

**Wheat Domestic Fundamentals:**

**Government is likely to increase import duty on wheat by 10-15% from current level of 10% in order to provide support to domestic prices and reduce imports.** Furthermore sowing of wheat is likely to start after Diwali and if farmers do not see any firmness in prices, acreage might fall in the upcoming season.

**Import quotes for wheat from different origins to Tuticorin port witnessed steady to firm tone in the last week.** As of now Tuticorin port price for APW is Rs 1880 per quintal, ASW is Rs 1820 per quintal and Ukrainian wheat at Rs 1700 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.

**All India average monthly prices for wheat increased by 6.85 percent from Rs 1769.02 (in August) to Rs 1890.24 per qtl in September-2017.** Average price (September) is higher by 7.80 percent compared to price (Rs 1753.40 per qtl.) registered in September-2016. Demand from south Indian millers is weak and government may increase import duty in order to curb imports and provide support to domestic prices.

**India has received 841.3 mm of actual rainfall against 887.5 mm of normal rainfall in 2017 monsoon.** In 2017 monsoon season deficient rainfall were recorded in Punjab, Haryana, Chandigarh, Delhi, Uttar Pradesh, East Madhya Pradesh and Vidharba. All other remaining regions received normal or excess rainfall. Excess rainfall was recorded in west Rajasthan, Saurashtra & kutch, Rayalseema, Tamil Nadu and Pondicherry.

**FCI has offered a total of 15177552 tonnes of wheat through E-Auction since June until third tender in September.** 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, 43550 tonnes was sold in August against offered quantity of 5770100 tonnes and 16350 tonnes has been sold in three tenders of September against offered quantity of 3368800.

**The demand for Indian wheat in the international market is low. Export window remains restricted due to huge disparity.** Other countries like Australia, Russia and Ukraine are able to provide wheat at lower quotes compared to India. In the month of July, India exported 11.65 thousand tonnes of wheat compared to 10.54 in the previous month. India has exported 99.91 thousand tonnes of wheat since April'17 until July'17.

**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:**

**GASC has purchased 180000 tonnes of Russian wheat through tender.** Grant Logistics offered 60000 tonnes of Russian wheat at FoB \$197.95 per tonnes; Friends offered 60000 tonnes and 60000 tonnes of Russian wheat at FoB \$199.00 per tonne and FoB \$200.00 per tonne respectively.

**Algeria state grains agency OAIC has bought around 480000 tonnes of milling wheat** in a tender that closed on Thursday. The prices paid were in the range of \$211.00 - \$212.00 per tonne (Cost and Freight). The quantity to be shipped is due in December. Major part of the quantity is likely to be sourced from France.

**As per U.S. department of Agriculture, on 02nd October around 36% of winter wheat has been planted compared to 41% a year ago.** Production for 2017-18 is expected to be 47.33 MMT compared to 62.85 MMT last year.

**Russian milling wheat prices with 12.5% protein content increased by around \$4-5 per tonne compared to last week. Prices have strengthened compared to last week as farmers are holding on to their stocks.** Farmer selling is expected to be moderate in coming week. As per traders prices have already touched their lowest level. 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 \$190-194/tonne whereas milling wheat with 11.5% protein content is being quoted at FoB \$180-185/tonne.

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

Wheat Futures Contract: NCDEX Price								Date:05.10.2017	
Contract Month	Ch. from previous day	Open	High	Low	Close	Volume	Ch. From previous day	OI	Ch. From previous day
17-Oct	26	1623	1645	1622	1643	1170	-490	6680	-550
17-Nov	28	1646	1670	1646	1670	1930	110	7540	470
17-Dec	29	1656	1685	1684	1685	60	50	60	30

Spread	Oct-17	Nov-17	Dec-17	
Spot Narela				
17-Oct	-32			
17-Nov		27		
17-Dec			15	

Stocks	Demat	In- Process	Total	FED
	4.Oct.17	4.Oct.17	4.Oct.17	29.Sep.17
Delhi	-	-	-	-
Itarsi	-	-	-	-
Kanpur	-	-	-	-
Kota	12756	0	12756	12757
Rajkot	-	-	-	-

