

Wheat Monthly Research Report

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Market Dynamics:

Price Trend: All India average monthly prices for wheat decreased by 4.89 percent from Rs 1798.19 (in May) to Rs 1710.2 per qtl in June-2017. Average price (June) is lower by 3.52 percent compared to price (Rs 1772.54 per qtl.) registered in June-2016. Demand from south Indian millers is weak and government has no intention of increasing import duty as of now. With the beginning of festive season prices may get some support and are likely to move from steady to firm.

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 \$84-87 per tonne from Black Sea Region. Russia/Ukraine is offering wheat at \$178.0/176.50 per tonne on FoB basis while Indian FoB at Kandla port comes to \$262.51 per tonne. India exported 37.28 thousand tonne wheat in April at an average FoB of \$324.61 per tonne. Total export in current MY till March-2017 was registered around 96.27 thousand tonne from 1st April'16. For 2016-17 average FoB comes to \$338.38 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 April India imported 1.85 lakh tonne wheat at an average CiF of \$217.89 per tonne compared to 13.39 lakh tonnes in the month of March. Import will continue but volume is likely to decrease. India is expected to import 2 to 3 million tonnes in MY 2017-18.

FoB/CiF Quotes: Indian FoB quote is hovering around \$253.30-262.99 per tonne. Against it Russia, Ukraine, France, US and Australia are offering wheat at \$178.0, \$176.50, Euro 172.25, \$198.49 and \$230.69 per tonne respectively. The latest consignments from Australia landed at Tuticorin (28901 T), Cochin port (1000 T) and Mangalore (4000 T) at CiF of \$239.42, \$243.6 and \$226.02 per tonne respectively. Around 1500 tonne and 94665 tonne of wheat have been imported from France and Ukraine respectively.

Supply-Demand: supply side for FAQ is likely to be normal as ample stock is available in the market on account of good crop. Government procured intensively to replenish their stock and is likely to sell lower quantity in OMSS compared to last year. Demand from south Indian millers is low as even after application of 10% import duty, imported wheat is cheaper compared to domestic wheat. Furthermore around 1.5-1.7 MMT of wheat from Australia and black sea region is lying unsold in port silos

Procurement Target: Government has fixed wheat procurement target at 33 MMT 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 steady to firm in the short to medium term.

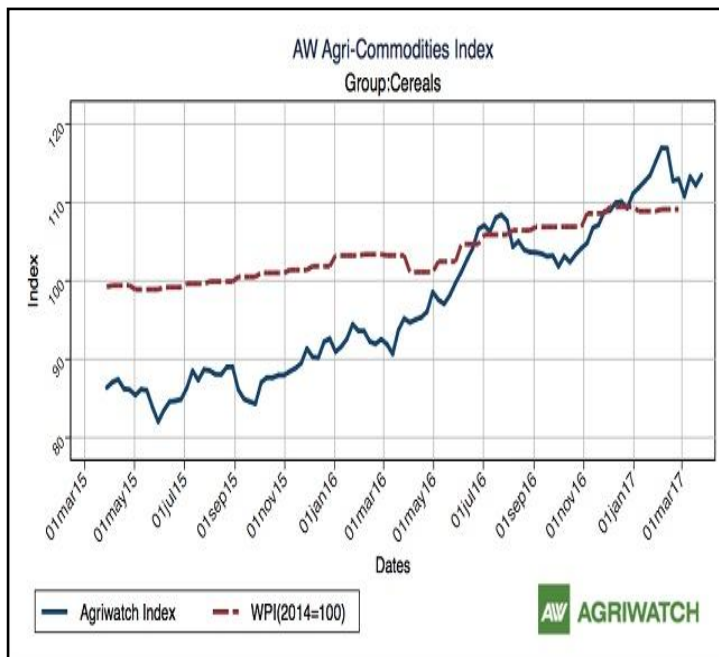
Trade Call: Stake holders should trade taking care of lower and upper price band of Rs 1540 & 1765 respectively.

