

Wheat Domestic Fundamentals:

Government agencies have started procurement since 15th March'17. Until 25th May'17 government has procured around 291.82 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, 116.64 lakh tonnes from Punjab and 24.77 lakh tonnes from Uttar Pradesh. In Rabi marketing season 2017-18 government has set procurement target of 330 LMT. Government has achieved 88.43% 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:

Wheat yield in Ukraine is likely to fall to 3.72 tonnes per hectare from record level of 4.21 tonnes per hectare last year. If weather gets favorable in the upcoming days it can push yield up to last year's level however unfavorable weather conditions can reduce it to 3.4 tonnes per hectare. The ministry of Ukraine is likely to harvest around 6 million hectares. In 2016 Ukraine produced 26 million tonnes of wheat.

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.

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

Wheat Futures Contract: NCDEX Price								Date:25.05.2017	
Contract Month	Ch. from previous day	Open	High	Low	Close	Volume	Ch. From previous day	OI	Ch. From previous day
17-June	-5	1602	1604	1598	1600	1000	-1,630	19420	-80
17-July	-5	1625	1628	1622	1624	490	-1,820	8820	200
17-Aug	0	1653	1653	1653	1653	0	0	0	0

Spread	Jun-17	Jul-17	Aug-17	
Spot Narela				
17-Jun	-70			
17-Jul		24		
17-Aug			29	

Stocks	Demat	In- Process	Total	FED
	24.May.17	24.May.17	24.May.17	22.May.17
Delhi	-	-	-	-
Itarsi	-	-	-	-
Kanpur	-	-	-	-
Kota	13413	170	13583	13214
Rajkot	-	-	-	-

Wheat Daily Prices and Arrivals on 25.05.2017

Centre	Market	Variety	Prices (Rs/Qtl)		Change
			25-May-17	24-May-17	
Delhi	Lawrence Road	Mill Delivery	1740	1740	Unch
	Narella	Mill Quality Loose	1670	Closed	-
	Nazafgarh	Mill Quality Loose	1640	Closed	-
Gujarat	Rajkot	Mill Delivery	NR	NR	-
	Ahmedabad	Mill Delivery	NR	NR	-
	Surat	Mill Delivery	NR	NR	-
	Dhrol	Mill Quality Loose	1735	1605	130
M.P.	Indore	Mill Delivery	Closed	1600	-
	Bhopal	Mill Quality Loose	Closed	1600	-
Rajasthan	Kota	Mill Quality Loose	Closed	1515	-
		Mill Delivery	Closed	1640	-
U.P.	Kanpur	Mill Delivery	1740	1740	Unch
	Mathura	Mill Quality Loose	1570	1555	15
	Kosi	Mill Quality Loose	1570	1572	-2
	Hathras	Mill Quality Loose	1580	1580	Unch
	Aligarh	Mill Quality Loose	1550	1560	-10
Punjab	Khanna	Mill Quality Loose	1600	1600	Unch
	Ludhiana (Jagraon)	Mill Delivery	1750	1750	Unch
Haryana	Sirsa	Mill Delivery loose	1615	1615	Unch
	Hodal	Mill Delivery	1680	1680	Unch

	Bhiwani	Mill Quality Loose	1625	1625	Unch
	Karnal	Mill Delivery	1650	1650	Unch
	Panipat	Mill Quality Loose	1625	1625	Unch
Tamil Nadu	Chennai	Mill Quality	Closed	1980	-
	Madurai	Mill Quality	Closed	2037	-
	Coimbatore	Mill Quality	Closed	2037	-
Bihar	Khagariya	Mill Delivery	1600	1600	Unch
	Muzaffarpur	Mill Delivery	1570	1550	20
FOR	Kandla (Rajasthan-Rajkot)	Mill Quality	NR	NR	-
	Gandhidham (Rajasthan-Rajkot)	Mill Quality	NR	NR	-

Centre	Market	Variety	Prices (Rs/Qtl)		Change
			25-May-17	24-May-17	
Gujarat	Rajkot	Lokwan	NR	NR	-
M.P.	Indore	Lokwan	Closed	1900	-
	Bhopal	Lokwan	Closed	1660	-
	Bina	Sarbati 306	Closed	Closed	-
Rajasthan	Kota	LokwanBilty	Closed	1750	-
	Baran	Lokwan	NR	NR	-

Wheat Arrivals in Key Centers:

Centre	Market	Variety	Arrivals (Bags/Qtl)		Change
			25-May-17	24-May-17	
Delhi	Lawrence Road	Mill Delivery	7000	7000	Unch
	Narella	Mill Quality Loose	900	Closed	-
	Nazafgarh	Mill Quality Loose	200	Closed	-
Gujarat	Rajkot	Mill Quality Loose	NR	NR	-
	Dhrol	Mill Quality Loose	63	113	-50
M.P.	Indore	Mill Quality Loose	Closed	1000	-
Rajasthan	Kota	Mill Quality	Closed	20000	-
U.P.	Kanpur	Mill Quality Loose	NA	11500	-
	Mathura	Mill Quality Loose	2000	3000	-1000
	Kosi	Mill Quality Loose	3000	2500	500
	Hathras	Mill Quality Loose	200	100	100
	Aligarh	Mill Quality Loose	1000	1000	Unch
Punjab	Khanna	Mill Quality Loose	2000	800	1200
	(Ludhiana)Jagraon	Mill Quality Loose	50	100	-50
Haryana	Sirsa	Mill Quality Loose	100	200	-100
	Hodal	Mill Quality Loose	100	100	Unch
	Bhiwani	Mill Quality Loose	2000	2000	Unch

	Karnal	Mill Delivery	2000	2500	-500
	Panipat	Mill Quality Loose	NA	NA	-

Wheat Products Delhi	25-May-17	24-May-17	Change
Atta (50kg) Ordinary	985	985	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:2405.2017					
Contract Month	Open	High	Low	Close	Change
17-Jul	429.25	433.00	427.50	432.50	3.00
17-Sep	444.00	446.75	442.25	446.00	2.00
17-Dec	466.00	468.50	464.25	467.75	1.50
18-Mar	485.00	486.75	483.00	486.00	1.00
18-May	497.00	498.50	495.25	498.50	1.00
18-Jul	506.50	508.25	504.75	508.00	0.75

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