

Wheat Domestic Fundamentals:

Government agencies have started procurement since 15th March'17. Until 18th May'17 government has procured around 283.62 lakh tonnes of wheat. Of the total quantity procured, around 63.16 lakh tonnes has been procured from Madhya Pradesh, 74.11 lakh tonnes from Haryana, 116.04 lakh tonnes from Punjab and 20.13 lakh tonnes from Uttar Pradesh. In Rabi marketing season 2017-18 government has set procurement target of 330 LMT. Government has achieved 85.9% of its procurement target. Last year government was able to procure only 229 lakh tonnes due to lower production.

Government stock as on 01st May'17 stood at 277.05 lakh tonnes compared to 314.45 lakh tonnes at the same date last year. Due to two consecutive bad crops government was not able to procure as per their target and had to sell more in OMSS to keep the prices under control which led to fall in stocks. However this year production is better and procurement has crossed 283 lakh tonnes as on 18th May and government will sell less through OMSS which may lead to some recovery in central pool stock.

As per market sources, India's wheat imports have slowed down due to good domestic crop. Furthermore around 1.8 million tonnes of imported wheat from Australia and Black sea region is lying unsold in port silos. For marketing year 2017-18 demand for imported wheat is likely to be low and India may import around 2-3 million tonnes.

Government is likely to sell around 40 lakh tonnes of wheat in MY 2017-18 compared to 46 lakh tonnes in MY 2016-17. Due to low production in last two years, wheat stock in central pool dwindled to five year lows. As of now government is procuring intensively to replenish its stocks. Furthermore millers and traders are also not having any trouble in procuring this year due to ample availability.

Monsoon is likely to arrive early this year and is expected to hit south Kerala coast on 30th May'17, early by around two days. Furthermore India may receive higher monsoon rainfall this year compared to previous forecast as probability of El Nino has been reduced. Monsoon rains which arrive in Andaman & Nicobar around May 20th have already reached on 14th May, around six days ahead of schedule.

As per latest update, until 12th May around 73.62 lakh tonnes of wheat have arrived in Haryana. Traders and five government agencies have purchased 6854 tonnes and 73.55 lakh tonnes of wheat respectively. Of the total quantity procured by government agencies around 18.21 lakh tonnes has been procured by food, civil supplies and consumer affairs department, 26.59 lakh tonnes by HAFED, 8.59 lakh tonnes by FCI, 6.75 lakh tonnes by Haryana Agro Industries corporation and 13.40 lakh tonnes by Haryana warehousing corporation. Sirsa is the leading district with more than 10.72 lakh metric tonnes of arrival.

As per third advance estimate for 2016-17 wheat production is likely to be around 97.4 MMT which is higher compared to second advance estimate of 96.6 MMT issued in February 2017. Grain quality is better this year compared to last year and there are no issues relating to higher moisture and pest. This year overall acreage is higher by around 4.5% over normal acreage of 304.05 lakh hectares.

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:

Russian wheat prices remained stable as rouble became strong against dollar and Turkey restored purchases of upcoming crop in Russia. Russian wheat with protein content of 12.5% was traded at \$182.50 per tonne this week, unchanged from a week earlier. Russia exported 24.4 MMT of wheat from 01st July'16 to 10th May'17 up by around 1% compared to year before during the same time period.

As per latest update around 53% of winter wheat is in good or excellent condition compared to 62% last year for the same period. Around 78% spring wheat has been planted as on 14th May'17 compared to 87% last year for the same period. Of the total spring wheat planted around 40% has emerged.

As per latest update, Egypt has procured around 1.70 million tonnes of wheat since the beginning of its harvesting season from mid-April. Egypt's supply minister expects to procure around 3.8 million tonnes from local farmers until July.

Algeria state grains agency OAIC has bought around 470000 tonnes of milling wheat in a tender that closed on Wednesday. The prices paid were in the range of \$197.75 to \$199 per tonne (Cost and Freight). The quantity to be shipped is due in first and second half of July. The origin of wheat that is to be supplied is at seller's option

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

Wheat Futures Contract: NCDEX Price								Date:18.05.2017	
Contract Month	Ch. from previous day	Open	High	Low	Close	Volume	Ch. From previous day	OI	Ch. From previous day
17-May	+15	1585	1600	1600	1600	10	-130	10	-130
17-June	-5	1637	1638	1629	1632	930	-2,770	20360	-380
17-July	-8	1664	1665	1655	1655	770	-1,320	4720	+670

Spread	May-17	Jun-17	Jul-17	
Spot Narela				
17-May	-70			
17-Jun		32		
17-Jul			23	

Stocks	Demat	In- Process	Total	FED
	17.May.17	17.May.17	17.May.17	15.May.17
Delhi	-	-	-	-
Itarsi	-	-	-	-
Kanpur	-	-	-	-
Kota	13034	200	13234	12984
Rajkot	-	-	-	-