Weather Update: In the first month (June) of southwest monsoon, India witnessed 4 percent excess rains. A surplus of 5 percent and 50 percent was recorded in Central/South India and Northwest India respectively in terms of rain. However a deficiency of around 17 percent was seen in East and Northeast region. As of now southwest monsoon has hit Delhi-NCR and western disturbance persists over Jammu & Kashmir. Furthermore a cyclonic circulation is building over East Uttar Pradesh, Bihar, Northwest Bengal and coast of Odhisa. Many sources argue that southwest monsoon is likely to reduce after first week of July and the month is likely to end with a deficit in terms of rain.

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.

As per latest update, wheat stock in central pool as on 1st June'17 stood at 33.44 MMT up by 12.82% compared to last month. This quantity is higher by around 8.02% compared to last year for the same month. For the year 2017-18, FCI has decided to sell around 40 lakh tonnes of wheat. 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.

This season will start with a carryout of 11.98 MMT. Higher production this year will increase carry out for 2017-18 to 13.98 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 \$72-87 per tonne lower than India. So, there is no export window available for bulk export from India. India was able to export only 96.27 thousand tonnes in 2016-17 that too 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:

As per latest update under GST, loose and unbranded wheat will not attract any duty whereas a duty of 5% will be applicable on packed wheat sold under a brand name. Same is the case with flour and maida.

Government agencies have started procurement since 15th March'17. Until 30th June'17 government has procured around 307.98 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, 117.05 lakh tonnes from Punjab, 36.99 lakh tonnes from Uttar Pradesh, 12.43 lakh tonnes from Rajasthan, 0.02 lakh tonnes from Uttarakhand, 0.08 lakh tonnes from Chandigarh and 0.06 lakh tonnes from Gujarat. In Rabi marketing season 2017-18 government has set procurement target of 330 LMT. Last year government was able to procure only 229 lakh tonnes due to lower production.

Wheat WPI has decreased from 141.0 in April to 137.5 in May-2017. Monthly wheat inflation has decreased by 2.48 percent in May-17 compared to April-17. As compared to May-16, wheat WPI has increased by around 2.23% and by 10.80% compared to May -2015.

India has extended exemption for crop fumigation by six month to 30th December 2017. Prior to this, India has stated that after 30th June 2017 the country would accept cargoes that are fumigated with methyl bromide at the port of origin. However this extension of six months comes with a cost as cargoes need to be fumigated at port of destination in India at five times the normal cost of fumigation. This will add up to \$ 11.18 per tonne for container shipment. Methyl bromide has been banned or restricted in many countries due to its unfriendly atmospheric properties.

FCI will sell a total quantity 483000 tonnes of wheat in different states through e-auction on 06th July at a reserve price of Rs 1790 per quintal. Of the total quantity in OMSS, highest quantity of 244000 tonnes is offered in Maharashtra followed by 50000 tonnes in West Bengal, 45000 tonnes in Madhya Pradesh, 32000 tonnes in Gujarat, 20400 tonnes in Karnataka, 20000 tonnes in Rajasthan, 16000 tonnes in Delhi, 15200 tonnes in Kerala, 13500 tonnes in Tamil Nadu, 15000 tonnes in Assam, 4400 tonnes in Chhattisgarh, 5000 tonnes in J&K, 1000 tonnes in Pondicherry and 1500 tonnes in Goa.

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 23rd June-2017 (Source: FCI)

State	Total Procurement In Marketing Season 2016-17(April To July)	Progressive Procurement As on 23.06.2017(Fig In Lakh Tonne)		
		In Marketing Season 2017-18	In Marketing Season 2016-17	% Ch Over Previous Year
Haryana	67.52	74.11	67.52	9.76%
Madhya Pradesh	39.92	67.24	39.92	68.44%
Punjab	106.49	117.05	106.49	9.92%
Rajasthan	7.62	12.35	7.62	62.07%
Uttar Pradesh	7.97	36.99	7.97	364.12%
All-India	229.62	307.91	229.62	34.10%

Total wheat procurement was registered at 229.62 lakh tonnes till 26th June -2016. Against set target of 330 LMT Government has procured 307.91 lakh tonnes until 23rd June-17.

