

Wheat Monthly Research Report

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Market Dynamics:

Price Trend: All India average monthly prices for wheat decreased by 4.13 percent from Rs 1874.71 (in March) to Rs 1816.5 per qtl in April-2017. Better crop prospects for have weakened inner tone in the market. Average price (April) is higher by 5.28 percent compared to price (Rs 1725.36 per qtl.) registered in April -2016. Higher import volume would restrict demand from south Indian millers. Government has imposed import duty of 10 percent to restrict flow of imports.

Production Estimate: Agriwatch has given its production estimate of 93.5 MMT for 2017-18. Carryout is expected to be around 13.98 MMT. Availability would be 108.48 MMT, higher compared to last year on account of increased production. Consumption is likely to be around 94 MMT. Directorate of Economics & Statistics has maintained production figure at 93.50 MMT in fourth Adv estimate released on 2nd Aug-2016 against target of 94.75 for the year. Final figure is likely to be revised down as per market expectation.

Export-: At export front prevailing market conditions are not in favour of Indian exporters due to huge price gap. The difference is around \$72-75 per tonne from Black Sea Region. Russia/Ukraine is offering wheat at \$180.5/182 per tonne on FoB basis while Indian FoB at Kandla port comes to \$254.91 per tonne. India exported 30.88 thousand tonne wheat in January at an average FoB of \$323.37 per tonne. Total export in current MY till January-2017 was registered around 68.414 thousand tonne from 1st April'16. For current MY till October average FoB comes to \$340.61 per tonne. There is no hope for any recovery at export front this year.

Import: At import front, government has imposed 10 percent import duty in order to reduce flow of imports and provide domestic crop favourable grounds. In January India imported 11.34 lakh tonne wheat at an average CiF of \$219.80 per tonne compared to 5.66 lakh tonnes in the month of December. Import will continue but volume is likely to decrease. India is expected to import 2 to 3 million tonnes in 2017-18 Marketing year.

FoB/CiF Quotes: Indian FoB quote is hovering around \$255-265 per tonne. Against it Russia, Ukraine, France, US and Australia are offering wheat at \$180.5, \$182, \$164.5, \$182.4 and \$187.11 per tonne respectively. Indian flour millers have purchased around 150000 tonnes of Australian wheat with protein content of 9 percent for May shipment. The said quantity was purchased at \$220-221 per tonne including cost and freight.

Supply-Demand: Supply side for FAQ wheat is likely to be normal as arrivals are at peak in central and North India. As compared to last year arrivals are higher and are likely to increase further in coming weeks. Import duty levied by government will slightly increase demand by south Indian millers. Furthermore government is also procuring intensively to meet their increased target and replenish their stocks.

Procurement Target: Government has fixed wheat procurement target at 33MMT for 2017-18. Of the total target around 11.5 MMT will be procured from Punjab, 8.5 MMT from Madhya Pradesh, 7.5 MMT from Haryana, 3MMT from Uttar Pradesh and 1.7 MMT from Rajasthan.

Outlook & Recommendation: Wheat cash market is expected to trade range bound to slightly weak in the short to medium term.

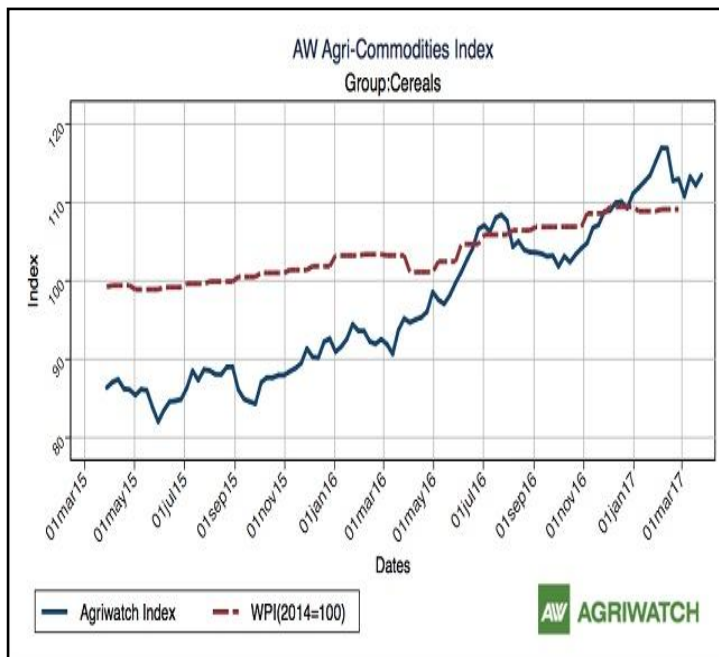
Trade Call: Stake holders should trade taking care of lower and upper price band of Rs 1505 & 1700 respectively.

Weather Update: IMD has forecasted near normal monsoon with close to 50% probability that El Nino will occur during the period of July-September. This forecast was further reduced to 40% by IMD. Although international agencies like National oceanic and atmospheric administration (NOAA) and Australian Bureau of meteorology (ABM) have predicted close to 50% probability of El Nino. NOAA and ABM will release their next forecast on 11th May and 26th April. As per US-based International Research Institute for Climate and Society there is a probability of around 55% of El Nino occurring in May-July and 70% that it will occur in July-September. If the probability increases in coming time period it will lead to a poor southwest monsoon thereby leading to unfavourable condition for the crops.

AW Cereals Index:

The Agriwatch Agri Commodities Index rose 0.74% to 110.34 during the week ended March 25, 2017 from 109.53 during the previous week led by higher cereals and pulses. The base for the Index and all sub-Indices is 2014 (= 100).

