

### **Wheat Domestic Fundamentals:**

**As per latest update, Government has sold around 74000 tonnes of wheat in the first week of March** compared to 85000 tonnes in the fourth week of February. In the month of February around 3.40 lakh tonnes of wheat was sold. For the year 2016-17, government has sold around 44.91 lakh tonnes of wheat until first week of March.

**Recent light rains and cooling temperature in day in major wheat growing belts** are considered to be beneficial to the standing wheat crop, especially for Eastern UP and Bihar where wheat crop is passing through grain filling stages. If light rains occur in mid March once again, it would keep day temperature down and it would boost normal yield. However, if rains occur with hailstorm, it may affect crop at harvesting stages and at grain filling stages. It would be a price driving factor in coming weeks. As of now everything seems normal.

**All India average monthly prices for wheat decreased by 3.62 percent** from Rs 2014.55 (in January) to Rs 1941.56 per qtl in February-2017. Better crop prospects have weakened inner tone in the market. Average price (February) is higher by 11.13 percent compared to price (Rs 1747.16 per qtl.) registered in February -2016. Higher import volume would restrict demand from south Indian millers. Government may impose import duty of 25 percent to restrict flow of imports.

**As per latest update, India is likely to import 25% import duty** in order to restrict imports and provide favorable grounds for the upcoming crop. In the current MY 2016-17, more than 4 MMT of wheat has already been imported. Government has made it compulsory for wheat shipments to be fumigated in the exporter's country. India is expecting a good crop this year and government has set a procurement target of 33 MMT higher by 10% compared to last year.

**As per latest update, wheat stock in central pool as on 1st Feb'17 stood at 11.52 MMT** down by 16.16% compared to last month. This is the lowest quantity recorded in the last ten years. For the year 2016-17, FCI has sold around 43.31 lakh tonnes of wheat until third week of February. Of this total quantity around 36.80 lakh tonnes has been purchased by private trade and the remaining quantity by state governments. As per second advance estimate for 2016-17 wheat production is likely to be around 96.6 MMT and the procurement target has been fixed at 33 MMT higher by ten percent compared to last year.

**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.

**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.

**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.

### **International Market Update:**

**As per latest update, USDA has estimated a production of 1.837 billion bushels** for 2017 down by around 20 percent from last year. The area planted for wheat has decreased to 46 million acres down by around 8 percent compared to last year. Furthermore yield in 2017 is likely to be same as yield in 2013, which would be slightly above five year average at 47.1 bushels per acre.

**GASC has purchased 535000 tonnes of wheat** through tender after abolishing its zero-tolerance policy towards ergot. Of the total quantity 235000 tonnes is of Russian origin, 60000 tonnes is of Ukrainian origin, 120000 tonnes is of Romanian origin and 120000 tonnes is of French origin. Cerealscom bought Romanian wheat at FoB \$197.89 per tonne, AOS bought Russian wheat at FoB \$197.80 per tonne, Daewoo bought Russian wheat at FoB \$198.85 per tonne and Ukrainian wheat at \$199.5 per tonne respectively, Alegrow bought Russian wheat at FoB \$198.7 per tonne, Lecureur bought French wheat at FoB \$199 per tonne, Cargill bought Romanian and French wheat at FoB \$200.5 per tonne and FoB \$197 per tonne respectively, Glencore bought Romanian wheat at FoB \$198.75 per tonne.

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

| Wheat Futures Contract: NCDEX Price |                       |      |      |      |       |        |                       | Date:07.03.2017 |                       |
|-------------------------------------|-----------------------|------|------|------|-------|--------|-----------------------|-----------------|-----------------------|
| Contract Month                      | Ch. from previous day | Open | High | Low  | Close | Volume | Ch. From previous day | OI              | Ch. From previous day |
| 17-Mar                              | +16                   | 1660 | 1680 | 1660 | 1678  | 630    | -530                  | 2620            | -250                  |
| 17-Apr                              | +2                    | 1664 | 1664 | 1650 | 1656  | 560    | -390                  | 3940            | 130                   |
| 17-May                              | +3                    | 1675 | 1677 | 1672 | 1676  | 120    | -680                  | 2600            | 0                     |