Monthly Average Price Comparison:

All India average monthly prices for wheat decreased by 4.89 percent from Rs 1798.19 (in May) to Rs 1710.2 per qtl in June-2017. Average prices moved down in all states except Gujarat and Karnataka.

Prices are likely to move from steady to firm due to beginning of festive demand which is likely to provide support to prices. Market is witnessing normal demand and there is sufficient quantity available at supply side. Domestic prices are not able to get any support from exports this year as global export quotes are lower compared to India. Furthermore government has procured intensively and has sufficient stocks to meet any further demands.

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

Wheat average mill delivery prices traded weak in Delhi, Indore, Kota and firm in Ahmedabad during 23rd -29th June. Prices are expected to remain steady to firm

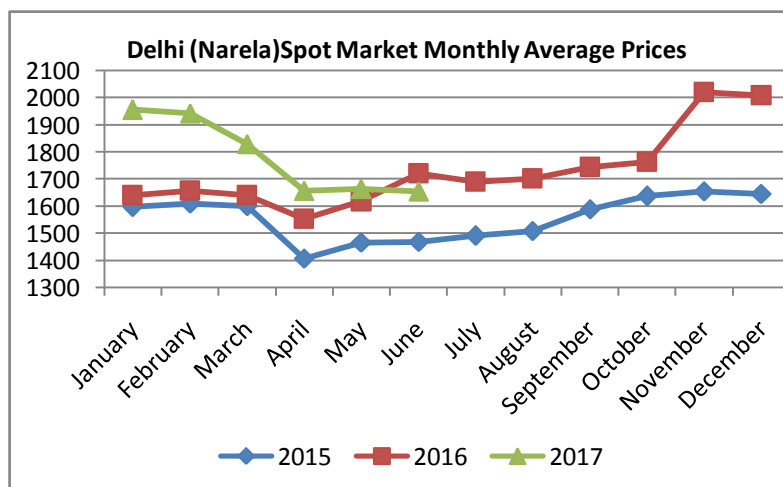
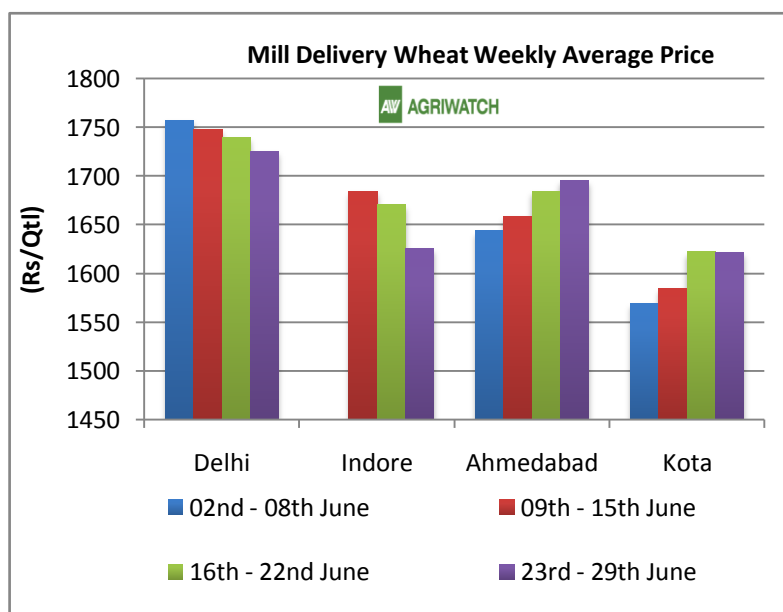
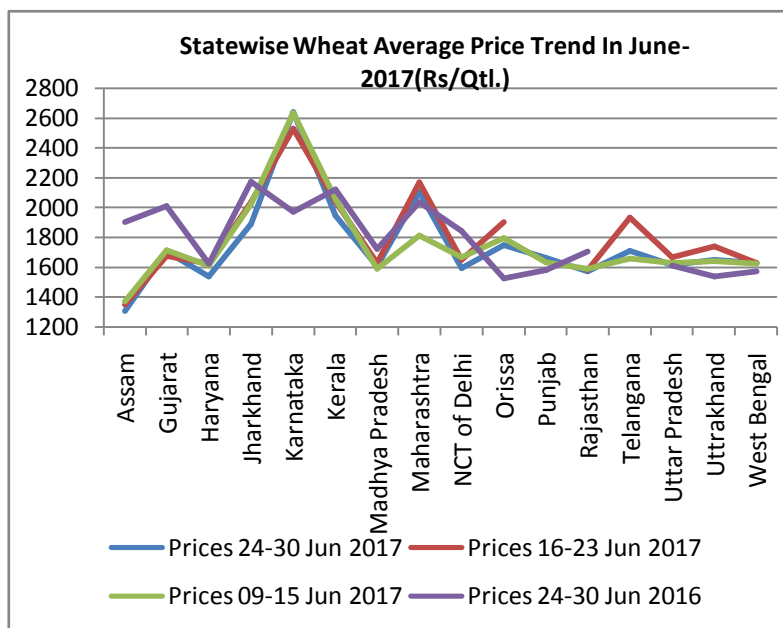
Trade activities are sluggish in mandis due to ongoing issues related to GST Procurement has crossed the mark of 307.98 LMT and government is likely to procure between 300-310 LMT. Quality of wheat is not a concern this year as good quality wheat is available at lower prices compared to last year due to ample availability in the market. Prices are expected to get some support as festive season is about to start.