Seven of the 9 commodity group sub-Indices and 15 of the 29 individual commodity sub-Indices that constitute the main Index gained during the week. Spices and Sweeteners were the only declining groups this week. The commodity group sub-Index values and their weekly changes are as follows: Cereals: 113.47 (+1.16%), Pulses: 137.35 (+3.20%), Vegetables: 41.18 (+0.41%), Edible Oils: 104.47 (+0.60%), Oilseeds: 90.01 (+0.80%), Spices: 97.92 (-3.29%), Sweeteners: 125.31 (-0.44%), Fibres: 115.44 (+1.72%) and Other Non-Food Articles: 95.34 (+0.08%).



"Agriwatch has recently launched its AW Agri Commodity Indices to enable organizations access independent Indices to track and use to benchmark their purchases and sales. The Indices are based on the daily prices in the key benchmark markets for each commodity that AW has been covering for the past decade. The indices include an Aggregate Index, Category Indices and individual commodity indices. The weekly indices are free to access on our website www.agriwatch.com. The daily indices are available on subscription. Please contact for more details."

India's Wheat Quarterly Balance Sheet For 2017-18:

Wheat MY Runs From April To March	2016-17	2017-18	Apr-Jun	July-Sep	Oct-Dec	Jan-Mar
Carry in	15.38	11.98	11.98	82.43	59.63	36.88
Production	85.1	93.5	93.5	0	0	0
Imports	6	3	0.55	0.9	0.85	0.7
Total Availability (A+B+C)	106.48	108.48	106.03	83.33	60.48	37.58
Consumption	94	94	23.5	23.5	23.5	23.5
Exports	0.5	0.5	0.1	0.2	0.1	0.1
Total Usage (E+F)	94.5	94.5	23.6	23.7	23.6	23.6
Carry out (D-G)	11.98	13.98	82.43	59.63	36.88	13.98
Av Monthly Consumption	7.83	7.83	1.96	1.96	1.96	1.96
Stock to Month Use	1.53	1.78	42.09	30.45	18.83	7.14
Stock to Consumption Ratio	0.02	0.02	1.79	1.30	0.80	0.30

*Agriwatch Estimate

Supply-Demand Highlights:

Wheat production in India for 2016-17 crop year (to be marketed in 2017-18) is expected to be around 93.5 MMT given normal condition in February- March, 2017. Carryout is expected to be around 13.98 MMT. Availability would be 108.48 MMT, higher compared to last year on account of increased production.

Wheat stock in government godowns has fallen to a five-year low of 9.429 million tonnes as on 1st March, which is lower than the buffer-cum-strategic reserve norm of 12.8 million tonnes. This insecure position is however offset by ample global supplies and expectations of good domestic crop under the normal conditions.

This season will start with a carryout of 8.98 MMT. Higher production this year will increase carry out for 2017-18 to 12.18 MMT

At export front, there is not much scope for Indian wheat exporters due to cheaper price in Russia, Australia, US, Argentina and France. Russia, Argentina and Ukraine are offering wheat at \$72-75 per tonne lower than India. So, there is no export window available for bulk export from India. India would be able to export hardly 1MMT wheat in 2016-17 in neighbouring countries. Import window is still open and India is expected to import 2 to 3 million tonnes in 2017-18 Marketing year.

Domestic Market Highlights:

Government agencies have started procurement since 15th March'17. Until 05th May'17 government has procured around 258 lakh tonnes of wheat. Of the total quantity procured, around 54.08 lakh tonnes has been procured from Madhya Pradesh, 72.01 lakh tonnes from Haryana, 112.20 lakh tonnes from Punjab and 11.40 lakh tonnes from Uttar Pradesh. In Rabi marketing season 2017-18 government has set procurement target of 330 LMT. Government has achieved 78.18% of its procurement target. Last year government was able to procure only 229 lakh tonnes due to lower production.

Wheat WPI has decreased from 247.7 in February to 238.8 in March-2017. Monthly wheat inflation has decreased by 3.59 percent in March-17 compared to February-17. As compared to March-16, wheat WPI has increased by around 4.65% and by 10.81% compared to February -2015.

Government has imposed 10 percent import duty on wheat in order to restrict imports and provide favourable grounds for domestic crops. In the current MY 2016-17, around 6 MMT of wheat has already been imported. India is expecting a good crop this year and government has set a procurement target of 33 MMT higher by 10% compared to last year. Currently Australian and Ukrainian FoB are coming around \$187/tonne and \$182/tonne.

The government has decided to increase the minimum support price of wheat by Rs 100 per quintal to Rs 1625 per quintal for 2016-17. The hike is around 6.6 percent higher compared to last year and 5.2 percent higher compared to 2015.

According to latest update, area sown until 03rd 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.

Area Coverage under Wheat Till 03rd February-2017:

State Wise Progressive Wheat Sowing Till 03.02.2017				
State	Normal area	This Year	Last Year	% Change
Assam	0.34	0.12	0.00	0.00
Bihar	21.34	22.95	22.73	0.97
Chhattisgarh	1.04	1.736	1.58	9.87
Gujarat	11.56	9.96	9.01	10.54
Haryana	25.39	25.38	25.11	1.08
H.P.	3.51	3.59	3.60	-0.28
J&K(J)	3.04	2.31	2.45	-5.71
Manipur	0.00	0.00	0.00	0.00
Meghalaya	0.00	0.00	0.00	0.00
Jharkhand	1.66	2.08	1.60	30.00
Karnataka	2.06	1.57	1.74	-9.77
M.P.	54.96	64.22	56.34	13.99
Maharashtra	8.82	10.52	6.29	67.25
Punjab	35.11	35	34.97	0.09
Tamil Nadu	0.00	0.00	0.00	0.00
Telengana	0.00	0.00	0.00	0.00
Tripura	0.00	0.00	0.00	0.00
Rajasthan	30.47	30.677	29.66	3.43
Uttar Pradesh	97.59	100.52	94.99	5.82
Uttarakhand	3.53	3.59	3.58	0.28
West Bengal	3.29	3.39	3.45	-1.74
Others	0.35	0.21	0.16	31.25
All India	304.05	317.81	297.25	6.92

