AGRIWATCH

Wheat Daily Fundamental Report
6th, February- 2017

Wheat Domestic Fundamentals:

According to latest update, area sown until 03 February'17 is 317.81 lakh hectares *compared to 297.25 lakh hectares in the previous Rabi season. Among various states the area is down in Jammu & Kashmir and Karnataka, whereas Punjab, Haryana 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 has motivated farmers to sow more area.*

All India average monthly prices for wheat increased by 4.58 percent *from Rs 1931.63 (in December) to Rs 2020.14 per qtl in January-2017. Better crop prospects for have weakened inner tone in the market. Average price (January) is higher by 19.43 percent compared to price (Rs 1691.51 per qtl.) registered in January-2016. Higher import volume would restrict demand from south Indian millers. Government has scrapped import duty on wheat, it would directly impact wheat price of central and north India.*

As per latest update, FCI has sold around 3.41 lakh tonnes of wheat in the first four weeks of January *and around 4.25 lakh tonnes in December. In the first three weeks around 2.63 Lakh tonnes of wheat was sold and the remaining 78000 tonnes was sold in the fourth week. For the year 2016-17, FCI has sold around 40.76 lakh tonnes of wheat until last week of January. Of this total quantity around 34.43 lakh tonnes has been purchased by private trade and the remaining quantity by state governments.*

All India weekly average prices increased by 3.60 percent to Rs. 2134.53 per quintal *during the week ended 31st January 2017. Wheat average price were ruling at Rs 2060.35 per quintal during 16-23rd January 2017. As compared to prices in the week 24-31st January 2016, the prices are firm by 23.94 percent. Prices are expected to remain range bound to slightly weak in coming days.*

Wheat WPI has increased slightly from 245 in November to 251.7 in December-2016. *Monthly wheat inflation has increased by 2.73 percent in December-16 compared to November-16. As compared to December-15 wheat WPI has increased by around 12.82 percent.*

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.*

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, Canada's wheat output is estimated to be around 29 MMT for 2017-18. *Although output is down by 2.6 MMT compared to previous year but it will be fourth largest in last twenty years. The harvest of durum wheat is likely to fall to 5.8 MMT because of fall in area by 15 percent. However this drop will be offset partially by increase in spring wheat sowings. A harvest of 29 MMT will allow Canadian exporters to marginally increase their exports to 21.3 MMT in 2017-18 compared to last year.*

As per latest update, Japan's ministry of agriculture bought 108442 MMT of food quality wheat *from United States, Australia and Canada. Around 64120 MMT has been bought from United States with minimum protein content of 13.5 percent to be loaded between March 21-April 20, 23482 MMT has been bought from Canada with minimum protein content of 13.5 percent to be loaded between April 21-May 20 and 20840 MMT from Australia to be loaded between April 1-April 30*

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.*

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

Wheat Futures Contact: NCDEX Price									Date:03.02.2017
Contract Month	Ch. from previous day	Open	High	Low	Close	Volume	Ch. From previous day	OI	Ch. From previous day
17-Feb	-30	1863	1863	1820	1823	1050	+740	4950	-60
17-Mar	-21	1748	1751	1738	1738	600	+400	1440	+140
17-Apr	+11	1673	1673	1660	1665	40	+20	210	+10

Spread	Feb-17	Mar-17	Apr-17	
Spot Narela				
17-Feb	-127			
17-Mar		-85		
17-Apr			-73	

Stocks	Demat	In- Process	Total	FED
	3.Feb.17	3.Feb.17	3.Feb.17	30.Jan.17
Delhi	-	-	-	-
Itarsi	-	-	-	-
Kanpur	-	-	-	-
Kota	4719	0	4719	4839
Rajkot	-	-	-	-

