

Wheat Domestic Fundamentals:

India is continuously importing wheat from Black sea region and Australia as it is cheaper compared to domestic wheat even after including the current import duty of 10%. As of now Rajkot mill quality is being offered at \$256 per tonne whereas millers in India have contracted to import 8 lakh tonnes from blacksea region at CnF \$200-210 per tonne. Government is considering to increase import duty in order to curb wheat imports and provide support to domestic wheat prices. Sowing of wheat is likely to start in coming months and if prices remain at low level overall acreage may fall in comparison to last year.

India is likely to import 800000 tonnes of wheat in september and october from blacksea region at \$200-210 per tonne cost and freight after taking into account 10% of duty. According to traders there is not much price advantage, millers are buying to ensure smooth supplies in November and December. The only fear importers are facing is an increase in import duty or abrupt change in phytosanitary measures.

Import quotes for wheat from different origins to Tuticorin port has decreased compared to last week. As of now Tuticorin port price for APW is Rs 1830 per quintal, ASW is Rs 1760 per quintal and Ukrainian wheat at Rs 1660 per quintal. India is likely to import 3-4 million tonnes of wheat in 2017-18. Government may increase import duty from 10% in order to curb imports and provide support to domestic prices.

FCI has offered a total of 11808752 tonnes of wheat through E-Auction since June until fifth tender in August. Sales through E-Auction of wheat are at lower side this year due to high domestic production and imports. In the month of June 115000 tonnes was sold against offered quantity of 1104050 tonnes, 34400 tonnes was sold in July against offered quantity of 4934602 tonnes and 43550 tonnes has been sold in five tenders of August against offered quantity of 5770100.

At export front prevailing market conditions are not in favour of Indian exporters due to huge price gap. The difference is around \$105-107 per tonne from Black Sea Region. Russia/Ukraine is offering wheat at \$169.00/171.50 per tonne on FoB basis while Indian FoB at Kandla port comes to \$277.30 per tonne. India exported 10.54 thousand tonne wheat in June. Total export in MY 2016-17 was registered around 96.27 thousand tonne from 1st April'16. There is no hope for recovery at export front this year.

As per fourth advance estimate for 2016-17 wheat production is likely to be around 98.8 MMT which is higher compared to third advance estimate of 97.4 MMT. The total food grain production has been pegged at 275.68 MMT compared to 251.57 MMT in final estimate of 2015-16.

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 milling wheat prices with 12.5% protein content increased by around \$3 per tonne compared to last week. The rise in prices was due to strong rouble. Russia is expected to produce 80-82 MMT of wheat this year compared to 72 MMT last year. As of now Russian milling wheat with 12.5% protein content at Novorossiysk port is being quoted at FoB \$181-185/tonne whereas milling wheat with 11.5% protein content is being quoted at FoB \$169-174/tonne.

Australia's quotes for APW have increased to \$230/T highest in last two weeks. Dry weather accompanied with firm Australian dollar has led to an increase of \$3.50/T in last two weeks. Production is likely to be around 22 MMT compared to last year's exceptional crop of 35 MMT.

As on 01st September Russia has harvested 67.8 million tonnes of wheat compared to 63.8 million tonnes a year ago for the same date. Around 17.7 million hectares of area has been harvested with an average yield of 3.84 tonnes per hectare compared to 20.1 million hectares with an average yield of 3.17 tonnes per hectare a year ago for same date. Russia is expected to harvest 80-82 million tonnes of wheat in 2017.

The world's largest buyer of wheat has extended 13.5% moisture content limit by nine months. The extension was first implemented in February for nine months which was about to expire in October. The new nine month period will be active from 03rd October'17. However excessive moisture can reduce quality and increase risk of mould and insect damage. The limit has been extended to increase healthy competition among different origins that are willing to supply wheat in state tenders.

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

Wheat Futures Contract: NCDEX Price								Date:08.09.2017	
Contract Month	Ch. from previous day	Open	High	Low	Close	Volume	Ch. From previous day	OI	Ch. From previous day
17-Sep	-11	1630	1635	1613	1618	5390	4,170	7980	-2,460
17-Oct	-4	1652	1657	1645	1649	4610	3,500	9500	2,130
17-Nov	3	1677	1677	1677	1680	450	20	-	-

Spread	Sep-17	Oct-17	Nov-17	
Spot Narela				
17-Sep	-47			
17-Oct		31		
17-Nov			31	

Stocks	Demat	In- Process	Total	FED
	08.Sep.17	08.Sep.17	08.Sep.17	04.Sep.17
Delhi	-	-	-	-
Itarsi	-	-	-	-
Kanpur	-	-	-	-
Kota	12557	0	12557	12557
Rajkot	-	-	-	-