Wheat Procurement Status Till 21st April-2017 (Source: FCI)

State	Total Procurement In Marketing Season 2016-17(April To July)	Progressive Procurement As on 21.04.2017(Fig In Lakh Tonne)		
		In Marketing Season 2017-18	In Marketing Season 2016-17	% Ch Over Previous Year
Punjab	106.44	64.34	57.43	+12.03
Haryana	67.22	57.13	54.11	+2600.00
Gujarat	0.00109	0.027	0.001	+205.71
Uttar Pradesh	8.2376	3.21	1.05	+14.77
MP	39.9	35.90	31.28	+104.81
Rajasthan	7.617	3.83	1.87	+600.00
Others	0.02	0.063	0.009	+12.82
All India	229.44	164.52	145.75	+5.58

Monthly Average Price Comparison:

All India average monthly prices for wheat decreased by 4.13 percent from Rs 1874.71 (in March) to Rs 1816.5 per qtl in April-2017. Average prices moved up in all States except Assam, Gujarat, Haryana, Madhya Pradesh, Rajasthan and Telangana.

Prices are likely to stay steady to slightly weak as pressure of arrivals will continue in coming weeks from north and central India. As of now arrivals as well as procurement are higher compared to last year. Furthermore government has imposed 10 percent import duty on wheat in order to reduce import flow and provide favourable grounds for domestic crop. If the government wants to completely restricts imports it should employ 25 percent import duty. However government has no intention of increasing import duty as of now.

Mill Delivery Wheat Weekly Average Price Movement at key Spot Market:

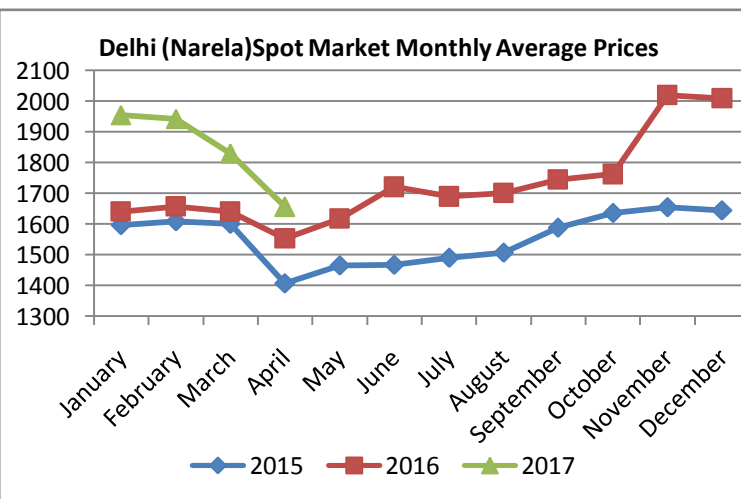
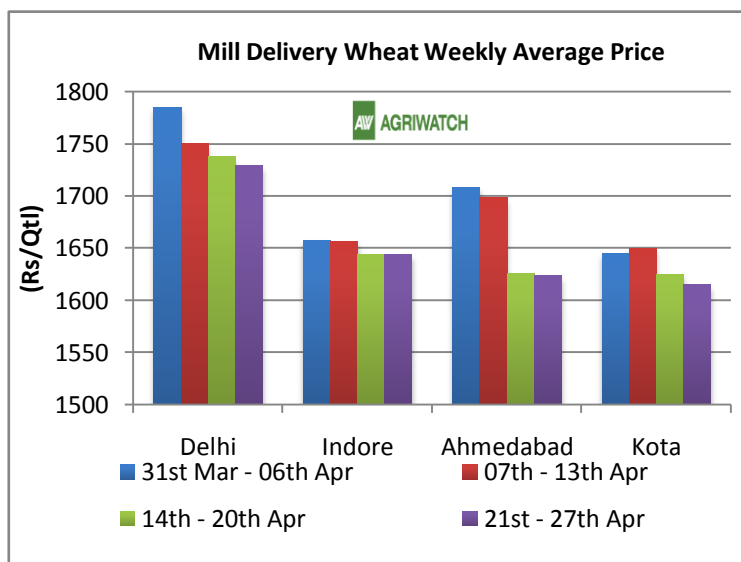
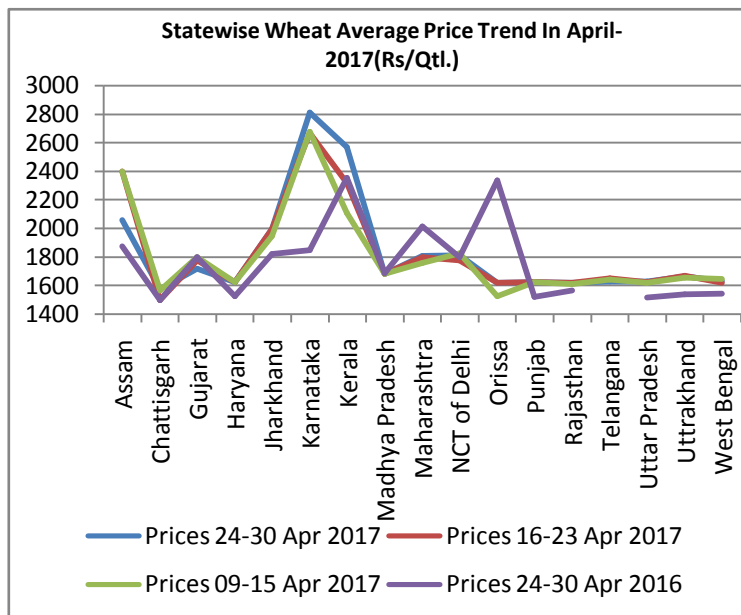
Wheat average mill delivery prices traded slightly weak in Indore, Delhi and Ahmedabad and kota during 21st-27th April. Prices are expected to remain steady to slightly weak.

