Quality Loose	700	500	200
	(Ludhiana)Jagraon	Mill Quality Loose	NA	NA	-

Haryana	Sirsa	Mill Quality Loose	100	100	Unch
	Hodal	Mill Quality Loose	30	50	-20
	Bhiwani	Mill Quality Loose	150	200	-50
	Karnal	Mill Delivery	NR	NR	-
	Panipat	Mill Quality Loose	NA	NA	-

Wheat Products Delhi		19-Jan-17	18-Jan-17	Change
Atta (50kg) Ordinary		1105	1105	Unch
Maida Grade 1 (50KG)		1505	1505	Unch
Suji (50kg)		1510	1510	Unch
Chokar (50 kg)		859	859	Unch
Chokar (34 kg)		615	615	Unch
Chakki Atta (50kg)		1210	1210	Unch
Chakki Atta (50kg) Special		1210	1210	Unch
Chakki Atta (90kg) Superfine		1968	1968	Unch
Chakki Atta (50kg) Superfine		1070	1070	Unch

Wheat (CBOT) Future Price: 18.01.2017					
Contract Month	Open	High	Low	Close	Change
17-Mar	433.25	434.50	428.25	431.00	-2.50
17-May	447.75	448.75	443.25	446.00	-2.25
17-Jul	463.25	464.00	458.50	461.50	-1.75
17-Sep	478.25	479.50	474.25	477.00	-1.75
17-Dec	495.00	496.50	491.50	494.50	-1.50
18-Mar	508.75	509.00	506.00	507.25	-1.50

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