Wheat Daily Prices and Arrivals on 09.09.2017

Centre	Market	Variety	Prices (Rs/Qtl)		Change
			9-Sep-17	8-Sep-17	
Delhi	Lawrence Road	Mill Delivery	1765	1765	Unch
	Narella	Mill Quality Loose	1665	1665	Unch
	Nazafgarh	Mill Quality Loose	1670	1670	Unch
Gujarat	Rajkot	Mill Delivery	1590	1600	-10
	Ahmedabad	Mill Delivery	1740	1740	Unch
	Surat	Mill Delivery	1780	1780	Unch
	Dhrol	Mill Quality Loose	NR	1725	-
M.P.	Indore	Mill Delivery	1650	1650	Unch
	Bhopal	Mill Quality Loose	1700	1680	20
Rajasthan	Kota	Mill Quality Loose	1530	1535	-5
		Mill Delivery	1630	1635	-5
U.P.	Kanpur	Mill Delivery	1715	1710	5
	Mathura	Mill Quality Loose	1585	1585	Unch
	Kosi	Mill Quality Loose	1585	1575	10
	Hathras	Mill Quality Loose	1580	1585	-5
	Aligarh	Mill Quality Loose	1600	1600	Unch
Punjab	Khanna	Mill Quality Loose	1675	1660	15
	Ludhiana (Jagraon)	Mill Delivery	NA	NA	-
Haryana	Sirsa	Mill Delivery loose	1700	1700	Unch
	Hodal	Mill Delivery	1740	1740	Unch

	Bhiwani	Mill Quality Loose	1670	1670	Unch
	Karnal	Mill Delivery	1675	1675	Unch
	Panipat	Mill Quality Loose	1625	1625	Unch
Tamil Nadu	Chennai	Mill Quality	1900	1900	Unch
	Madurai	Mill Quality	1957	1957	Unch
	Coimbatore	Mill Quality	1957	1957	Unch
Bihar	Khagariya	Mill Delivery	1650	1650	Unch
	Muzaffarpur	Mill Delivery	1615	1615	Unch
FOR	Kandla (Rajasthan-Rajkot)	Mill Quality	NR	NR	-
	Gandhidham (Rajasthan-Rajkot)	Mill Quality	NR	NR	-

Centre	Market	Variety	Prices (Rs/Qtl)		Change
			9-Sep-17	8-Sep-17	
Gujarat	Rajkot	Lokwan	1750	1750	Unch
M.P.	Indore	Lokwan	1900	1900	Unch
	Bhopal	Lokwan	1750	1725	25
	Bina	Sarbati 306	2250	2250	Unch
Rajasthan	Kota	LokwanBilty	1700	1700	Unch
	Baran	Lokwan	NR	NR	-

Wheat Arrivals in Key Centers:

Centre	Market	Variety	Arrivals (Bags/Qtl)		Change
			9-Sep-17	8-Sep-17	
Delhi	Lawrence Road	Mill Delivery	8000	9000	-1000
	Narella	Mill Quality Loose	NR	600	-
	Nazafgarh	Mill Quality Loose	200	400	-200
Gujarat	Rajkot	Mill Quality Loose	800	800	Unch
	Dhrol	Mill Quality Loose	NR	84	-
M.P.	Indore	Mill Quality Loose	1500	2000	-500
Rajasthan	Kota	Mill Quality	7000	8000	-1000
U.P.	Kanpur	Mill Quality Loose	1000	500	500
	Mathura	Mill Quality Loose	900	900	Unch
	Kosi	Mill Quality Loose	300	500	-200
	Hathras	Mill Quality Loose	300	350	-50
	Aligarh	Mill Quality Loose	500	400	100
Punjab	Khanna	Mill Quality Loose	300	700	-400
	(Ludhiana)Jagraon	Mill Quality Loose	NA	NA	-
Haryana	Sirsa	Mill Quality Loose	100	200	-100
	Hodal	Mill Quality Loose	30	50	-20
	Bhiwani	Mill Quality Loose	200	400	-200

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

Wheat Products Delhi	9-Sep-17	8-Sep-17	Change
Atta (50kg) Ordinary	940	940	Unch
Maida Grade 1 (50KG)	1125	1125	Unch
Suji (50kg)	1185	1185	Unch
Chokar (50 kg)	749	749	Unch
Chokar (34 kg)	504	504	Unch
Chakki Atta (50kg)	975	975	Unch
Chakki Atta (50kg) Special	975	975	Unch
Chakki Atta (90kg) Superfine	NA	NA	-
Chakki Atta (50kg) Superfine	1065	1065	Unch

Wheat (CBOT) Future Price:08.09.2017					
Contract Month	Open	High	Low	Close	Change
17-Sep	415.75	415.75	412.50	413.75	0.25
17-Dec	436.75	442.00	435.50	437.75	0.50
18-Mar	458.00	463.75	458.00	459.25	0.50
18-May	471.50	477.50	471.25	473.50	1.50
18-Jul	486.00	490.25	485.00	486.75	2.00
18-Sep	499.25	504.75	499.25	501.75	2.25

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