Wheat Delhi Average Monthly Price:

Wheat spot market Delhi (Narela) average price decreased from Rs 1664.09 in May-17 to Rs 1655.00 per quintal in June-2017.

The prices are weak by 0.55 percent compared to last month and by 3.83 percent compared to last year for the same month.

Cash market at Delhi (Narela) remained weak due to increase in arrival of new crop in North India.



Wheat Exports:

According to latest update, India exported around 37.28 thousand tonne wheat in the month of April-2017 at an average FoB price of \$324.61 per tonne.

It is around 16.97 thousand tonnes higher compared to exported quantity (20.31 thousand tonne) in March-2017. Overall condition for Indian wheat export is not favourable and export volume would remain low in March 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 (\$72 to \$87 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

Year/Month	Wheat Export(000 T)	Average FOB Quotes India(USD/MT)	CBOT Average Quotes (USD/MT)
Apr 12 - Mar 13	6514	298.18	286.71
Apr 13 - Mar 14	5559	282.82	241.6
Apr-14-Mar-15	2750	279.96	230.37
Apr-15-Mar-16	201	294.88	179.9
Apr-16-Mar-17	96.27	338.38	157.04
17-Apr	37.28	324.61	154.2
17-May			
17-Jun			
17-Jul			
17-Aug			
17-Sep			
17-Oct			
17-Nov			
17-Dec			
18-Jan			
18-Feb			
18-Mar			
Total 2017-18	37.28	324.61	154.20

Wheat Import :

India imported around 5.02 lakh tonne wheat during MY 2015-16. In 2017-18 MY import volume is likely to be around 2-3 MMT compared to 6 MMT in last MY 2016-17. In the month of April-2017 India imported around 1.85 lakh tonne wheat from Russia, Ukraine and Australia compared to 13.39 lakh tonnes in March-17.

Yearly average CiF comes to \$272.73 per tonne for 2015-16. This year CiF average quote comes to \$217.89 per tonne. FoB quote in Black Sea region are hovering around \$178.0 per tonne in Russia and 176.50 per tonne in Ukraine. Added capacity at Ukrainian ports has reduced export cost further. Government has decided to keep import duty unchanged at 10% for now.