Procurement has crossed the mark of 22 MMT and government is likely to achieve its procurement target. Arrivals as well as progressive procurement are higher compared to last year during the same period. As of now government is procuring in Gujarat, Rajasthan, Madhya Pradesh, Punjab and Haryana. Furthermore in Uttar Pradesh government has announced a bonus of Rs 10/Qtl. above MSP and additional procurement centres will also be established in U.P.

Wheat Delhi Average Monthly Price:

Wheat spot market Delhi (Narela) average price decreased from Rs 1829.54 in March-17 to Rs 1656.43 per quintal in April-2017. The prices are weak by 9.46 percent compared to last month and firm by 6.66 percent compared to last year for the same month.

Cash market at Delhi (Narela) has become weak because of arrival of new crop in north India.



Wheat Exports:

According to latest update, India exported around 30.88 thousand tonne wheat in the month of January-2017 at an average FoB price of \$323.37 per tonne.

It is around 23.04 thousand tonnes higher compared to exported quantity (7.84 thousand tonne) in December-2016. Overall condition for Indian wheat export is not favourable and export volume would remain low in February too.

Export volume would not increase much as prices in domestic market still rule higher and other exporting countries are offering wheat at cheaper price (\$70 to \$90 per tonne lower from domestic price) with assured quality and delivery schedule. Huge gap between prices continue to affect wheat export from India.

Source: DGCIS, *Provisional data from IBIS

Yearly/Monthly Quantity	Wheat Export(Lakh T)	Average FOB Quotes India(USD/MT)	CBOT Average Quotes (USD/MT)
Sept 11- Mar 12	7.4	232.12	237.46
Apr 12 - Mar 13	65.14	298.18	286.71
Apr 13 - Mar 14	55.59	282.82	241.60
Apr-14-Mar-15	27.5	279.96	230.37
Apr-15-Mar-16	2.01	294.88	179.90
16-Apr	4.21	297.54	173.04
16-May	4.96	288.80	175.98
16-Jun	5.18	304.37	157.61
16-Jul	5.09	399.05	156.15
16-Aug	2.31	349.52	148.80
16-Sep	1.29	374.53	142.21
16-Oct	2.99	373.89	150.32
16-Nov	3.35	373.81	148.36
16-Dec	7.84	325.12	145.91
17-Jan	30.88	323.37	155.68
17-Feb			
17-Mar			
Total 2016-17("000"T)	68.414	340.61	156.66

Wheat Import :

India imported around 5.02 lakh tonne wheat during 2015-16 MY. In 2017-18 MY import volume is likely to be around 2-3 MMT compared to 6 MMT in last MY. In the month of January-2017 India imported around 11.34 lakh tonne wheat from Russia, Bulgaria, Ukraine and Australia compared to 5.66 lakh tonnes in December-16.

Yearly average CiF comes to \$272.73 per tonne for 2015-16. This year CiF average quote comes to 219.80 per tonne. FoB quote in Black Sea region has decreased to \$180.5-182 per tonne in April compared to \$183.5-185 per tonne. Added capacity at Ukrainian ports has reduced export cost further. Government has decided to keep import duty unchanged at 10% for now.

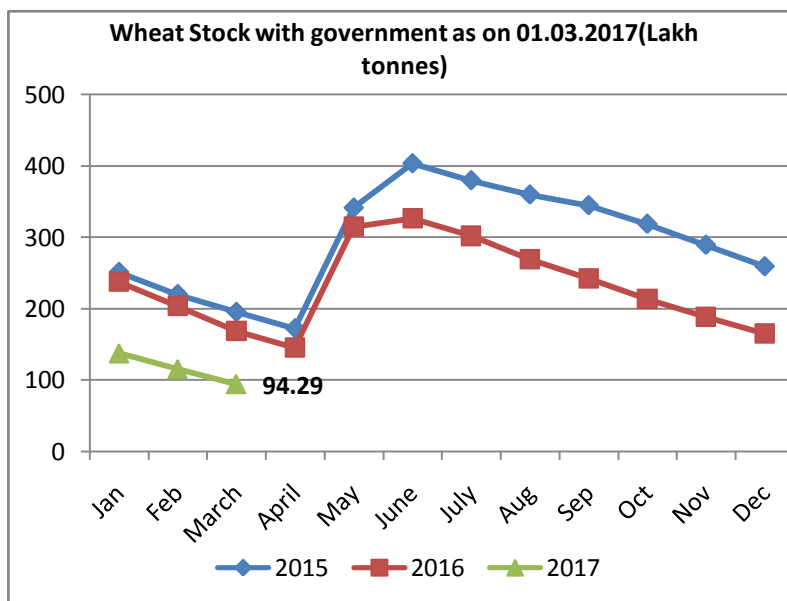
Source: DGCIS, *Provisional data from IBIS

April -2015 (MY-2015-16)	Wheat Import(In Thousand Tonne)	Average CIF Quotes India(USD/MT)	CBOT Average Quotes (USD/MT)
Apr-15 To Mar-16	502.31	272.73	179.71
16-Apr	0	0	173.04
16-May	0	0	174.51
16-Jun	0	0	157.61
16-Jul	50.909	191.93	156.15
16-Aug	242.21	235.06	148.8
16-Sep	335.34	231.32	142.21
16-Oct	353.75	225.14	150.32
16-Nov	554.86	221.97	148.36
16-Dec	566.15	217.37	145.91
17-Jan	1134.06	215.81	155.68
17-Feb			
17-Mar			
Total 2016-17	3237.319	219.80	156.65

Wheat Stocks with the Government as on 1st of Every Month

Wheat stock in government's ware houses on 01.03.2017 was registered at 94.29 lakh tonne. It is lower by 18.19 % from February-2017. Central pool stock has been declining from 2013 owing to export and lower production/procurement. Wheat ending stock is likely to be around 85 lakh tonnes as on 15th March-2017.