| Spread      | Mar-17 | Apr-17 | May-17 |  |
|-------------|--------|--------|--------|--|
| Spot Narela |        |        |        |  |
| 17-Mar      | -122   |        |        |  |
| 17-Apr      |        | -22    |        |  |
| 17-May      |        |        | 20     |  |

| Stocks | Demat    | In- Process | Total    | FED      |
|--------|----------|-------------|----------|----------|
|        | 6.Mar.17 | 6.Mar.17    | 6.Mar.17 | 6.Mar.17 |
| Delhi  | -        | -           | -        | -        |
| Itarsi | -        | -           | -        | -        |
| Kanpur | -        | -           | -        | -        |
| Kota   | 2335     | 0           | 2335     | 2334     |
| Rajkot | -        | -           | -        | -        |

**Wheat Daily Prices and Arrivals on 07.03.2017**

| Centre    | Market             | Variety             | Prices (Rs/Qtl) |          | Change |
|-----------|--------------------|---------------------|-----------------|----------|--------|
|           |                    |                     | 7-Mar-17        | 6-Mar-17 |        |
| Delhi     | Lawrence Road      | Mill Delivery       | 1900            | 1850     | 50     |
|           | Narella            | Mill Quality Loose  | 1800            | 1830     | -30    |
|           | Nazafgarh          | Mill Quality Loose  | 1800            | 1750     | 50     |
| Gujarat   | Rajkot             | Mill Delivery       | 1560            | 1550     | 10     |
|           | Ahmedabad          | Mill Delivery       | 1700            | 1680     | 20     |
|           | Surat              | Mill Delivery       | 1725            | 1700     | 25     |
|           | Dhrol              | Mill Quality Loose  | 1750            | 1855     | -105   |
| M.P.      | Indore             | Mill Delivery       | 1650            | 1650     | Unch   |
|           | Bhopal             | Mill Quality Loose  | 1625            | 1625     | Unch   |
| Rajasthan | Kota               | Mill Quality Loose  | 1625            | 1625     | Unch   |
|           |                    | Mill Delivery       | 1725            | 1725     | Unch   |
| U.P.      | Kanpur             | Mill Delivery       | 1915            | 1900     | 15     |
|           | Mathura            | Mill Quality Loose  | 1725            | 1725     | Unch   |
|           | Kosi               | Mill Quality Loose  | 1740            | 1680     | 60     |
|           | Hathras            | Mill Quality Loose  | 1725            | 1810     | -85    |
|           | Aligarh            | Mill Quality Loose  | 1710            | 1700     | 10     |
| Punjab    | Khanna             | Mill Quality Loose  | 1650            | 1700     | -50    |
|           | Ludhiana (Jagraon) | Mill Delivery       | NA              | NA       | -      |
| Haryana   | Sirsa              | Mill Delivery loose | 1725            | 1720     | 5      |

|            |                               |                    |      |      |      |
|------------|-------------------------------|--------------------|------|------|------|
|            | Hodal                         | Mill Delivery      | 1850 | 1850 | Unch |
|            | Bhiwani                       | Mill Quality Loose | 1750 | 1750 | Unch |
|            | Karnal                        | Mill Delivery      | NR   | NR   | -    |
|            | Panipat                       | Mill Quality Loose | NA   | NA   | -    |
| Tamil Nadu | Chennai                       | Mill Quality       | 2150 | 2150 | Unch |
|            | Madurai                       | Mill Quality       | 2207 | 2207 | Unch |
|            | Coimbatore                    | Mill Quality       | 2207 | 2207 | Unch |
| Bihar      | Khagariya                     | Mill Delivery      | 1800 | 1800 | Unch |
|            | Muzaffarpur                   | Mill Delivery      | 1800 | NR   | -    |
| FOR        | Kandla (Rajasthan-Rajkot)     | Mill Quality       | NR   | NR   | -    |
|            | Gandhidham (Rajasthan-Rajkot) | Mill Quality       | NR   | NR   | -    |

