

Wheat Domestic Fundamentals:

Government has fixed wheat procurement target at 33MMT for 2017-18. Of the total target around 11.5 MMT will be procured from Punjab, 8.5 MMT from Madhya Pradesh, 7.5 MMT from Haryana, 3MMT from Uttar Pradesh and 1.7 MMT from Rajasthan. Government target procurement for MY 2016-17 was 30.5 MMT against which it procured only 22.96 MMT. Wheat production target is kept at 96.5 MMT for 2016-17.

All India weekly average prices increased by 0.65 percent to Rs. 1974.19 per quintal during the week ended 15th February 2017. Wheat average price were ruling at Rs 1961.4 per quintal during 01-08th February 2017. As compared to prices in the week 09-15 February 2016, the prices are firm by 13.44 percent. Prices are expected to remain range bound to slightly weak in coming days.

As per second advance estimate for 2016-17 wheat production is likely to be around 96.6 MMT which is higher compared to fourth advance estimate of 93.5 MMT issued in 2015-16. This year overall acreage is higher by around 4.5% over normal acreage of 304.05 lakh hectares.

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.

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.

International Market Update:

As per latest update, Japan's ministry of agriculture bought 113248 MMT of food quality wheat from United States and Canada. Around 88288 MMT has been bought from United States to be loaded between March 21-April 20 and 24960 MMT has been bought from Canada with minimum protein content of 13.5 percent to be loaded between April 21- May 20.

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.

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

Wheat Futures Contract: NCDEX Price								Date:16.02.2017	
Contract Month	Ch. from previous day	Open	High	Low	Close	Volume	Ch. From previous day	OI	Ch. From previous day
17-Feb	-18	1820	1805	1801	1802	790	+630	1800	-90
17-Mar	+2	1728	1735	1723	1728	1440	+310	3780	+260
17-Apr	-6	1655	1660	1653	1655	470	-210	1550	+350

Spread	Feb-17	Mar-17	Apr-17	
Spot Narela				
17-Feb	-98			
17-Mar		-74		
17-Apr			-73	

Stocks	Demat	In- Process	Total	FED
	15.Feb.17	15.Feb.17	15.Feb.17	13.Feb.17
Delhi	-	-	-	-
Itarsi	-	-	-	-
Kanpur	-	-	-	-
Kota	3342	0	3342	3473
Rajkot	-	-	-	-

Wheat Daily Prices and Arrivals on 16.02.2017

Centre	Market	Variety	Prices (Rs/Qtl)		Change
			16-Feb-17	15-Feb-17	
Delhi	Lawrence Road	Mill Delivery	1935	1920	15
	Narela	Mill Quality Loose	1900	Closed	-
	Nazafgarh	Mill Quality Loose	1900	Closed	-
Gujarat	Rajkot	Mill Delivery	Closed	1735	-
	Ahmedabad	Mill Delivery	Closed	1860	-
	Surat	Mill Delivery	Closed	1880	-
	Dhrol	Mill Quality Loose	2155	2000	155
M.P.	Indore	Mill Delivery	1750	1750	Unch
	Bhopal	Mill Quality Loose	1800	1825	-25
Rajasthan	Kota	Mill Quality Loose	1760	1760	Unch
		Mill Delivery	1850	1850	Unch
U.P.	Kanpur	Mill Delivery	1950	1990	-40
	Mathura	Mill Quality Loose	1880	1925	-45
	Kosi	Mill Quality Loose	1850	1850	Unch
	Hathras	Mill Quality Loose	1950	NA	-
	Aligarh	Mill Quality Loose	1750	Closed	-
Punjab	Khanna	Mill Quality Loose	1900	1910	-10
	Ludhiana (Jagraon)	Mill Delivery	NA	NA	-
Haryana	Sirsa	Mill Delivery loose	1800	1800	Unch

	Hodal	Mill Delivery	2000	2000	Unch
	Bhiwani	Mill Quality Loose	1860	1900	-40
	Karnal	Mill Delivery	NR	NR	-
	Panipat	Mill Quality Loose	NA	NA	-
Tamil Nadu	Chennai	Mill Quality	2250	2200	50
	Madurai	Mill Quality	2307	2257	50
	Coimbatore	Mill Quality	2307	2257	50
Bihar	Khagariya	Mill Delivery	1900	1950	-50
	Muzaffarpur	Mill Delivery	1900	1800	100
FOR	Kandla (Rajasthan-Rajkot)	Mill Quality	Closed	NR	-
	Gandhidham (Rajasthan-Rajkot)	Mill Quality	Closed	NR	-

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

Wheat Arrivals in Key Centers:

Centre	Market	Variety	Arrivals (Bags/Qtl)		Change
			16-Feb-17	15-Feb-17	
Delhi	Lawrence Road	Mill Delivery	1000	1500	-500
	Narella	Mill Quality Loose	150	Closed	-
	Nazafgarh	Mill Quality Loose	150	Closed	-
Gujarat	Rajkot	Mill Quality Loose	Closed	1000	-
	Dhrol	Mill Quality Loose	10	6	4
M.P.	Indore	Mill Quality Loose	700	700	Unch
Rajasthan	Kota	Mill Quality	4000	1500	2500
U.P.	Kanpur	Mill Quality Loose	2000	2150	-150
	Mathura	Mill Quality Loose	100	40	60
	Kosi	Mill Quality Loose	400	400	Unch
	Hathras	Mill Quality Loose	400	NA	-
	Aligarh	Mill Quality Loose	300	Closed	-
Punjab	Khanna	Mill Quality Loose	200	300	-100
	(Ludhiana)Jagraon	Mill Quality Loose	NA	NA	-
Haryana	Sirsa	Mill Quality Loose	100	200	-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	16-Feb-17	15-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: 15.02.2017					
Contract Month	Open	High	Low	Close	Change
17-Mar	449.00	455.50	446.25	454.75	5.25
17-May	463.25	468.75	460.00	468.25	4.75
17-Jul	475.00	480.75	472.00	480.00	4.50
17-Sep	488.50	494.00	485.25	493.50	5.00
17-Dec	505.00	510.50	502.00	510.00	4.25
18-Mar	519.00	521.50	516.25	521.50	3.75

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