Available stock in central pool is below the revised stocking norms as of now. Government has increased its procurement target to 33 MMT from last year's 30 MMT. Government is procuring intensively this marketing year to replenish its stock and as on 31st March-2017 procurement is around 7 lakh tonnes.

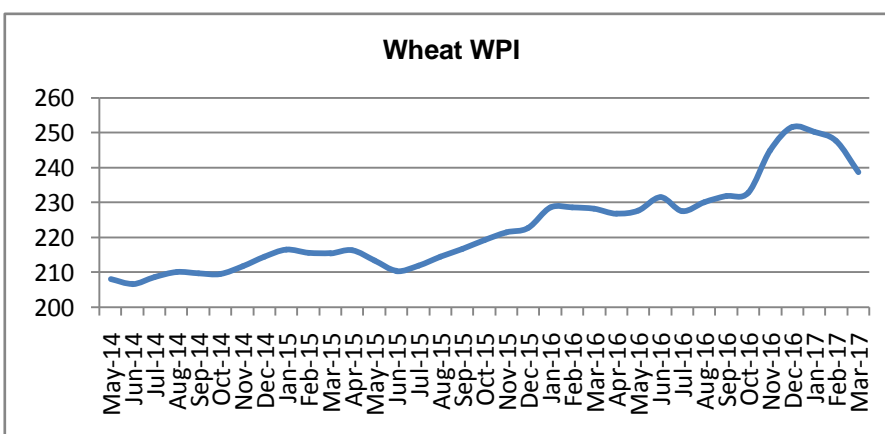


Wheat Inflation:

Month/Year	2013	2014	2015	2016	2017
Jan	205.4	220.9	216.6	228.6	250.3
Feb	206.9	220.7	215.6	228.6	247.7
Mar	206.3	218.2	215.5	228.2	238.8
Apr	204.2	212.9	216.1	226.9	
May	201.3	208.1	213.1	227.7	
Jun	205	206.7	210.8	231.5	
Jul	206.2	208.7	212.9	227.6	
Aug	205.3	210.1	214.5	230.2	
Sep	210.1	209.7	216.8	231.9	
Oct	213.6	209.5	219.1	232.9	
Nov	217.1	211.7	221.3	245	
Dec	220.5	214.5	223.1	251.7	

Wheat WPI has decreased from 247.7 in February to 238.8 in March-2017. Monthly wheat inflation has decreased by 3.59 percent in March-17 compared to February-17. As compared to March-16, wheat WPI has increased by around 4.65% and by 10.81% compared to February - 2015.

Weight: 1.11595, base year-2004-05=100



Monthly Average Prices At Various Market(Rs/Quintal)					
	Delhi	Indore	Kota	Rajkot	Chennai
14-Oct	1613.39	1575.14	1564.75	1540.33	1792.14
14-Nov	1625.21	1595.23	1563.75	1626.59	1814.38
14-Dec	1647.12	1637.05	1603.65	1649.42	1831.54
15-Jan	1669.60	1682.95	1666.36	1713.48	1843.18
15-Feb	1672.73	1563.86	1590.68	1565.43	1802.27
15-Mar	1652.48	1449.00	1487.63	1459.67	1720.26
15-Apr	1499.58	1434.52	1442.00	1402.05	1683.00
15-May	1506.92	1492.83	1468.60	1410.20	1700.00
15-Jun	1537.88	1518.40	1478.54	1442.71	1708.33
15-Jul	1548.08	1572.40	1546.80	1508.41	1738.00
15-Aug	1579.46	1580.68	1512.50	1520.00	1740.22
15-Sep	1652.80	1590.87	1546.59	1554.77	1768.86
15-Oct	1690.00	1689.77	1611.59	1617.92	1855.45
15-Nov	1687.73	1660.68	1604.71	1595.00	1868.24
15-Dec	1688.08	1662.20	1639.00	1593.53	1877.80
16-Jan	1698.18	1658.91	1693.18	1689.00	1852.27
16-Feb	1707.00	1613.48	1636.36	1660.63	1840.91
16-Mar	1698.40	1619.29	1581.52	1601.94	1831.52
16-Apr	1621.60	1665.79	1620.21	1632.38	1876.25
16-May	1677.69	1715.43	1660.00	1633.27	1913.04
16-Jun	1791.54	1825.40	1745.00	1773.20	2036.73
16-Jul	1778.27	1856.80	1765.42	1817.71	2089.58
16-Aug	1793.75	1877.39	1762.39	1796.75	2055.68
16-Sep	1810.40	1865.48	1749.00	1809.40	2061.00
16-Oct	1882.17	1871.43	1742.75	1831.09	2103.75
16-Nov	2150.00	2098.91	1997.37	2063.18	2310.53
16-Dec	2083.88	2018.69	1930.71	1949.63	2340.47
17-Jan	2061.60	1955.42	1936.88	1903.40	2312.50
17-Feb	1968.18	1824.77	1811.36	1779.29	2213.64
17-Mar	1899.81	1673.00	1669.23	1634.42	2053.84
17-Apr	1744.37	1649.32	1632.14	1627.37	1992.86