## Wheat Daily Prices and Arrivals on 5.10.2017

Centre	Market	Variety	Prices (Rs/Qtl)		Change
			5-Oct-17	4-Oct-17	
Delhi	Lawrence Road	Mill Delivery	1765	1760	5
	Narella	Mill Quality Loose	1675	Closed	-
	Nazafgarh	Mill Quality Loose	1665	Closed	-
Gujarat	Rajkot	Mill Delivery	1560	1555	5
	Ahmedabad	Mill Delivery	1750	1720	30
	Surat	Mill Delivery	1780	1760	20
	Dhrol	Mill Quality Loose	1665	1665	Unch
M.P.	Indore	Mill Delivery	1650	1650	Unch
	Bhopal	Mill Quality Loose	1625	1625	Unch
Rajasthan	Kota	Mill Quality Loose	1530	Closed	-
		Mill Delivery	1620	Closed	-
U.P.	Kanpur	Mill Delivery	1700	1705	-5
	Mathura	Mill Quality Loose	1580	1585	-5
	Kosi	Mill Quality Loose	1590	1600	-10
	Hathras	Mill Quality Loose	1580	1640	-60
	Aligarh	Mill Quality Loose	1590	Closed	-
Punjab	Khanna	Mill Quality Loose	1680	1660	20
	Ludhiana (Jagraon)	Mill Delivery	NA	NA	-
Haryana	Sirsa	Mill Delivery loose	1695	1695	Unch
	Hodal	Mill Delivery	1740	1740	Unch

	Bhiwani	Mill Quality Loose	1680	1690	-10
	Karnal	Mill Delivery	1670	1670	Unch
	Panipat	Mill Quality Loose	1625	1625	Unch
Tamil Nadu	Chennai	Mill Quality	1950	Closed	-
	Madurai	Mill Quality	2007	Closed	-
	Coimbatore	Mill Quality	2007	Closed	-
Bihar	Khagariya	Mill Delivery	1600	1600	Unch
	Muzaffarpur	Mill Delivery	1600	1600	Unch
FOR	Kandla (Rajasthan-Rajkot)	Mill Quality	NR	NR	-
	Gandhidham (Rajasthan-Rajkot)	Mill Quality	NR	NR	-

Centre	Market	Variety	Prices (Rs/Qtl)		Change
			5-Oct-17	4-Oct-17	
Gujarat	Rajkot	Lokwan	1800	1800	Unch
M.P.	Indore	Lokwan	2000	2000	Unch
	Bhopal	Lokwan	1675	1675	Unch
	Bina	Sarbati 306	Closed	Closed	-
Rajasthan	Kota	LokwanBilty	1650	Closed	-
	Baran	Lokwan	NR	NR	-

## Wheat Arrivals in Key Centers:

Centre	Market	Variety	Arrivals (Bags/Qtl)		Change
			5-Oct-17	4-Oct-17	
Delhi	Lawrence Road	Mill Delivery	8000	9000	-1000
	Narella	Mill Quality Loose	700	Closed	-
	Nazafgarh	Mill Quality Loose	200	Closed	-
Gujarat	Rajkot	Mill Quality Loose	500	700	-200
	Dhrol	Mill Quality Loose	72	75	-3
M.P.	Indore	Mill Quality Loose	1000	1000	Unch
Rajasthan	Kota	Mill Quality	3000	Closed	-
U.P.	Kanpur	Mill Quality Loose	1000	400	600
	Mathura	Mill Quality Loose	500	1500	-1000
	Kosi	Mill Quality Loose	500	1300	-800
	Hathras	Mill Quality Loose	150	400	-250
	Aligarh	Mill Quality Loose	700	Closed	-
Punjab	Khanna	Mill Quality Loose	300	500	-200
	(Ludhiana)Jagraon	Mill Quality Loose	NA	NA	-
Haryana	Sirsa	Mill Quality Loose	200	200	Unch
	Hodal	Mill Quality Loose	20	20	Unch
	Bhiwani	Mill Quality Loose	200	200	Unch

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

Wheat (CBOT) Future Price:4.10.2017					
Contract Month	Open	High	Low	Close	Change
17-Dec	448.75	449.25	441.50	442.00	-6.00
18-Mar	465.50	466.50	459.75	460.50	-5.00
18-May	479.25	479.25	473.00	474.25	-4.00
18-Jul	490.75	490.75	484.50	486.25	-3.75
18-Sep	505.50	505.75	499.50	501.50	-3.75
18-Dec	524.00	524.50	518.75	520.75	-3.75

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