Wheat Daily Prices and Arrivals on 18.05.2017

Centre	Market	Variety	Prices (Rs/Qtl)		Change
			18-May-17	17-May-17	
Delhi	Lawrence Road	Mill Delivery	1750	1750	Unch
	Narela	Mill Quality Loose	1670	Closed	-
	Nazafgarh	Mill Quality Loose	1650	Closed	-
Gujarat	Rajkot	Mill Delivery	1490	1485	5
	Ahmedabad	Mill Delivery	1680	1680	Unch
	Surat	Mill Delivery	1710	1715	-5
	Dhrol	Mill Quality Loose	1855	1705	150
M.P.	Indore	Mill Delivery	1625	1625	Unch
	Bhopal	Mill Quality Loose	1650	1625	25
Rajasthan	Kota	Mill Quality Loose	1500	1500	Unch
		Mill Delivery	1600	1600	Unch
U.P.	Kanpur	Mill Delivery	1725	1725	Unch
	Mathura	Mill Quality Loose	1575	1560	15
	Kosi	Mill Quality Loose	1570	1565	5
	Hathras	Mill Quality Loose	1560	1560	Unch
	Aligarh	Mill Quality Loose	1645	Closed	-
Punjab	Khanna	Mill Quality Loose	1620	1600	20
	Ludhiana (Jagraon)	Mill Delivery	1750	1750	Unch
Haryana	Sirsa	Mill Delivery loose	1625	1625	Unch
	Hodal	Mill Delivery	1690	1690	Unch

	Bhiwani	Mill Quality Loose	1670	1660	10
	Karnal	Mill Delivery	1640	1645	-5
	Panipat	Mill Quality Loose	NR	NR	-
Tamil Nadu	Chennai	Mill Quality	2000	2000	Unch
	Madurai	Mill Quality	2057	2057	Unch
	Coimbatore	Mill Quality	2057	2057	Unch
Bihar	Khagariya	Mill Delivery	1650	1625	25
	Muzaffarpur	Mill Delivery	1550	1550	Unch
FOR	Kandla (Rajasthan-Rajkot)	Mill Quality	NR	NR	-
	Gandhidham (Rajasthan-Rajkot)	Mill Quality	NR	NR	-

Centre	Market	Variety	Prices (Rs/Qtl)		Change
			18-May-17	17-May-17	
Gujarat	Rajkot	Lokwan	1750	1750	Unch
M.P.	Indore	Lokwan	1900	1900	Unch
	Bhopal	Lokwan	1650	1650	Unch
	Bina	Sarbati 306	2250	Closed	-
Rajasthan	Kota	LokwanBilty	1750	1750	Unch
	Baran	Lokwan	1750	1750	Unch

Wheat Arrivals in Key Centers:

Centre	Market	Variety	Arrivals (Bags/Qtl)		Change
			18-May-17	17-May-17	
Delhi	Lawrence Road	Mill Delivery	6000	8000	-2000
	Narella	Mill Quality Loose	700	Closed	-
	Nazafgarh	Mill Quality Loose	500	Closed	-
Gujarat	Rajkot	Mill Quality Loose	1500	1400	100
	Dhrol	Mill Quality Loose	94	875	-781
M.P.	Indore	Mill Quality Loose	1500	2000	-500
Rajasthan	Kota	Mill Quality	20000	15000	5000
U.P.	Kanpur	Mill Quality Loose	NA	1500	-
	Mathura	Mill Quality Loose	1000	2500	-1500
	Kosi	Mill Quality Loose	2500	3000	-500
	Hathras	Mill Quality Loose	100	125	-25
	Aligarh	Mill Quality Loose	350	Closed	-
Punjab	Khanna	Mill Quality Loose	2500	5000	-2500
	(Ludhiana)Jagraon	Mill Quality Loose	1000	1000	Unch
Haryana	Sirsa	Mill Quality Loose	500	500	Unch
	Hodal	Mill Quality Loose	100	500	-400
	Bhiwani	Mill Quality Loose	1000	1500	-500

	Karnal	Mill Delivery	2500	10000	-7500
	Panipat	Mill Quality Loose	NR	NR	-

Wheat Products Delhi	18-May-17	17-May-17	Change
Atta (50kg) Ordinary	970	970	Unch
Maida Grade 1 (50KG)	1340	1340	Unch
Suji (50kg)	1415	1415	Unch
Chokar (50 kg)	814	814	Unch
Chokar (34 kg)	519	519	Unch
Chakki Atta (50kg)	1160	1160	Unch
Chakki Atta (50kg) Special	1160	1160	Unch
Chakki Atta (90kg) Superfine	1918	1918	Unch
Chakki Atta (50kg) Superfine	1010	1010	Unch

Wheat (CBOT) Future Price:1705.2017					
Contract Month	Open	High	Low	Close	Change
17-Jul	423.00	432.25	421.50	427.00	2.75
17-Sep	437.00	445.25	435.50	440.25	2.00
17-Dec	458.50	466.25	456.75	461.75	2.25
18-Mar	476.00	483.75	474.75	479.50	2.00
18-May	486.75	494.75	486.75	490.50	1.75
18-Jul	497.75	502.25	497.75	498.75	2.25

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