

Wheat Domestic Fundamentals:

All India average monthly prices for wheat decreased by 0.20 percent from Rs 1810.17 (in April) to Rs 1806.55 per qtl in May-2017. Arrivals from central and north India kept the domestic market under pressure. Average price (May) is higher by 6.40 percent compared to price (Rs 1697.89 per qtl.) registered in May-2016. Demand from south Indian millers is weak and government has no intention of increasing import duty as of now. Prices are likely to move from range bound to weak.

Government agencies have started procurement since 15th March'17. Until 31st May'17 government has procured around 297.71 lakh tonnes of wheat. Of the total quantity procured, around 67.24 lakh tonnes has been procured from Madhya Pradesh, 74.11 lakh tonnes from Haryana, 116.88 lakh tonnes from Punjab and 28 lakh tonnes from Uttar Pradesh. In Rabi marketing season 2017-18 government has set procurement target of 330 LMT. Government has achieved 90.2% of its procurement target. Last year government was able to procure only 229 lakh tonnes due to lower production.

Normal monsoon rains are expected now as adverse El Niño weather condition has weakened. After its likely onset on May 29-30, the southwest monsoon June may receive 164 mm, July-289 mm and Aug-269 mm rains. Chhattisgarh and Vidarbha were expected to get a good amount of pre-monsoon showers during June, where the usual onset date is late June or early July.

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.

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:

GASC has purchased 180000 tonnes of wheat through tender after abolishing its zero-tolerance policy towards ergot. Of the total quantity 120000 tonnes is of Russian origin and 60000 tonnes is of Romanian origin. ADM bought 60000 tonnes of Romanian wheat at FoB \$201.56 per tonne and MidGulf bought 120000 tonnes of Russian wheat at FoB \$203.14 per tonne.

As per latest update, Egypt has procured around 3.6 million tonnes of wheat since the beginning of its harvesting season from mid-April. Egypt's supply minister expects to procure between 3.5 to 4.0 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.

As per Buenos Aires grains exchange wheat crop is likely to hit a new record of 17.5 million tonnes in 2017-18 compared to 16.3 million tonnes in 2016-17. The increase in production of upcoming crop is mainly attributed to better crop technology. The only concern is regarding excessive moisture levels which are making it hard to prepare the land for planting.

Russian export prices moved up due to strong rouble against dollar and concerns over cold and rainy weather in May which may lead to lower yields. Russian wheat with 12.5 percent protein was quoted at FoB \$186.5 per tonne, up by around \$1 per tonne compared to last week. Russia exported 25.2 million tonnes of wheat between July 1 and May 24 higher by 1.3 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:02.06.2017	
Contract Month	Ch. from previous day	Open	High	Low	Close	Volume	Ch. From previous day	OI	Ch. From previous day
17-Jun	-3	1595	1596	1590	1590	1700	900	17190	-760
17-July	-4	1618	1619	1611	1614	1470	510	12670	550
17-Aug	0	1643	1643	1643	1643	-	-	-	-

Spread	Jun-17	Jul-17	Aug-17	
Spot Narela				
17-Jun	-75			
17-Jul		24		
17-Aug			29	

Stocks	Demat	In- Process	Total	FED
	1.Jun.17	1.Jun.17	1.Jun.17	29.May.17
Delhi	-	-	-	-
Itarsi	-	-	-	-
Kanpur	-	-	-	-
Kota	13823	0	13823	13742
Rajkot	-	-	-	-

Wheat Daily Prices and Arrivals on 3.06.2017

Centre	Market	Variety	Prices (Rs/Qtl)		Change
			3-Jun-17	2-Jun-17	
Delhi	Lawrence Road	Mill Delivery	1755	1745	10
	Narella	Mill Quality Loose	1665	1665	Unch
	Nazafgarh	Mill Quality Loose	1640	1630	10
Gujarat	Rajkot	Mill Delivery	1470	1470	Unch
	Ahmedabad	Mill Delivery	1640	1650	-10
	Surat	Mill Delivery	1660	1670	-10
	Dhrol	Mill Quality Loose	1650	NR	-
M.P.	Indore	Mill Delivery	Closed	Closed	-
	Bhopal	Mill Quality Loose	Closed	Closed	-
Rajasthan	Kota	Mill Quality Loose	1480	1480	Unch
		Mill Delivery	1570	1570	Unch
U.P.	Kanpur	Mill Delivery	1735	1740	-5
	Mathura	Mill Quality Loose	1585	1570	15
	Kosi	Mill Quality Loose	1576	1575	1
	Hathras	Mill Quality Loose	1580	1580	Unch
	Aligarh	Mill Quality Loose	1575	1575	Unch
Punjab	Khanna	Mill Quality Loose	1600	1600	Unch
	Ludhiana (Jagraon)	Mill Delivery	1750	1750	Unch
Haryana	Sirsa	Mill Delivery loose	1625	1625	Unch
	Hodal	Mill Delivery	1695	1700	-5

	Bhiwani	Mill Quality Loose	1600	1610	-10
	Karnal	Mill Delivery	1650	1625	25
	Panipat	Mill Quality Loose	1625	1625	Unch
Tamil Nadu	Chennai	Mill Quality	1950	1950	Unch
	Madurai	Mill Quality	2007	2007	Unch
	Coimbatore	Mill Quality	2007	2007	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
			3-Jun-17	2-Jun-17	
Gujarat	Rajkot	Lokwan	1700	1675	25
M.P.	Indore	Lokwan	Closed	Closed	-
	Bhopal	Lokwan	Closed	Closed	-
	Bina	Sarbati 306	NR	NR	-
Rajasthan	Kota	Lokwan Bilty	1700	1700	Unch
	Baran	Lokwan	1700	1700	Unch

Wheat Arrivals in Key Centers:

Centre	Market	Variety	Arrivals (Bags/Qtl)		Change
			3-Jun-17	2-Jun-17	
Delhi	Lawrence Road	Mill Delivery	7000	8000	-1000
	Narella	Mill Quality Loose	800	800	Unch
	Nazafgarh	Mill Quality Loose	300	300	Unch
Gujarat	Rajkot	Mill Quality Loose	200	800	-600
	Dhrol	Mill Quality Loose	63	NR	-
M.P.	Indore	Mill Quality Loose	Closed	Closed	-
Rajasthan	Kota	Mill Quality	7000	8000	-1000
U.P.	Kanpur	Mill Quality Loose	12500	12000	500
	Mathura	Mill Quality Loose	600	1000	-400
	Kosi	Mill Quality Loose	2000	3000	-1000
	Hathras	Mill Quality Loose	100	450	-350
	Aligarh	Mill Quality Loose	500	700	-200
Punjab	Khanna	Mill Quality Loose	1500	1500	Unch
	(Ludhiana)Jagraon	Mill Quality Loose	NA	NA	-
Haryana	Sirsa	Mill Quality Loose	200	200	Unch
	Hodal	Mill Quality Loose	100	100	Unch
	Bhiwani	Mill Quality Loose	700	1500	-800

	Karnal	Mill Delivery	50	NA	-
	Panipat	Mill Quality Loose	NA	NA	-

Wheat Products Delhi	3-Jun-17	2-Jun-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 :2 06.2017					
Contract Month	Open	High	Low	Close	Change
17-Jul	428.00	434.00	426.50	429.50	0.50
17-Sep	442.50	448.00	441.00	443.75	0.25
17-Dec	464.75	470.00	463.25	465.00	-1.00
18-Mar	483.25	487.75	481.75	482.75	-1.25
18-May	494.75	498.50	493.50	494.25	-1.00
18-Jul	503.00	505.50	501.75	503.25	0.25

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