| Centre    | Market | Variety     | Prices (Rs/Qtl) |          | Change |
|-----------|--------|-------------|-----------------|----------|--------|
|           |        |             | 7-Mar-17        | 6-Mar-17 |        |
| Gujarat   | Rajkot | Lokwan      | 1750            | 1700     | 50     |
| M.P.      | Indore | Lokwan      | 1900            | 1850     | 50     |
|           | Bhopal | Lokwan      | 1750            | 1750     | Unch   |
|           | Bina   | Sarbati 306 | 2200            | 2200     | Unch   |
| Rajasthan | Kota   | LokwanBilty | 1750            | 1750     | Unch   |
|           | Baran  | Lokwan      | 1750            | 1780     | -30    |

### Wheat Arrivals in Key Centers:

| Centre    | Market            | Variety            | Arrivals (Bags/Qtl) |          | Change |
|-----------|-------------------|--------------------|---------------------|----------|--------|
|           |                   |                    | 7-Mar-17            | 6-Mar-17 |        |
| Delhi     | Lawrence Road     | Mill Delivery      | 1000                | 1500     | -500   |
|           | Narella           | Mill Quality Loose | 150                 | 200      | -50    |
|           | Nazafgarh         | Mill Quality Loose | 100                 | 100      | Unch   |
| Gujarat   | Rajkot            | Mill Quality Loose | 4000                | 5000     | -1000  |
|           | Dhrol             | Mill Quality Loose | 51                  | 60       | -9     |
| M.P.      | Indore            | Mill Quality Loose | 2000                | 6000     | -4000  |
| Rajasthan | Kota              | Mill Quality       | 3000                | 3000     | Unch   |
| U.P.      | Kanpur            | Mill Quality Loose | 2600                | 2850     | -250   |
|           | Mathura           | Mill Quality Loose | NA                  | 200      | -      |
|           | Kosi              | Mill Quality Loose | 400                 | 300      | 100    |
|           | Hathras           | Mill Quality Loose | 50                  | 50       | Unch   |
|           | Aligarh           | Mill Quality Loose | 200                 | 100      | 100    |
| Punjab    | Khanna            | Mill Quality Loose | 700                 | 800      | -100   |
|           | (Ludhiana)Jagraon | Mill Quality Loose | NA                  | NA       | -      |
| Haryana   | Sirsa             | Mill Quality Loose | 200                 | 100      | 100    |
|           | Hodal             | Mill Quality Loose | 60                  | 30       | 30     |

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

| Wheat Products Delhi         | 7-Mar-17 | 6-Mar-17 | Change |
|------------------------------|----------|----------|--------|
| Atta (50kg) Ordinary         | 1060     | 1060     | Unch   |
| Maida Grade 1 (50KG)         | 1415     | 1415     | Unch   |
| Suji (50kg)                  | 1515     | 1515     | Unch   |
| Chokar (50 kg)               | 779      | 779      | Unch   |
| Chokar (34 kg)               | 531      | 531      | Unch   |
| Chakki Atta (50kg)           | 1185     | 1185     | Unch   |
| Chakki Atta (50kg) Special   | 1185     | 1185     | Unch   |
| Chakki Atta (90kg) Superfine | 1943     | 1943     | Unch   |
| Chakki Atta (50kg) Superfine | 1045     | 1045     | Unch   |

| Wheat (CBOT) Future Price:6.03.2017 |        |        |        |        |        |
|-------------------------------------|--------|--------|--------|--------|--------|
| Contract Month                      | Open   | High   | Low    | Close  | Change |
| 17-Mar                              | 436.00 | 441.75 | 436.00 | 438.25 | 4.50   |
| 17-May                              | 456.50 | 462.50 | 456.25 | 458.50 | 5.00   |
| 17-Jul                              | 470.75 | 476.75 | 470.50 | 473.00 | 4.75   |
| 17-Sep                              | 485.25 | 490.00 | 484.75 | 486.75 | 4.50   |
| 17-Dec                              | 504.50 | 507.25 | 502.00 | 504.25 | 4.25   |
| 18-Mar                              | 515.75 | 519.25 | 514.75 | 517.25 | 4.75   |

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