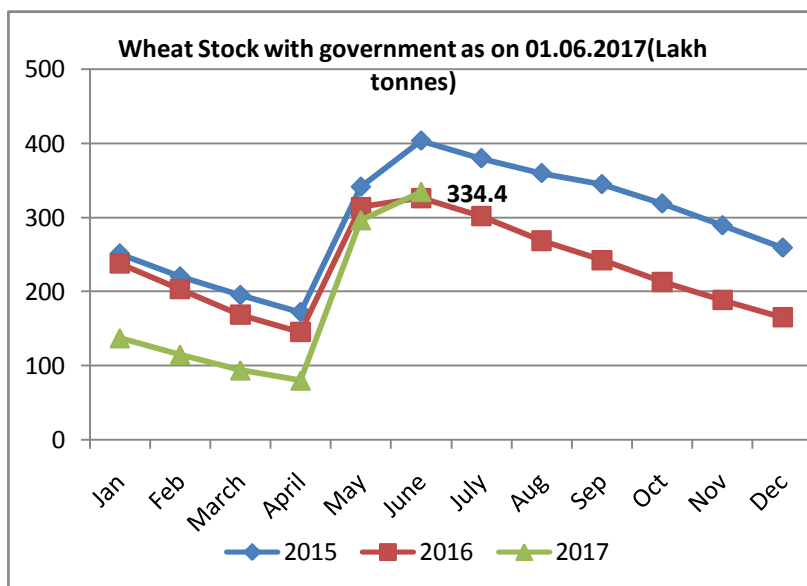
Source: DGCIS, *Provisional data from IBIS

April -2015 (MY-2015-16)	Wheat Import(In Thousand Tonne)	Average CIF Quotes India(USD/MT)	CBOT Average Quotes (USD/MT)
Apr-16 To Mar-17	5957.79	220.13	157.038
17-Apr	185.17	217.89	154.2
17-May			
17-Jun			
17-Jul			
17-Aug			
17-Sep			
17-Oct			
17-Nov			
17-Dec			
18-Jan			
18-Feb			
18-Mar			
Total 2017-18	185.17	217.89	154.200

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

Wheat stock in government's ware houses on 01.06.2017 was registered at 334.4 lakh tonne. It is higher by 12.82 % from May-2017. Central pool stock has been declining from 2013 owing to export and lower production/procurement. Government has procured intensively in order to replenish its stock.

Available stock in central pool is above the revised stocking norms as of now. Government has increased its procurement target to 33 MMT from last year's 30 MMT. Government procurement has slowed down and it is likely to end between 30-31 MMT



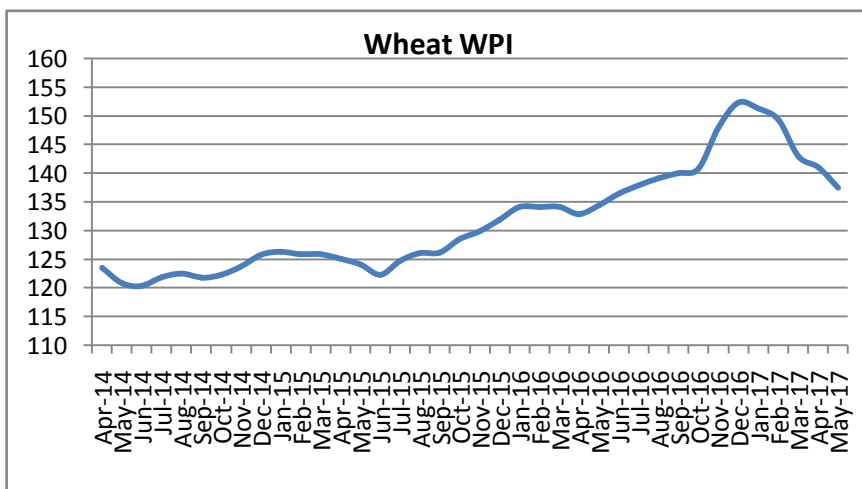
Wheat Inflation:

Month/Year	2013	2014	2015	2016	2017
Jan	121.6	130	126.3	134.1	151.3
Feb	123.6	128.8	125.9	134.1	149.3
Mar	122.8	127.5	125.9	134.1	142.9
Apr	120.1	123.5	125.1	132.9	141.0
May	118.9	120.9	124.1	134.5	137.5
Jun	121.9	120.4	122.3	136.5	
Jul	122.3	121.9	124.8	137.9	
Aug	123.1	122.5	126.1	139.1	
Sep	124.6	121.8	126.2	140	
Oct	125.7	122.3	128.5	140.8	
Nov	127.6	123.7	129.9	147.9	
Dec	128.6	125.8	131.9	152.3	

Wheat WPI has decreased from 141.0 in April to 137.5 in May-2017. Monthly wheat inflation has decreased by 2.48 percent in May-17 compared to April-17.

