

Wheat Domestic Fundamentals:

Wheat area increased by 7.25 % from last year to 313.14 lakh ha till 20th Jan-2017. Major increase has been seen in M.P. & Uttar Pradesh. Area increased in Rajasthan and Gujarat too from last year. Gujarat has covered 9.76 lakh ha (8.97 lakh ha last year) and Rajasthan 30.67 lakh ha so far. Now it is the end of the sowing season so we can consider it as final area coverage. Around 12.70 lakh ha more area has been covered. Higher area coverage has been reported from the States of Madhya Pradesh (8.10 lakh ha), Maharashtra (2.45 lakh ha), Uttar Pradesh (2.28 lakh ha), Rajasthan (1.60 lakh ha), Jharkhand (0.42 lakh ha), Haryana (0.32 lakh ha), Bihar (0.30 lakh ha), Chhattisgarh (0.14 lakh ha) and Uttarakhand (0.03 lakh ha).

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, 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:

According to latest update by International Grains Council, the production forecast has been increased by 3 million tons for crop year 2016-17. The production may touch 752 million tons against a forecast of 736 million tons for 2015-16. The difference is around 16 million tons. Higher projection for wheat may pressurize global wheat at current level and any major recovery from current level is unlikely.

As per latest update, a consortium of South Korean mills has bought around 100000 tonnes of U.S. and 87500 tonnes of Australian wheat. The wheat from U.S. was bought in three consignments of 35000 tonnes, 35000 tonnes and 30500 tonnes whereas the wheat from Australia was bought in two consignments of 54500 tonnes and 33000 tonnes.

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.

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

Wheat Futures Contract: NCDEX Price							Date:20.01.2017		
Contract Month	Ch. from previous day	Open	High	Low	Close	Volume	Ch. From previous day	OI	Ch. From previous day
17-Feb	+3	1866	1867	1842	1862	2080	-1,500	4900	-170
17-Mar	+8	1769	1773	1765	1765	90	-80	1000	+50
17-Apr	+2	1680	1680	1680	1680	10	-30	200	+10

Spread	Feb-17	Mar-17	Apr-17	
Spot Narela				
17-Feb	-178			
17-Mar		-97		
17-Apr			-85	

Stocks	Demat	In- Process	Total	FED
	20.Jan.17	20.Jan.17	20.Jan.17	16.Jan.17
Delhi	-	-	-	-
Itarsi	-	-	-	-
Kanpur	-	-	-	-
Kota	7190	0	7190	7190
Rajkot	-	-	-	-

Wheat Daily Prices and Arrivals on 21.01.2017

Centre	Market	Variety	Prices (Rs/Qtl)		Change
			21-Jan-17	20-Jan-17	
Delhi	Lawrence Road	Mill Delivery	2045	2050	-5
	Narella	Mill Quality Loose	2000	2040	-40
	Nazafgarh	Mill Quality Loose	1950	1975	-25
Gujarat	Rajkot	Mill Delivery	Closed	Closed	-
	Ahmedabad	Mill Delivery	2020	2040	-20
	Surat	Mill Delivery	2050	2060	-10
	Dhrol	Mill Quality Loose	NR	NR	-
M.P.	Indore	Mill Delivery	1950	1950	Unch
	Bhopal	Mill Quality Loose	1900	1900	Unch
Rajasthan	Kota	Mill Quality Loose	1825	1800	25
		Mill Delivery	1925	1950	-25
U.P.	Kanpur	Mill Delivery	NR	1950	-
	Mathura	Mill Quality Loose	1900	1925	-25
	Kosi	Mill Quality Loose	1975	2000	-25
	Hathras	Mill Quality Loose	1885	1900	-15
	Aligarh	Mill Quality Loose	1950	1900	50
Punjab	Khanna	Mill Quality Loose	1840	1850	-10
	Ludhiana (Jagraon)	Mill Delivery	NA	NA	-

Haryana	Sirsa	Mill Delivery loose	1900	1920	-20
	Hodal	Mill Delivery	2000	2000	Unch
	Bhiwani	Mill Quality Loose	1970	2000	-30
	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	2100	2100	Unch
	Muzaffarpur	Mill Delivery	Closed	1950	-
FOR	Kandla (Rajasthan-Rajkot)	Mill Quality	Closed	Closed	-
	Gandhidham (Rajasthan-Rajkot)	Mill Quality	Closed	Closed	-

Centre	Market	Variety	Prices (Rs/Qtl)		Change
			21-Jan-17	20-Jan-17	
Gujarat	Rajkot	Lokwan	Closed	Closed	-
M.P.	Indore	Lokwan	2200	2200	Unch
	Bhopal	Lokwan	2000	2000	Unch
	Bina	Sarbati 306	NR	NR	-
Rajasthan	Kota	Lokwan Bilty	2000	2100	-100
	Baran	Lokwan	1900	1900	Unch

Wheat Arrivals in Key Centers:

Centre	Market	Variety	Arrivals (Bags/Qtl)		Change
			21-Jan-17	20-Jan-17	
Delhi	Lawrence Road	Mill Delivery	1500	1500	Unch
	Narella	Mill Quality Loose	150	300	-150
	Nazafgarh	Mill Quality Loose	100	120	-20
Gujarat	Rajkot	Mill Quality Loose	Closed	Closed	-
	Dhrol	Mill Quality Loose	NR	NR	-
M.P.	Indore	Mill Quality Loose	2000	1000	1000
Rajasthan	Kota	Mill Quality	2500	3000	-500
U.P.	Kanpur	Mill Quality Loose	NR	3200	-
	Mathura	Mill Quality Loose	150	150	Unch
	Kosi	Mill Quality Loose	300	400	-100
	Hathras	Mill Quality Loose	400	300	100
	Aligarh	Mill Quality Loose	70	170	-100
Punjab	Khanna	Mill Quality Loose	300	300	Unch
	(Ludhiana)Jagraon	Mill Quality Loose	NA	NA	-
Haryana	Sirsa	Mill Quality Loose	100	150	-50

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

Wheat Products Delhi	21-Jan-17	20-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: 20.01.2017					
Contract Month	Open	High	Low	Close	Change
17-Mar	423.50	428.75	421.50	428.25	4.75
17-May	439.00	443.50	437.00	443.25	4.00
17-Jul	454.75	459.00	452.75	458.50	3.25
17-Sep	468.75	473.50	468.50	473.25	2.50
17-Dec	488.75	492.50	487.00	492.00	2.25
18-Mar	502.00	504.75	500.75	504.75	2.25

Disclaimer: The information and opinions contained in the document have been compiled from sources believed to be reliable. The company does not warrant its accuracy, completeness and correctness. Use of data and information contained in this report is at your own risk. This document is not, and should not be construed as, an offer to sell or solicitation to buy any commodities. This document may not be reproduced, distributed or published, in whole or in part, by any recipient hereof for any purpose without prior permission from the Company. IASL and its affiliates and/or their officers, directors and employees may have positions in any commodities mentioned in this document (or in any related investment) and may from time to time add to or dispose of any such commodities (or investment). Please see the detailed disclaimer at <http://www.agriwatch.com/Disclaimer.php> © 2016 Indian Agribusiness Systems Pvt Ltd.