

Wheat Domestic Fundamentals:

India is likely to increase import duty on wheat from 10 percent to 20 percent. India has scrapped import duty on wheat in December 2016 and reinstated 10 percent duty in March 2017 due to cheaper imports compared to domestic wheat prices. Millers in South India have put their import contracts on hold due to speculation regarding import duty.

As per Afghanistan Chamber of Commerce and Industries (ACCI), India will send around 130000 tonnes of wheat to Afghanistan via Chabahar port of Iran. This move is likely to improve trade relations of India and Afghanistan.

As per trade sources, 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 1935 per quintal, ASW is Rs 1880 per quintal and Ukrainian wheat at Rs 1740 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.

As per market sources, Government has increased MSP of wheat by Rs 110 per quintal to Rs 1735 per quintal. This will motivate farmers to sow more area and thereby boost production of wheat. Sowing of wheat has started in irrigated areas of Madhya Pradesh and Gujarat. Furthermore sowing is likely to pick up in Punjab and Haryana in upcoming days. The crop will be marketed from next year in April onwards.

All India weekly average prices increased by 1.00 percent to Rs. 1937.30 per quintal during the week ended 23rd October 2017. Wheat average price were ruling at Rs 1918.16 per quintal during 09-15 October 2017. As compared to prices in the week 16-23 October 2016, the prices are firm by 6.27 percent. Prices are expected to remain steady to firm in coming days.

Wheat WPI has increased from 137.1 in August to 137.6 in September-2017. Monthly wheat inflation has increased by 0.36 percent in September-17 compared to August-17. As compared to September-16, wheat WPI has decreased by around 1.71% compared to September-17 and increased by 9.03% compared to September -2015.

As per latest update, wheat stock in central pool as on 1st October'17 stood at around 253.00 lakh tonnes down by 9.05% compared to last month. This quantity is higher by around 18.62% compared to last year for the same month. For the month of September off take from central pool was around 25.16 lakh tonnes compared to 29.17 lakh tonnes for September'2016 and 26.04 lakh tonnes for September'2015. FCI is currently selling wheat through E-Auction at a reserve price of Rs. 1790 per quintal.

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 decreased by around \$0-1 per tonne compared to last week. Prices have become weak due to weak demand for Russian wheat in the week. Russia is expected to produce 85-90 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 \$192-194/tonne whereas milling wheat with 11.5% protein content is being quoted at FoB \$184-187/tonne.

China has reduced MSP for wheat to 2300 Yuan (\$346) per tonne in 2018 compared to 2360 Yuan per tonne. China has reduced MSP for the first time since 2004. Government buys wheat from farmers at MSP in case prices drop below that level.

Australia has signed deals with Vietnam to export 30000 tonnes APW new crop at cost and freight \$ 252 per tonne. High global stock is forcing wheat suppliers in Australia to keep their prices at lower levels. Australian wheat is being quoted at \$232 per tonne compared to \$250- \$260 per tonne. Australia's wheat output is expected to be around 20.15 MMT in 2017-18 compared to 35.5 MMT last year.

As per latest update, Japan's ministry of agriculture bought 123736 MMT of food quality wheat from United States, Canada and Australia. Around 64658 MMT has been bought from United States to be loaded between November 21 and December 20, 24150 MMT of standard white wheat has been bought from west Australia to be loaded between December 01 and December 31 and 34928 MMT with minimum protein content of 13.5 percent has been bought from Canada.

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

Wheat Futures Contract: NCDEX Price								Date:27.10.2017	
Contract Month	Ch. from previous day	Open	High	Low	Close	Volume	Ch. From previous day	OI	Ch. From previous day
17-Nov	+1	1730	1739	1730	1735	1700	+710	7720	-720
17-Dec	+7	1747	1757	1747	1757	730	+150	4280	+120
18-Jan	0	1766	1766	1766	1766	0	0	0	0

Spread	Nov-17	Dec-17	Jan-18	
Spot Narela				
17-Nov	20			
17-Dec		22		
18-Jan			9	

Stocks	Demat	In- Process	Total	FED
	26.Oct.17	26.Oct.17	26.Oct.17	23.Oct.17
Delhi	-	-	-	-
Itarsi	-	-	-	-
Kanpur	-	-	-	-
Kota	8971	0	8971	8971
Rajkot	-	-	-	-