Wheat Daily Prices and Arrivals on 04.02.2017

Centre	Market	Variety	Prices (Rs/Qtl)		Change
			4-Feb-17	3-Feb-17	
Delhi	Lawrence Road	Mill Delivery	2050	2050	Unch
	Narella	Mill Quality Loose	2020	NR	-
	Nazafgarh	Mill Quality Loose	1950	1950	Unch
Gujarat	Rajkot	Mill Delivery	1775	1780	-5
	Ahmedabad	Mill Delivery	1910	1880	30
	Surat	Mill Delivery	1930	1920	10
	Dhrol	Mill Quality Loose	2000	2220	-220
M.P.	Indore	Mill Delivery	1900	1900	Unch
	Bhopal	Mill Quality Loose	1825	1850	-25
Rajasthan	Kota	Mill Quality Loose	NR	NR	-
		Mill Delivery	NR	NR	-
U.P.	Kanpur	Mill Delivery	2025	2015	10
	Mathura	Mill Quality Loose	1925	1925	Unch
	Kosi	Mill Quality Loose	1890	1875	15
	Hathras	Mill Quality Loose	1875	1885	-10
	Aligarh	Mill Quality Loose	1850	1850	Unch
Punjab	Khanna	Mill Quality Loose	Closed	1920	-
	Ludhiana (Jagraon)	Mill Delivery	Closed	NA	-
Haryana	Sirsa	Mill Delivery loose	1870	1880	-10

	Hodal	Mill Delivery	2000	2000	Unch
	Bhiwani	Mill Quality Loose	2020	2020	Unch
	Karnal	Mill Delivery	NR	NR	-
	Panipat	Mill Quality Loose	NA	NA	-
Tamil Nadu	Chennai	Mill Quality	NR	NR	-
	Madurai	Mill Quality	NR	NR	-
	Coimbatore	Mill Quality	NR	NR	-
Bihar	Khagariya	Mill Delivery	2050	2050	Unch
	Muzaffarpur	Mill Delivery	1925	1975	-50
FOR	Kandla (Rajasthan-Rajkot)	Mill Quality	NR	NR	-
	Gandhidham (Rajasthan-Rajkot)	Mill Quality	NR	NR	-

Centre	Market	Variety	Prices (Rs/Qtl)		Change
			4-Feb-17	3-Feb-17	
Gujarat	Rajkot	Lokwan	2025	2050	-25
M.P.	Indore	Lokwan	2200	2200	Unch
	Bhopal	Lokwan	1925	1950	-25
	Bina	Sarbati 306	2200	2200	Unch
Rajasthan	Kota	Lokwan Bilty	NR	NR	-
	Baran	Lokwan	NR	NR	-

Wheat Arrivals in Key Centers:

Centre	Market	Variety	Arrivals (Bags/Qtl)		Change
			4-Feb-17	3-Feb-17	
Delhi	Lawrence Road	Mill Delivery	1200	1000	200
	Narella	Mill Quality Loose	400	NR	-
	Nazafgarh	Mill Quality Loose	100	100	Unch
Gujarat	Rajkot	Mill Quality Loose	1100	800	300
	Dhrol	Mill Quality Loose	2	4	-2
M.P.	Indore	Mill Quality Loose	2000	2000	Unch
Rajasthan	Kota	Mill Quality	NR	NR	-
U.P.	Kanpur	Mill Quality Loose	2650	2850	-200
	Mathura	Mill Quality Loose	50	50	Unch
	Kosi	Mill Quality Loose	400	200	200
	Hathras	Mill Quality Loose	450	40	410
	Aligarh	Mill Quality Loose	400	400	Unch
Punjab	Khanna	Mill Quality Loose	Closed	200	-
	(Ludhiana)Jagraon	Mill Quality Loose	Closed	NA	-
Haryana	Sirsa	Mill Quality Loose	100	100	Unch
	Hodal	Mill Quality Loose	50	50	Unch

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

Wheat Products Delhi	4-Feb-17	3-Feb-17	Change
Atta (50kg) Ordinary	1085	1085	Unch
Maida Grade 1 (50KG)	1505	1505	Unch
Suji (50kg)	1510	1510	Unch
Chokar (50 kg)	874	874	Unch
Chokar (34 kg)	621	621	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: 3.02.2017					
Contract Month	**Open**	**High**	**Low**	**Close**	**Change**
17-Mar	434.50	435.75	429.25	430.25	**-4.25**
17-May	447.00	448.00	441.50	443.00	**-4.00**
17-Jul	461.00	461.00	454.25	456.25	**-4.50**
17-Sep	473.00	474.75	469.25	471.00	**-4.25**
17-Dec	491.75	492.00	486.25	488.50	**-4.00**
18-Mar	502.75	502.75	498.50	500.00	**-4.00**