As compared to May-16, wheat WPI has increased by around 2.23% and by 10.80% compared to May-2015.

Weight: 1.02823, base year-2011-12=100



Monthly Average Prices At Various Market(Rs/Quintal)					
	Delhi	Indore	Kota	Rajkot	Chennai
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
17-May	1735.74	1649.81	1606.15	1575.68	1988.08
17-Jun	1742.80	1650.45	1597.71	1594.79	1956.25

Source: Agriwatch

Monthly Price Comparison of Spot Markets

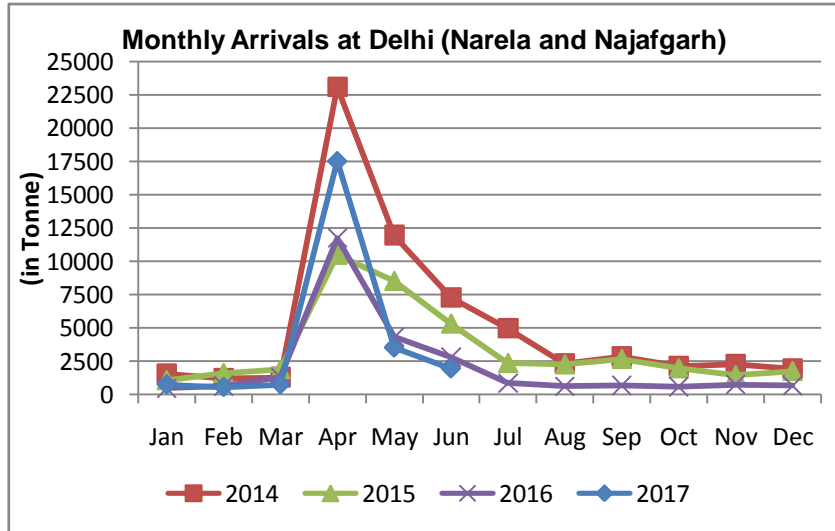
Spot Market Price:							
Centre	Market	Variety	Prices (Rs/Qtl)				
			Today	Yesterday	Week Ago	Month Ago	Year Ago
			4-Jul-17	3-Jul-17	27-Jun-17	4-Jun-17	4-Jul-16
Delhi	Lawrence Road	Mill Delivery	1725	1725	1715	1755	1790
	Narella	Mill Quality Loose	1630	1630	1610	1665	1700
	Nazafgarh	Mill Quality Loose	1635	1635	1630	1640	1710
Gujarat	Rajkot	Mill Delivery	Closed	Closed	1530	1470	1770
	Ahmedabad	Mill Delivery	1690	Closed	1700	1640	1890
	Surat	Mill Quality Loose	Closed	Closed	1725	1660	1935
	Dhrol	Mill Delivery	NR	NR	1640	1650	1910
M.P.	Indore	Mill Quality Loose	1600	1625	1600	NA	NA
	Bhopal	Mill Delivery	1600	1600	1650	NA	NA
Rajasthan	Kota	Mill Quality Loose	1515	Closed	1510	1480	NA
		Mill Delivery	1615	Closed	1620	1570	NA
U.P.	Kanpur	Mill Delivery	1740	1740	1740	1735	1715
	Mathura	Mill Quality Loose	Closed	Closed	1550	1585	1650
	Kosi	Mill Quality Loose	1525	1500	1525	1576	1640
	Hathras	Mill Quality Loose	1515	1515	1600	1580	1621
	Aligarh	Mill Quality Loose	1540	1525	1550	1575	1650
Punjab	Khanna	Mill Quality Loose	1625	1625	1610	1600	1610
	Ludhiana (Jagraon)	Mill Delivery	NA	NA	NA	1750	NA
Haryana	Sirsa	Mill Delivery loose	1625	1630	1625	1625	1670
	Hodal	Mill Delivery	1685	1685	1690	1695	1770
	Bhiwani	Mill Quality Loose	1570	1600	1630	1600	1670
	Karnal	Mill Quality Loose	1630	NR	1645	1650	1680
	Panipat	Mill Quality Loose	NR	1625	1625	1625	NA
Tamil Nadu	Chennai	Mill Quality	1950	Closed	1950	1950	NA
	Madurai	Mill Quality	2007	Closed	2007	2007	NA
	Coimbatore	Mill Quality	2007	Closed	2007	2007	NA
Bihar	Khagariya	Mill Delivery	1650	1650	1600	1650	1700
	Muzaffarpur	Mill Delivery	1550	1550	NR	1550	1670

