

Wheat Domestic Fundamentals:

Government agencies have started procurement since 15th March'17. Until 23rd May'17 government has procured around 289.94 lakh tonnes of wheat. Of the total quantity procured, around 65.33 lakh tonnes has been procured from Madhya Pradesh, 74.11 lakh tonnes from Haryana, 116.50 lakh tonnes from Punjab and 23.28 lakh tonnes from Uttar Pradesh. In Rabi marketing season 2017-18 government has set procurement target of 330 LMT. Government has achieved 87.86% of its procurement target. Last year government was able to procure only 229 lakh tonnes due to lower production.

All India weekly average prices increased by 3.16 percent to Rs. 1887.57 per quintal during the week ended 15th May 2017. Wheat average price were ruling at Rs 1829.75 per quintal during 01-08 May 2017. As compared to prices in the week 09-15 May 2016, the prices are firm by 13.00 percent. Prices are expected to remain range bound to slightly weak in coming days.

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.

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:

As per latest update around 52% of winter wheat is in good or excellent condition compared to 62% last year for the same period. Around 90% spring wheat has been planted as on 21st May'17 compared to 94% last year for the same period. Of the total spring wheat planted around 62% has emerged.

European Union has reduced its yield forecast for 2017 due to dry weather conditions in Spain and France. Furthermore cold weather in countries such as Germany and Poland is also posing threat to wheat crop. The yield for soft wheat has been revised down to 5.91 tonnes per hectare compared to 6.05 tonnes per hectare a month ago. However the current yield forecast is still higher by around 6.2 percent compared to last year and by 1.2 percent compared to mean yield of past five years.

Russian export prices moved up on purchase by Egypt and expectation that rouble will rise against dollar. Russian wheat with 12.5 percent protein was quoted at FoB \$185.5 per tonne, up by around \$1 per tonne compared to last week. Russia exported 24.9 million tonnes of wheat between July 1 and May 17 higher by 1.2 percent compared to last year.

As per latest update, Egypt has procured around 2.33 million tonnes of from 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. The ministry has decided to provide a premium of 15 Egyptian pounds per tonne for wheat stored and transported in jute bags and 10 Egyptian pounds per tonne for wheat stored in silos located far from production areas with over 50 percent empty storage capacity.

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

Wheat Futures Contract: NCDEX Price								Date:23.05.2017	
Contract Month	Ch. from previous day	Open	High	Low	Close	Volume	Ch. From previous day	OI	Ch. From previous day
17-June	-8	1616	1617	1610	1611	1050	-30	19350	-190
17-July	-7	1640	1643	1632	1634	700	-400	6650	220
17-Aug	0	1663	1663	1663	1663	-	-	-	-

Spread	Jun-17	Jul-17	Aug-17	
Spot Narela				
17-Jun	-59			
17-Jul		23		
17-Aug			29	

Stocks	Demat	In- Process	Total	FED
	22.May.17	22.May.17	22.May.17	22.May.17
Delhi	-	-	-	-
Itarsi	-	-	-	-
Kanpur	-	-	-	-
Kota	13184	199	13383	13214
Rajkot	-	-	-	-

Wheat Daily Prices and Arrivals on 23.05.2017

Centre	Market	Variety	Prices (Rs/Qtl)		Change
			23-May-17	22-May-17	
Delhi	Lawrence Road	Mill Delivery	1735	1735	Unch
	Narela	Mill Quality Loose	1670	1670	Unch
	Nazafgarh	Mill Quality Loose	1640	1655	-15
Gujarat	Rajkot	Mill Delivery	NR	1500	-
	Ahmedabad	Mill Delivery	NR	1680	-
	Surat	Mill Delivery	NR	1710	-
	Dhrol	Mill Quality Loose	1620	1745	-125
M.P.	Indore	Mill Delivery	1600	1625	-25
	Bhopal	Mill Quality Loose	1600	1600	Unch
Rajasthan	Kota	Mill Quality Loose	1520	1510	10
		Mill Delivery	1640	1640	Unch
U.P.	Kanpur	Mill Delivery	1735	1735	Unch
	Mathura	Mill Quality Loose	1560	1555	5
	Kosi	Mill Quality Loose	1570	1575	-5
	Hathras	Mill Quality Loose	1580	Closed	-
	Aligarh	Mill Quality Loose	1560	1570	-10
Punjab	Khanna	Mill Quality Loose	1610	1610	Unch
	Ludhiana (Jagraon)	Mill Delivery	1750	1750	Unch
Haryana	Sirsa	Mill Delivery loose	1615	1625	-10
	Hodal	Mill Delivery	1690	1690	Unch

	Bhiwani	Mill Quality Loose	1625	1630	-5
	Karnal	Mill Delivery	1660	1660	Unch
	Panipat	Mill Quality Loose	1625	1625	Unch
Tamil Nadu	Chennai	Mill Quality	1980	1980	Unch
	Madurai	Mill Quality	2037	2037	Unch
	Coimbatore	Mill Quality	2037	2037	Unch
Bihar	Khagariya	Mill Delivery	1650	1650	Unch
	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
			23-May-17	22-May-17	
Gujarat	Rajkot	Lokwan	NR	1750	-
M.P.	Indore	Lokwan	1900	1900	Unch
	Bhopal	Lokwan	1650	1650	Unch
	Bina	Sarbati 306	2250	2250	Unch
Rajasthan	Kota	LokwanBilty	1750	1750	Unch
	Baran	Lokwan	NR	1750	-

Wheat Arrivals in Key Centers:

Centre	Market	Variety	Arrivals (Bags/Qtl)		Change
			23-May-17	22-May-17	
Delhi	Lawrence Road	Mill Delivery	6000	8000	-2000
	Narella	Mill Quality Loose	800	600	200
	Nazafgarh	Mill Quality Loose	300	NA	-
Gujarat	Rajkot	Mill Quality Loose	NR	1500	-
	Dhrol	Mill Quality Loose	66	117	-51
M.P.	Indore	Mill Quality Loose	1500	1000	500
Rajasthan	Kota	Mill Quality	15000	20000	-5000
U.P.	Kanpur	Mill Quality Loose	NA	13000	-
	Mathura	Mill Quality Loose	1500	2500	-1000
	Kosi	Mill Quality Loose	3000	5000	-2000
	Hathras	Mill Quality Loose	150	Closed	-
	Aligarh	Mill Quality Loose	500	250	250
Punjab	Khanna	Mill Quality Loose	700	600	100
	(Ludhiana)Jagraon	Mill Quality Loose	200	500	-300
Haryana	Sirsa	Mill Quality Loose	200	400	-200
	Hodal	Mill Quality Loose	200	200	Unch
	Bhiwani	Mill Quality Loose	1500	1500	Unch

	Karnal	Mill Delivery	500	500	Unch
	Panipat	Mill Quality Loose	NA	NA	-

Wheat Products Delhi	23-May-17	22-May-17	Change
Atta (50kg) Ordinary	985	970	15
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:2205.2017					
Contract Month	Open	High	Low	Close	Change
17-Jul	437.00	442.50	434.00	434.25	-1.00
17-Sep	450.25	455.50	448.00	448.00	-0.50
17-Dec	472.00	476.50	469.50	469.75	unch
18-Mar	490.50	494.25	487.50	487.75	0.25
18-May	502.00	505.50	499.25	499.25	0.25
18-Jul	509.50	515.00	508.25	508.25	unch

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