Wheat Daily Prices and Arrivals on 27.10.2017

Centre	Market	Variety	Prices (Rs/Qtl)		Change
			27-Oct-17	26-Oct-17	
Delhi	Lawrence Road	Mill Delivery	1830	1830	Unch
	Narella	Mill Quality Loose	1715	1700	15
	Nazafgarh	Mill Quality Loose	1725	1700	25
Gujarat	Rajkot	Mill Delivery	1560	1560	Unch
	Ahmedabad	Mill Delivery	1750	1755	-5
	Surat	Mill Delivery	1800	1800	Unch
	Dhrol	Mill Quality Loose	1720	1655	65
M.P.	Indore	Mill Delivery	1650	1650	Unch
	Bhopal	Mill Quality Loose	1625	1650	-25
Rajasthan	Kota	Mill Quality Loose	1560	1560	Unch
		Mill Delivery	1640	1640	Unch
U.P.	Kanpur	Mill Delivery	1720	1720	Unch
	Mathura	Mill Quality Loose	1610	NR	-
	Kosi	Mill Quality Loose	1625	1620	5
	Hathras	Mill Quality Loose	NR	1600	-
	Aligarh	Mill Quality Loose	1560	1560	Unch
Punjab	Khanna	Mill Quality Loose	1680	1680	Unch
	Ludhiana (Jagraon)	Mill Delivery	NA	NA	-
Haryana	Sirsa	Mill Delivery loose	1730	1720	10
	Hodal	Mill Delivery	NA	NA	-

	Bhiwani	Mill Quality Loose	1720	1700	20
	Karnal	Mill Delivery	1710	1710	Unch
	Panipat	Mill Quality Loose	1625	1625	Unch
Tamil Nadu	Chennai	Mill Quality	2050	2050	Unch
	Madurai	Mill Quality	2107	2107	Unch
	Coimbatore	Mill Quality	2107	2107	Unch
Bihar	Khagariya	Mill Delivery	1650	1650	Unch
	Muzaffarpur	Mill Delivery	Closed	Closed	-
FOR	Kandla (Rajasthan-Rajkot)	Mill Quality	NR	NR	-
	Gandhidham (Rajasthan-Rajkot)	Mill Quality	NR	NR	-

Centre	Market	Variety	Prices (Rs/Qtl)		Change
			27-Oct-17	26-Oct-17	
Gujarat	Rajkot	Lokwan	1850	1850	Unch
M.P.	Indore	Lokwan	1900	1900	Unch
	Bhopal	Lokwan	1650	1700	-50
	Bina	Sarbati 306	2400	2400	Unch
Rajasthan	Kota	LokwanBilty	1750	1750	Unch
	Baran	Lokwan	1650	1650	Unch

Wheat Arrivals in Key Centers:

Centre	Market	Variety	Arrivals (Bags/Qtl)		Change
			27-Oct-17	26-Oct-17	
Delhi	Lawrence Road	Mill Delivery	6000	7000	-1000
	Narella	Mill Quality Loose	500	700	-200
	Nazafgarh	Mill Quality Loose	200	150	50
Gujarat	Rajkot	Mill Quality Loose	400	400	Unch
	Dhrol	Mill Quality Loose	41	54	-13
M.P.	Indore	Mill Quality Loose	3000	1500	1500
Rajasthan	Kota	Mill Quality	3000	3000	Unch
U.P.	Kanpur	Mill Quality Loose	600	500	100
	Mathura	Mill Quality Loose	200	NR	-
	Kosi	Mill Quality Loose	150	50	100
	Hathras	Mill Quality Loose	NR	200	-
	Aligarh	Mill Quality Loose	100	150	-50
Punjab	Khanna	Mill Quality Loose	300	300	Unch
	(Ludhiana)Jagraon	Mill Quality Loose	NA	NA	-
Haryana	Sirsa	Mill Quality Loose	200	200	Unch
	Hodal	Mill Quality Loose	NA	NA	-
	Bhiwani	Mill Quality Loose	400	600	-200

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

Wheat Products Delhi	27-Oct-17	26-Oct-17	Change
Atta (50kg) Ordinary	965	950	15
Maida Grade 1 (50KG)	1125	1115	10
Suji (50kg)	1190	1190	Unch
Chokar (50 kg)	744	744	Unch
Chokar (34 kg)	516	516	Unch
Chakki Atta (50kg)	1020	1005	15
Chakki Atta (50kg) Special	1020	1005	15
Chakki Atta (90kg) Superfine	NA	NA	-
Chakki Atta (50kg) Superfine	1090	1070	20

Wheat (CBOT) Future Price:26.10.2017					
Contract Month	Open	High	Low	Close	Change
17-Dec	435.50	437.50	431.00	431.75	-3.75
18-Mar	454.00	455.75	449.25	450.25	-3.50
18-May	467.75	469.50	463.50	464.25	-3.50
18-Jul	480.50	483.00	476.75	478.50	-2.75
18-Sep	496.50	498.25	493.25	494.50	-2.25
18-Dec	515.50	516.00	510.75	512.50	-2.75

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