Monthly Arrivals at Delhi

Arrivals in Delhi region (Narela and Najafgarh) decreased in June-2017, from 3515 tonnes in May to 1950 tonnes in June-2017. Currently wheat is being traded around Rs 1630 per qtl in Narela.

Domestic Outlook:

Wheat cash market is expected to trade steady to firm in July-2017 under normal conditions.



Wheat Technical Analysis:



* Do not carry-forward the position next month.

International Market Dynamics

Algeria state grains agency OAIC has bought around 420000 tonnes of milling wheat in a tender that closed on Tuesday. The prices paid were in the range of \$213.75 - \$216.0 per tonne (Cost and Freight). The quantity to be shipped is due in September. Major part of the quantity is likely to be sourced from France but some quantity can come from Argentina as well.

Crop condition in France has deteriorated due to unfavourable weather condition. Until 26th June only 65 percent of the crop was in good or excellent condition compared to 68 percent a year ago. However harvesting is going at a faster pace compared to last year as around 4 percent of the crop has been harvested compared to zero percent a year ago for the same date.

Wheat CBOT has increased in last few days touching new highs as dry weather accompanied with above normal temperature affected crop. As per forecast by USDA production in U.S. is likely to be around 49 MMT compared to 62.8 MMT last year. CBOT closed at 536.75 (cent/bushel) reaching a new high since last year.

Wheat area in Ukraine came to around 6.28 million hectares. Farmers have started harvesting wheat and as of now they have harvested around 315000 tonnes of wheat. The ministry has given no official forecast regarding production of wheat harvest but analysts believe it to be around 23-25 million tonnes.

Wheat crop in France and Spain are likely to be damaged by an upcoming heat wave whereas Germany, Poland and UK are likely to benefit from rain. Forecast for soft wheat has been downgraded by 1.1 million tonnes to 141.6 million tonnes. France's crop was damaged last year as well due to unfavorable weather conditions.

As per latest update, china has sold 21223 tonnes of wheat for average price of 2432 yuan (\$357.76) per tonne at an auction of state reserves on Tuesday. The quantity sold represents around 0.70 percent of 3006652 tonnes of wheat available at auction.

Australia has given its production forecast for 2017-18 at 24.19 MMT compared to last year's record crop of 35.1 MMT. The area has been decreased by around 1.2 percent to 12689 thousand hectares compared to 2016-17. Last year exceptional yields have led to a record crop, however this year yields have returned to normal levels.

GASC has purchased 300000 tonnes of wheat through tender. Of the total quantity 180000 tonnes is of Russian origin, 60000 tonnes is of Romanian origin and 60000 tonnes is of Ukrainian origin. Friends offered 60000 tonnes of Russian wheat at FoB \$205.47 per tonne, Daewoo offered 60000 tonnes of Russian wheat at FoB \$206.88 per tonne, Aston offered 60000 tonnes of Russian wheat at FoB \$206.88 per tonne, ADM offered 60000 tonnes of Romanian wheat at FoB \$205.57 per tonne and Aston offered 60000 tonnes of Romanian wheat at FoB \$206.88 per tonne.

As per latest update, Egypt has procured around 3.4 million tonnes of wheat since the beginning of its harvesting season from mid-April. The ministry is targeting local procurement between 3.5 million to 4 million tonnes. Egypt also has 1.2 million tonnes in sugar reserves, 3.2 lakh tonnes of vegetable oil reserves and 1.5 lakh tonnes of rice reserves.

