

Wheat Domestic Fundamentals:

Wheat WPI has decreased slightly from 251.7 in December'16 to 250.3 in January-2017. Monthly wheat inflation has decreased by 0.55 percent in January-17 compared to December-16. As compared to January-16, wheat WPI has increased by around 9.49% and by 5.54% compared to January-2015.

As per latest update, FCI has sold around 85 Thousand tonnes of wheat in the second week of February compared to 88 thousand tonnes in the first week. 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 42.49 lakh tonnes of wheat until second week of February. Of this total quantity around 36.05 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.

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 Australia's department of Agriculture and Water Resources (ABARES) Australia's production is likely to reach a record high of 35.1 MMT in 2016-17 surpassing its previous record of 29.6 MMT set five years ago. Given the increase in production Australia is likely to have more exportable volume compared to last year at competitive prices.

Russian milling wheat prices continued to increase on account of both strong demands from importers as well as rise in global wheat prices. Export prices for wheat 12.5% protein and 11.5% protein content went up by \$1 per tonne on weekly basis. At Novorossysk port, wheat 12.5% protein and 11.5% protein content were quoted at \$186-88 per tonne and \$183-85 per tonne respectively.

As per latest update, Japan's ministry of agriculture bought 111522 MMT of food quality wheat from United States, Australia and Canada. Around 65060 MMT has been bought from United States with minimum protein content of 14 percent to be loaded between March 21-April 20, 24347 MMT has been bought from Canada with minimum protein content of 13.5 percent to be loaded between April 21- May 20 and 22115 MMT from Australia to be loaded between April 1-April 30.

As per latest update, Ukraine has exported around 11.5 MMT of wheat in first half of MY 2016-17 higher by around 1 MMT compared to last year for the same period. India remained the top buyer of Ukrainian wheat as it purchased around 1.8 MMT of wheat during the above period. However, Ukraine exported around 18% less wheat to world's largest importer i.e. Egypt in the first half of 2016/17.

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

Wheat Futures Contract: NCDEX Price								Date:15.02.2017	
Contract Month	Ch. from previous day	Open	High	Low	Close	Volume	Ch. From previous day	OI	Ch. From previous day
17-Feb	+70	1802	1820	1799	1820	160	-490	1890	-120
17-Mar	+5	1715	1740	1715	1723	1130	880	3520	390
17-Apr	+7	1660	1665	1660	1661	680	310	1200	470

Spread	Feb-17	Mar-17	Apr-17	
Spot Narela				
17-Feb	-155			
17-Mar		-97		
17-Apr			-62	

Stocks	Demat	In- Process	Total	FED
	14.Feb.17	14.Feb.17	14.Feb.17	13.Feb.17
Delhi	-	-	-	-
Itarsi	-	-	-	-
Kanpur	-	-	-	-
Kota	3473	0	3473	3473
Rajkot	-	-	-	-

Wheat Daily Prices and Arrivals on 15.02.2017

Centre	Market	Variety	Prices (Rs/Qtl)		Change
			15-Feb-17	14-Feb-17	
Delhi	Lawrence Road	Mill Delivery	1920	1940	-20
	Narella	Mill Quality Loose	Closed	1975	-
	Nazafgarh	Mill Quality Loose	Closed	1900	-
Gujarat	Rajkot	Mill Delivery	1735	1740	-5
	Ahmedabad	Mill Delivery	1860	1870	-10
	Surat	Mill Delivery	1880	1880	Unch
	Dhrol	Mill Quality Loose	2000	2080	-80
M.P.	Indore	Mill Delivery	1750	1750	Unch
	Bhopal	Mill Quality Loose	1825	1825	Unch
Rajasthan	Kota	Mill Quality Loose	1760	1760	Unch
		Mill Delivery	1850	1850	Unch
U.P.	Kanpur	Mill Delivery	1990	1985	5
	Mathura	Mill Quality Loose	1925	1925	Unch
	Kosi	Mill Quality Loose	1850	1895	-45
	Hathras	Mill Quality Loose	NA	1870	-
	Aligarh	Mill Quality Loose	Closed	1800	-
Punjab	Khanna	Mill Quality Loose	1910	1880	30
	Ludhiana (Jagraon)	Mill Delivery	NA	NA	-
Haryana	Sirsa	Mill Delivery loose	1800	1800	Unch

	Hodal	Mill Delivery	2000	2000	Unch
	Bhiwani	Mill Quality Loose	1900	1900	Unch
	Karnal	Mill Delivery	NR	NR	-
	Panipat	Mill Quality Loose	NA	NA	-
Tamil Nadu	Chennai	Mill Quality	2200	2200	Unch
	Madurai	Mill Quality	2257	2257	Unch
	Coimbatore	Mill Quality	2257	2257	Unch
Bihar	Khagariya	Mill Delivery	1950	1950	Unch
	Muzaffarpur	Mill Delivery	1800	1800	Unch
FOR	Kandla (Rajasthan-Rajkot)	Mill Quality	NR	NR	-
	Gandhidham (Rajasthan-Rajkot)	Mill Quality	NR	NR	-

Centre	Market	Variety	Prices (Rs/Qtl)		Change
			15-Feb-17	14-Feb-17	
Gujarat	Rajkot	Lokwan	1950	2000	-50
M.P.	Indore	Lokwan	2000	2000	Unch
	Bhopal	Lokwan	1900	1900	Unch
	Bina	Sarbati 306	Closed	2200	-
Rajasthan	Kota	LokwanBilty	1900	1900	Unch
	Baran	Lokwan	1850	NA	-

Wheat Arrivals in Key Centers:

Centre	Market	Variety	Arrivals (Bags/Qtl)		Change
			15-Feb-17	14-Feb-17	
Delhi	Lawrence Road	Mill Delivery	1500	500	1000
	Narella	Mill Quality Loose	Closed	150	-
	Nazafgarh	Mill Quality Loose	Closed	50	-
Gujarat	Rajkot	Mill Quality Loose	1000	800	200
	Dhrol	Mill Quality Loose	6	16	-10
M.P.	Indore	Mill Quality Loose	700	700	Unch
Rajasthan	Kota	Mill Quality	1500	1500	Unch
U.P.	Kanpur	Mill Quality Loose	2150	2300	-150
	Mathura	Mill Quality Loose	40	40	Unch
	Kosi	Mill Quality Loose	400	400	Unch
	Hathras	Mill Quality Loose	NA	450	-
	Aligarh	Mill Quality Loose	Closed	250	-
Punjab	Khanna	Mill Quality Loose	300	300	Unch
	(Ludhiana)Jagraon	Mill Quality Loose	NA	NA	-
Haryana	Sirsa	Mill Quality Loose	200	200	Unch
	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	15-Feb-17	14-Feb-17	Change
Atta (50kg) Ordinary	1085	1085	Unch
Maida Grade 1 (50KG)	1490	1490	Unch
Suji (50kg)	1515	1515	Unch
Chokar (50 kg)	894	894	Unch
Chokar (34 kg)	594	594	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:14.02.2017					
Contract Month	Open	High	Low	Close	Change
17-Mar	450.50	452.00	446.25	449.50	-2.75
17-May	464.75	466.00	460.00	463.50	-3.50
17-Jul	476.75	478.00	472.50	475.50	-3.25
17-Sep	490.00	490.00	485.00	488.50	-2.25
17-Dec	505.25	506.75	502.25	505.75	-1.75
18-Mar	517.25	517.75	514.75	517.75	-1.50

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