Source: Agriwatch

Monthly Price Comparison of Spot Markets

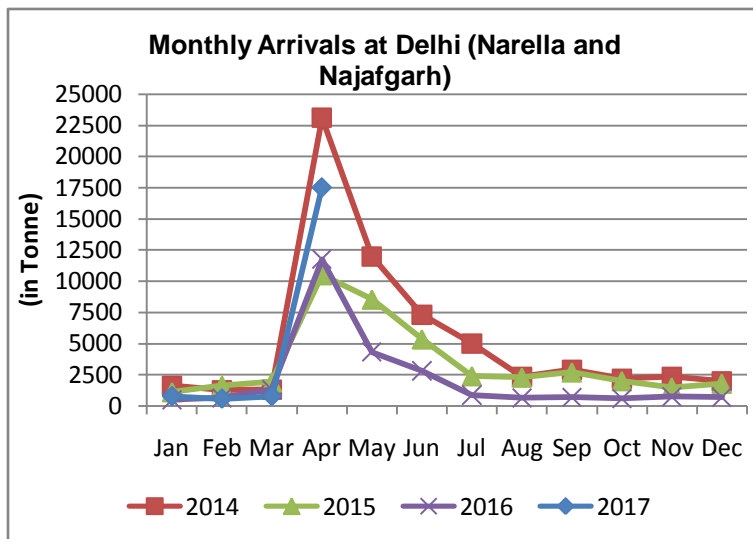
Spot Market Price:							
Centre	Market	Variety	Prices (Rs/Qtl)				
			Today	Yesterday	Week Ago	Month Ago	Year Ago
			2-May-17	1-May-17	25-Apr-17	2-Apr-17	2-May-16
Delhi	Lawrence Road	Mill Delivery	1700	1700	1730	1775	1630
	Narella	Mill Quality Loose	1635	1660	1640	1700	1580
	Nazafgarh	Mill Quality Loose	1630	1625	1615	1672	1550
Gujarat	Rajkot	Mill Delivery	1500	1525	1530	1540	1500
	Ahmedabad	Mill Delivery	1670	1680	1670	1710	1670
	Surat	Mill Quality Loose	1700	1710	1710	1740	1705
	Dhrol	Mill Delivery	1825	1860	1900	NR	1915
M.P.	Indore	Mill Quality Loose	1600	1600	1600	1600	1650
	Bhopal	Mill Delivery	1600	Closed	1625	1600	1550
Rajasthan	Kota	Mill Quality Loose	1500	1500	1520	1560	1570
		Mill Delivery	1600	1600	1625	1650	1650
U.P.	Kanpur	Mill Delivery	1715	1700	1740	1700	1615
	Mathura	Mill Quality Loose	1550	1560	1540	1600	1525
	Kosi	Mill Quality Loose	1543	1530	1530	1560	1480
	Hathras	Mill Quality Loose	1625	1650	1660	1725	1480
	Aligarh	Mill Quality Loose	1625	1625	1625	1690	1480
Punjab	Khanna	Mill Quality Loose	1635	1630	1630	1650	1525
	Ludhiana (Jagraon)	Mill Delivery	1725	1725	1725	NA	1650
Haryana	Sirsa	Mill Delivery loose	1625	1625	1625	1715	1525
	Hodal	Mill Delivery	1690	1690	1680	1740	1600
	Bhiwani	Mill Quality Loose	1650	1650	1625	1700	1550
	Karnal	Mill Quality Loose	1650	1650	1700	1725	NA
	Panipat	Mill Quality Loose	1625	1625	1625	NA	1525
Tamil Nadu	Chennai	Mill Quality	2000	2000	2000	2000	1900
	Madurai	Mill Quality	2057	2057	2057	2057	1957
	Coimbatore	Mill Quality	2057	2057	2057	2057	1957
Bihar	Khagariya	Mill Delivery	1600	1650	1625	1650	1550
	Muzaffarpur	Mill Delivery	1600	1600	1600	1700	1530

Monthly Arrivals at Delhi

Arrivals in Delhi region (Narela and Najafgarh) increased in April-2017, from 761.5 tonnes in March to 17530 tonnes in April-2017. Currently wheat is being traded at Rs 1635 per qtl.

Domestic Outlook:

Wheat cash market is expected to trade steady to slightly weak in May-2017 given the normal condition.



Wheat Technical Analysis:



* Do not carry-forward the position next month.

International Market Dynamics

As per latest update, turkey has removed tariff of 130 percent on Russian grain following the meeting between Russian President Vladimir Putin and his Turkish counterpart Recep Tayyip Erdogan in Sochi. Turkey introduced tariff on Russian grains after Moscow banned Turkish tomatoes. Turkey is the second largest export destination for Russia after Egypt.

As per latest update, Egypt has procured around 5.0 lakh tonnes of wheat since the beginning of its harvesting season from mid-April. Egypt's supply minister expects to procure around 3.8 million tonnes from local farmers until July.

The cost of shipping grains has fallen by around \$3 to \$5 per tonne to \$12 per tonne due to increased capacity. Ukraine harvested around 66 MMT of grains of which it was able to export around 42 MMT. The new export terminals launched in past years can handle more than 6 MMT and more terminals will be launched in coming years which will handle additional 15 MMT. The cost of shipping grains five years ago was around \$18-22 MMT.

Algeria's state grain agency OAIC has bought 250000 tonnes of durum wheat in a tender closed on Wednesday for shipment in June at around \$250 per tonne cost and freight. The purchase is likely to be done from Canada although the origin is optional.

As per latest update, Tunisia has bought around 75000 tonnes of soft milling wheat in three consignments of 25000 tonnes each. The first consignment was bought at \$173.85/T C&F, second at \$186.73/T C&F and third at \$189.58/T C&F. The sellers were Europemarkets, Bunge and Nidera. The said quantity is to be delivered between June 25 and August 5.

Export prices for Russian milling wheat decreased by \$1 per tonne on weekly basis. Russian wheat with a protein content of 12.5% and 11.5% for April- May delivery settled at \$186-188/tonne FoB and \$181-183/tonne FoB respectively. Milling wheat prices kept on falling in Russia due to strengthening of Rouble and sufficient market supply. Furthermore, millers have enough stocks to keep prices down.

IGC has increased its projection for wheat to 736 MMT as on 27th Apr-2017 for 2017-18. According to forecast by IGC for 2016-17 global wheat production was around 753 MMT against 736 MMT for 2015-16. The difference is around 17 MMT from previous estimate. Trade projection has been kept at 166 MMT. It is 5MMT lower compared to forecast for last year and same compared to 2015-16.

