AGRIWATCH

Wheat Daily Fundamental Report
8th, February- 2017

Wheat Domestic Fundamentals:

As per latest update, FCI has sold around 88 Thousand tonnes of wheat in the first week of February. *In January FCI has sold around 3.41 lakh tonnes and 4.25 lakh tonnes in December. For the year 2016-17, FCI has sold around 41.34 lakh tonnes of wheat until first week of February. Of this total quantity around 35.25 lakh tonnes has been purchased by private trade and the remaining quantity by state governments.*

All India weekly average prices decreased by 8.11 percent to Rs. 1961.4 per quintal *during the week ended 08th February 2017. Wheat average price were ruling at Rs 2134.53 per quintal during 24-31 January 2017. As compared to prices in the week 01-08 February 2016, the prices are firm by 12.44 percent. Prices are expected to remain range bound to slightly weak in coming days.*

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.*

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, USDA has kept production estimates for Australia, Russia and Argentina *at 33 MMT, 72.5 MMT and 15 MMT higher by 34.7%, 18.8% and 32.7% respectively compared to last year. Russia's winter grain was not damaged by recent cold spell and it has exported around 17.7 MMT between July 1'16- Feb 1'17. Furthermore, France has kept its area sown for winter soft wheat unchanged at 5.2 million hectares.*

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 weak in the near term.*

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Wheat Futures Contact: NCDEX Price									Date:07.02.2017
Contract Month	Ch. from previous day	Open	High	Low	Close	Volume	Ch. From previous day	OI	Ch. From previous day
17-Feb	-18	1771	1779	1755	1764	1350	-60	4020	-610
17-Mar	+9	1721	1722	1707	1720	950	-720	2550	230
17-Apr	0	1667	1670	1666	1667	50	20	290	50

Spread	Feb-17	Mar-17	Apr-17	
Spot Narela				
17-Feb	-236			
17-Mar		-44		
17-Apr			-53	

Stocks	Demat	In- Process	Total	FED
	6.Feb.17	6.Feb.17	6.Feb.17	6.Feb.17
Delhi	-	-	-	-
Itarsi	-	-	-	-
Kanpur	-	-	-	-
Kota	4719	0	4719	4719
Rajkot	-	-	-	-

Wheat Daily Prices and Arrivals on 7.02.2017

Centre	Market	Variety	Prices (Rs/Qtl)		Change
			7-Feb-17	6-Feb-17	
Delhi	Lawrence Road	Mill Delivery	2040	2050	-10
	Narella	Mill Quality Loose	2000	2000	Unch
	Nazafgarh	Mill Quality Loose	1970	1965	5
Gujarat	Rajkot	Mill Delivery	1740	1770	-30
	Ahmedabad	Mill Delivery	1860	1900	-40
	Surat	Mill Delivery	1910	1920	-10
	Dhrol	Mill Quality Loose	2100	2170	-70
M.P.	Indore	Mill Delivery	1800	1850	-50
	Bhopal	Mill Quality Loose	1800	1815	-15
Rajasthan	Kota	Mill Quality Loose	NR	NR	-
		Mill Delivery	NR	NR	-
U.P.	Kanpur	Mill Delivery	NR	1990	-
	Mathura	Mill Quality Loose	1925	1925	Unch
	Kosi	Mill Quality Loose	1905	1880	25
	Hathras	Mill Quality Loose	1850	1860	-10
	Aligarh	Mill Quality Loose	1850	1850	Unch
Punjab	Khanna	Mill Quality Loose	1900	1910	-10
	Ludhiana (Jagraon)	Mill Delivery	NA	NA	-
Haryana	Sirsa	Mill Delivery loose	1850	1860	-10

	Hodal	Mill Delivery	2000	2000	Unch
	Bhiwani	Mill Quality Loose	1920	1970	-50
	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	1975	1975	Unch
FOR	Kandla (Rajasthan-Rajkot)	Mill Quality	NR	NR	-
	Gandhidham (Rajasthan-Rajkot)	Mill Quality	NR	NR	-

Centre	Market	Variety	Prices (Rs/Qtl)		Change
			7-Feb-17	6-Feb-17	
Gujarat	Rajkot	Lokwan	2050	2050	Unch
M.P.	Indore	Lokwan	2150	2150	Unch
	Bhopal	Lokwan	1925	1925	Unch
	Bina	Sarbati 306	2150	2150	Unch
Rajasthan	Kota	LokwanBilty	NR	NR	-
	Baran	Lokwan	NR	NR	-

Wheat Arrivals in Key Centers:

Centre	Market	Variety	Arrivals (Bags/Qtl)		Change
			7-Feb-17	6-Feb-17	
Delhi	Lawrence Road	Mill Delivery	NA	1500	-
	Narella	Mill Quality Loose	300	400	-100
	Nazafgarh	Mill Quality Loose	100	50	50
Gujarat	Rajkot	Mill Quality Loose	700	900	-200
	Dhrol	Mill Quality Loose	19	16	3
M.P.	Indore	Mill Quality Loose	1500	2000	-500
Rajasthan	Kota	Mill Quality	NR	NR	-
U.P.	Kanpur	Mill Quality Loose	NR	3100	-
	Mathura	Mill Quality Loose	60	70	-10
	Kosi	Mill Quality Loose	400	400	Unch
	Hathras	Mill Quality Loose	923	500	423
	Aligarh	Mill Quality Loose	100	100	Unch
Punjab	Khanna	Mill Quality Loose	200	300	-100
	(Ludhiana)Jagraon	Mill Quality Loose	NA	NA	-
Haryana	Sirsa	Mill Quality Loose	200	100	100
	Hodal	Mill Quality Loose	50	50	Unch

	Bhiwani	Mill Quality Loose	200	200	Unch
	Karnal	Mill Delivery	NR	NR	-
	Panipat	Mill Quality Loose	NA	NA	-

Wheat Products Delhi	7-Feb-17	6-Feb-17	Change
Atta (50kg) Ordinary	1085	1085	Unch
Maida Grade 1 (50KG)	1490	1505	-15
Suji (50kg)	1515	1510	5
Chokar (50 kg)	894	874	20
Chokar (34 kg)	594	621	-27
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:6.02.2017					
Contract Month	**Open**	**High**	**Low**	**Close**	**Change**
17-Mar	429.00	432.25	422.25	422.50	-7.75
17-May	441.50	445.00	435.25	435.50	-7.50
17-Jul	455.75	457.75	448.50	448.75	-7.50
17-Sep	468.75	472.00	463.25	463.75	-7.25
17-Dec	485.50	488.50	480.75	481.00	-7.50
18-Mar	500.00	500.00	492.50	492.75	-7.25