

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:17.02.2017 | |
|-------------------------------------|-----------------------|------|------|------|-------|--------|-----------------------|-----------------|-----------------------|
| Contract Month | Ch. from previous day | Open | High | Low | Close | Volume | Ch. From previous day | OI | Ch. From previous day |
| 17-Feb | -1 | 1804 | 1803 | 1801 | 1803 | 600 | -190 | 1800 | 0 |
| 17-Mar | +5 | 1725 | 1733 | 1725 | 1730 | 320 | -1,120 | 3830 | +50 |
| 17-Apr | +1 | 1646 | 1660 | 1646 | 1660 | 350 | -120 | 1770 | +220 |

| Spread | Feb-17 | Mar-17 | Apr-17 | |
|-------------|--------|--------|--------|--|
| Spot Narela | | | | |
| 17-Feb | -97 | | | |
| 17-Mar | | -73 | | |
| 17-Apr | | | -70 | |

| Stocks | Demat | In- Process | Total | FED |
|--------|-----------|-------------|-----------|-----------|
| | 16.Feb.17 | 16.Feb.17 | 16.Feb.17 | 13.Feb.17 |
| Delhi | - | - | - | - |
| Itarsi | - | - | - | - |
| Kanpur | - | - | - | - |
| Kota | 3144 | 0 | 3144 | 3473 |
| Rajkot | - | - | - | - |

Wheat Daily Prices and Arrivals on 18.02.2017

| Centre | Market | Variety | Prices (Rs/Qtl) | | Change |
|-----------|--------------------|---------------------|-----------------|-----------|--------|
| | | | 18-Feb-17 | 17-Feb-17 | |
| Delhi | Lawrence Road | Mill Delivery | 1900 | 1910 | -10 |
| | Narela | Mill Quality Loose | 1900 | 1900 | Unch |
| | Nazafgarh | Mill Quality Loose | 1825 | 1850 | -25 |
| Gujarat | Rajkot | Mill Delivery | 1730 | 1735 | -5 |
| | Ahmedabad | Mill Delivery | 1830 | 1820 | 10 |
| | Surat | Mill Delivery | 1840 | 1840 | Unch |
| | Dhrol | Mill Quality Loose | 2130 | 2280 | -150 |
| M.P. | Indore | Mill Delivery | 1750 | 1750 | Unch |
| | Bhopal | Mill Quality Loose | 1800 | 1800 | Unch |
| Rajasthan | Kota | Mill Quality Loose | 1750 | 1760 | -10 |
| | | Mill Delivery | 1900 | 1850 | 50 |
| U.P. | Kanpur | Mill Delivery | 1940 | 1940 | Unch |
| | Mathura | Mill Quality Loose | 1850 | 1850 | Unch |
| | Kosi | Mill Quality Loose | 1800 | 1825 | -25 |
| | Hathras | Mill Quality Loose | 1900 | 1940 | -40 |
| | Aligarh | Mill Quality Loose | 1750 | 1750 | Unch |
| Punjab | Khanna | Mill Quality Loose | 1850 | 1850 | Unch |
| | Ludhiana (Jagraon) | Mill Delivery | NA | NA | - |
| Haryana | Sirsa | Mill Delivery loose | 1790 | 1800 | -10 |

| | | | | | |
|------------|-------------------------------|--------------------|------|------|------|
| | Hodal | Mill Delivery | 2000 | 2000 | Unch |
| | Bhiwani | Mill Quality Loose | 1850 | 1850 | Unch |
| | Karnal | Mill Delivery | NR | NR | - |
| | Panipat | Mill Quality Loose | NA | NA | - |
| Tamil Nadu | Chennai | Mill Quality | 2250 | 2250 | Unch |
| | Madurai | Mill Quality | 2307 | 2307 | Unch |
| | Coimbatore | Mill Quality | 2307 | 2307 | Unch |
| Bihar | Khagariya | Mill Delivery | 1800 | 1850 | -50 |
| | Muzaffarpur | Mill Delivery | 1850 | 1875 | -25 |
| FOR | Kandla (Rajasthan-Rajkot) | Mill Quality | NR | NR | - |
| | Gandhidham (Rajasthan-Rajkot) | Mill Quality | NR | NR | - |

| Centre | Market | Variety | Prices (Rs/Qtl) | | Change |
|-----------|--------|--------------|-----------------|-----------|--------|
| | | | 18-Feb-17 | 17-Feb-17 | |
| Gujarat | Rajkot | Lokwan | 1950 | 1950 | Unch |
| M.P. | Indore | Lokwan | 2000 | 2000 | Unch |
| | Bhopal | Lokwan | 1900 | 1900 | Unch |
| | Bina | Sarbati 306 | 2200 | 2200 | Unch |
| Rajasthan | Kota | Lokwan Bilty | 2080 | 1900 | 180 |
| | Baran | Lokwan | 1850 | 1850 | Unch |

Wheat Arrivals in Key Centers:

| Centre | Market | Variety | Arrivals (Bags/Qtl) | | Change |
|-----------|-------------------|--------------------|---------------------|-----------|--------|
| | | | 18-Feb-17 | 17-Feb-17 | |
| Delhi | Lawrence Road | Mill Delivery | 1000 | 1000 | Unch |
| | Narella | Mill Quality Loose | 250 | 200 | 50 |
| | Nazafgarh | Mill Quality Loose | 50 | 50 | Unch |
| Gujarat | Rajkot | Mill Quality Loose | 800 | 1000 | -200 |
| | Dhrol | Mill Quality Loose | 6 | 2 | 4 |
| M.P. | Indore | Mill Quality Loose | 500 | 700 | -200 |
| Rajasthan | Kota | Mill Quality | 3500 | 4000 | -500 |
| U.P. | Kanpur | Mill Quality Loose | 1600 | 1600 | Unch |
| | Mathura | Mill Quality Loose | 200 | 200 | Unch |
| | Kosi | Mill Quality Loose | 150 | 250 | -100 |
| | Hathras | Mill Quality Loose | 500 | 450 | 50 |
| | Aligarh | Mill Quality Loose | 300 | 300 | Unch |
| Punjab | Khanna | Mill Quality Loose | 300 | 300 | Unch |
| | (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 | 100 | 100 |
| | Karnal | Mill Delivery | NR | NR | - |
| | Panipat | Mill Quality Loose | NA | NA | - |

| Wheat Products Delhi | 18-Feb-17 | 17-Feb-17 | Change |
|------------------------------|-----------|-----------|--------|
| Atta (50kg) Ordinary | 1085 | 1085 | Unch |
| Maida Grade 1 (50KG) | 1465 | 1465 | 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: 16.02.2017 | | | | | |
|---------------------------------------|--------|--------|--------|--------|--------|
| Contract Month | Open | High | Low | Close | Change |
| 17-Mar | 453.50 | 464.25 | 445.25 | 447.75 | -7.00 |
| 17-May | 466.75 | 477.00 | 458.50 | 461.25 | -7.00 |
| 17-Jul | 478.75 | 488.75 | 471.25 | 473.75 | -6.25 |
| 17-Sep | 492.25 | 502.00 | 486.25 | 488.50 | -5.00 |
| 17-Dec | 509.00 | 518.50 | 503.50 | 506.25 | -3.75 |
| 18-Mar | 521.00 | 529.50 | 517.00 | 517.75 | -3.75 |

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