CBOT wheat witnessed downtrend from April 13th 2017 until April 24th 2017. Fall in prices was witnessed due to weather conditions. Crop condition was improved due to rains in winter wheat growing regions. In the beginning of the week around 54% of the crop was in good or excellent conditions. As per forecast of meteorological department, weather will become more conducive for crop in coming days.

Farmers in Argentina are likely to sow around 5.5 million hectares in upcoming season 2017-18. Argentina is likely to harvest 17.5 million tonnes in 2017-18 season compared to 16.3 million tonnes in 2016-17. Sowing of wheat has increased since government has removed export taxes in 2015. Wheat is planted in Argentina during June-July and harvested in December-January.

As per latest update, Japan's ministry of agriculture bought 95555 MMT of food quality wheat from United States and Canada. Around 70275 MMT has been bought from United States with protein content of 14 percent to be loaded between May 21-June 20 and 25280 MMT of western red spring wheat has been bought from Canada with minimum protein content of 13.5 percent to be loaded between June 21- July 20.

Australia's 2017 wheat crop is likely to reach 24 MMT compared to 35 MMT in 2016. The production will fall due to lower wheat prices as well as drier and warmer autumn. Furthermore exports are forecasted at 18 MMT down by around 20 percent due to lower production, strengthening Australian dollar and possibility of delays in shipping.

Global Policy Developments

Egypt: On 9 March, Egypt increased the procurement price for wheat from EGP 450 per ardeb (USD 17.06 per tonne) to EGP 555-575 per ardeb (USD 21.05-21.81 per tonne). The procurement season will run from 15 April to 15 July 2017. Furthermore, EGP 16 billion (USD 910.16 million) were allocated to the procurement of 4 million tonnes of wheat. On 22 March, Egypt extended the acceptable level of moisture content in imported wheat from 13 to 13.5 percent until November 2017.

India: On 28th March 2017, Government has imposed 10 percent import duty on wheat in order to restrict imports and provide favourable grounds for domestic crops. In the current MY 2016-17, more than 5 MMT of wheat has already been imported. India is expecting a good crop this year and government has set a procurement target of 33 MMT higher by 10% compared to last year.

Nigeria: On 16 March, the Kano State Governor in Nigeria approved NGN 50 million (USD 163 677) interest-free loan in favour of local wheat farmers.

Russia: On 30 March, Ministry of Agriculture of the Russian Federation proposed to cut wheat intervention prices for the 2017/18 (July/June) season. If approved by the anti-monopoly regulator, intervention prices will be set at RUB 12 500 (USD 216.26) for a tonne of first grade wheat; RUB 11 500 (USD 198.96) per tonne of second grade wheat; RUB 10 300 (USD 178.20) for a tonne of third grade wheat; RUB 9 000 (USD 155.70) per tonne of fourth grade wheat; and RUB 7 600 (USD 131.48) for fifth grade wheat.

South Africa: On 31 March, the South African Government lowered the wheat import tariff from ZAR 1 591 per tonne to ZAR 1190 per tonne.

Spot Prices

Date	03.05.2017	19.04.2017	12.04.2017	05.04.2017	29.03.2017
Odessa, FOB(\$/tonnes)					
Milling wheat 12,5%	180.0-183.0	182.0-185.0	184.0-186.0	186.0-189.0	185.0-187.0
Milling wheat 11,5%	178.0-180.0	179.0-182.0	180.0-183.0	181.0-184.0	182.0-185.0
Feed wheat	169.0-171.0	174.0-176.0	175.0-177.0	175.0-177.0	174.0-177.0
Novorossiysk, FOB(\$/tonnes)					
Milling wheat 12,5%	183.0-186.0	185.0-188.0	185.0-187.0	186.0-189.0	189.0-191.0
Milling wheat 11,5%	179.0-182.0	181.0-184.0	180.0-183.0	181.0-184.0	183.0-186.0
Feed wheat	171.0-173.0	174.0-177.0	175.0-177.0	175.0-177.0	174.0-177.0

Forward Prices for 2017 Crop

Origin	Commodity	Delivery period	Price (USD/MT)	
			26.04.17	03.05.17
Russia	Wheat, 12.5% protein	Aug-Oct	170-174	170-175
Ukraine	Wheat, 11.5% protein	Aug-Sept	165-168	165-172
Ukraine/Russia	Feed wheat	Aug-Oct	158-162	158-165

IGC Wheat Balance Sheet (Quantity in MMT)

IGC Forecast(Fig-In MMT)	2014-15	2015/16	2016/2017 (Forecast)	2017-18 (Proj)	
		Estimated		30.03.2017	27.04.2017
Production	730	736	753	735	736
Trade	153	166	171	166	166
Consumptions	714	719	737	740	738
Carryover stocks	206	224	240	234	239
Y-O-Y change	16	18	17	-	-1
Major Export	65	68	80	68	73

IGC Balance Sheet Highlight:

- IGC has increased its projection for wheat to 736 MMT as on 27th Apr-2017 for 2017-18. According to forecast by IGC for 2016-17 global wheat production was around 753 MMT against 736 MMT for 2015-16. The difference is around 17 MMT from previous estimate. Higher projection for wheat may pressurize global wheat market at current level and any major recovery from current level is unlikely.
- Trade projection has been kept at 166 MMT. It is 5MMT lower compared to forecast for last year and same compared to 2015-16.
- Consumption has been increased by 1 MMT from 737 MMT to 738 MMT for 2017-18. The projection is higher by 19MMT compared to 2015-16.
- Carryout has been revised down by 1 MMT compared to 240 MMT for 2016-17. It is still higher by around 15 MMT compared to 2015-16

USDA Global Wheat Balance Sheet: 2016-17 Fig. In Thousand Tonne (As on 01.05.2017)							
Country	Opening Stock 2016-17	Production projected 2016-17	Domestic Consumption 2016-17	Import 2016-17	Export 2016-17	Ending Stock 2016-17	Production Last Year
Argentina	616	16,000	6,200	15	11,000	321	11,300
Australia	5,639	35,000	7,960	150	23,000	7,829	24,168
Canada	5,171	31,700	10,200	485	20,000	7,156	27,594
China	97,042	128,850	118,000	4,000	800	111,092	130,190
EU	15,078	144,658	129,000	5,500	26,500	9,736	160,000
India	14,540	87,000	98,340	6,000	400	8,800	86,530
Pakistan	3,829	25,600	24,500	25	700	4,254	25,100
Russia	5,601	72,529	39,000	500	28,000	11,630	61,044
Ukraine	3,348	26,800	10,800	25	17,300	2,073	27,274
U S	26,552	62,859	32,959	3,000	27,800	31,550	56,117
Others	64,325	120,361	259,370	156,986	24,081	57,821	125,912
World Total	241,741	751,357	736,329	176,686	179,581	252,262	735,229

Source: USDA

CBOT Futures Mar-17 Chart:

1st Support: 146.00
2nd Support: 144.00
1st Resistant: 175.00
2nd Resistant: 177.00
(\$ per tonne)

Market is likely to move from range bound to slightly firm. Favourable weather improved winter wheat condition in major growing regions which led to recent downtrend witnessed in CBOT.



CBOT comparison over period of time:

CBOT Futures Prices:(USD/T)							
CONTRACT MONTH	Today	Week Ago	Month Ago	3 Month Ago	6 Month Ago	Year Ago	% Change over prev. year
	28-Apr-17	21-Apr-17	28-Mar-17	28-Jan-17	28-Oct-16	28-Apr-16	
17-May	153.76	148.80	155.96	157.34	164.87	197.84	-22.28
17-Jul	158.81	154.68	160.74	162.57	169.92	199.13	-20.25
17-Sep	163.77	160.00	166.25	168.36	175.71	201.98	-18.92
17-Dec	172.04	168.73	173.60	175.16	182.23	206.66	-16.76
18-Mar	178.92	175.71	179.02	179.75	186.73	210.89	-15.16
18-May	182.78	179.57	182.14	182.97	188.29	211.81	-13.70

Comparative Month on Month FOB quotes: (Fig in USD/MT)

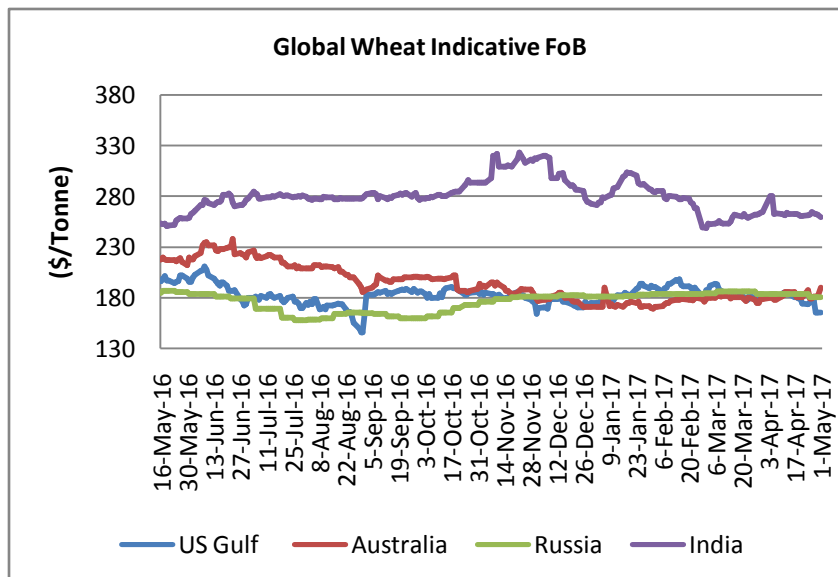
All prices are for SRW/milling grade	1st Nov-16	1st Dec-16	1st Jan-17	1st Feb-17	1st Mar-17	1st April-17	1st May-17
USA	184.4	164.00	174.87	190.60	187.50	182.40	182.90
France	184.64	176.85	169.25	182.70	175.25	161.50	165.25
Australia	194	179.00	171.00	169.00	178.48	178.49	190.04
Russia	176.5	181.50	181.50	184.00	184.50	185.00	180.50
India	293.85	316.66	271.52	284.59	249.11	264.54	259.31

Global Indicative FoB Quotes:

Indian FoB quote is based on local price. There is no export in bulk volume currently. Indian FoB quote is hovering between \$260.96-265.84 per tonne.

US and Russian quotes are hovering in the range of \$175.43 and \$180.5 per tonne respectively. Wheat prices in international markets witnessed steady to slightly weak tone in the last week

Wheat quotes are expected to trade steady to slightly weak and hover in the range of \$160 to \$190 in coming weeks.



International Outlook:

Global wheat market is expected to trade from steady to slightly weak as ample supplies are available in the market. Australia is likely to produce 24 MMT in 2017 compared to 35MMT in 2016. The fall in production is mainly due to lower area compared to last year. US crop plantings are likely to fall in 2017 to 18.7 million hectares lowest since 1919. Overall crop condition in northern hemisphere is good as crop exits dormancy period. Argentina is expecting to harvest around 17.5 MMT in 2017-18 compared to 16.3 MMT in 2016-17. Russia has harvested recorded crop of 73.3 MMT in 2016 up by 18.6 percent compared to 2015. Forecast for EU wheat harvest has been revised down due to severe cold in eastern EU. However the reduced forecast of 143.5 MMT is still higher compared to last year. Furthermore, Canada harvested around 31.7 MMT as higher yields compensated for a 7% drop in harvested area. Therefore, Steady to slightly weak market is expected in short to medium term.

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