The Saudi Arabia Grain Organization has purchased 805000 tonnes wheat through tender. The said quantity will arrive at three different ports. Around 440000 tonnes will arrive at Jeddah port, 255000 tonnes at Dammam and the remaining 110000 tonnes at Jazan port. In its last tender on 13th March'17 SAGO purchased 735000 tonnes of wheat. Saudi Arabia abandoned plans of self sufficiency in 2008 as farming in desert reduced scarce water resources and became a major importer of hard and soft wheat.

Global Wheat Average FoB

Month	US SRW2*	US HRW2*	Argentina P1*	Ukraine 12.5%*	Russia 12.5%*	Rouen 11%**	Australia ASW1***	Australia APW2***
Feb-16	191.72	205.00	194.79	NA	NA	146.51	274.62	275.14
Mar-16	193.09	207.18	192.00	NA	NA	142.20	267.07	269.33
April-16	194.13	200.91	196.90	NA	NA	142.76	267.10	270.05
May-16	195.99	197.10	208.00	NA	NA	145.96	275.77	278.82
June-16	193.28	199.04	207.25	NA	NA	154.45	274.65	277.55
July-16	179.02	191.04	200.28	NA	NA	164.22	252.48	253.00
Aug-16	167.55	185.90	190.68	NA	NA	166.00	241.43	242.00
Sept-16	184.86	196.43	175.73	167.17	NA	161.40	230.32	232.09
Oct-16	185.01	200.12	168.25	171.58	NA	164.55	223.00	232.00
Nov-16	181.98	195.65	168.81	180.00	181.50	168.25	227.41	240.07
Dec-16	173.85	191.06	169.59	181.00	181.00	166.63	225.24	238.43
Jan-17	184.09	209.36	176.35	181.29	182.24	172.00	222.56	232.97
Feb-17	190.42	221.59	187.54	185.15	188.40	173.03	229.53	238.40
Mar-17	184.38	208.66	185.53	188.70	190.52	169.12	233.57	240.05
April-17	179.76	196.86	190.56	184.82	186.55	161.57	234.79	239.16
May-17	177.40	208.15	191.10	182.13	183.87	159.34	252.21	254.12
June-17	185.08	235.79	190.44	181.50	184.37	161.60	270.11	272.91

Source: Reuters

*Figures in \$/Tonne

** Figures in Euro/Tonne

*** Figures in AUD/Tonne

Indicative Freight Quotes

Date	Freight(\$/T)	Freight(\$/T)	Freight(\$/T)	Freight(\$/T)
05.05.2017	7.60	17.3	37.75	32.61
12.05.2017	7.26	17.33	36.14	31.52
19.05.2017	6.87	16.76	36.43	31.68
26.05.2017	6.92	16.69	36.47	31.67
02.06.2017	6.72	16.31	35.26	30.65
09.06.2017	6.98	16.43	34.34	29.83
16.06.2017	7.71	17.28	34.43	29.95
23.06.2017	8.44	18.47	34.43	29.99
29.06.2017	8.39	18.4	34.82	30.29
Vessel Class: Panamax	PoL: Novorossiysk, PoD: Damietta	PoL: Novorossiysk, PoD: Jeddah	PoL: Odessa, PoD: Japan	PoL: Odessa, PoD: Chittagong

Source: Reuters

Global Policy Developments

Turkey: On 1 June, Turkey lifted all restrictions on Russia wheat imports, after having limited last month's import volumes to 20-25 percent of the amount specified in import licenses.

Australia: On 28 June, CME launched the Australian wheat FOB (Platts) futures contract which will begin trading on July 24 pending all relevant regulatory review periods

Japan: On 19 June, Japan extended its Simultaneous Buy-and-Sell import scheme to cover all wheat classes as of October 2017. Japanese flour millers will be able to import up to 200000 tonnes of wheat per year.

Egypt: on 21 May, the Ministry of Supply in Egypt announced it will grant wheat farmers EGP 15 (USD 0.83) per tonne for wheat in jute bags, and EGP 10 (USD 0.55) per tonne of wheat to encourage storage in silos that are far from production areas and with significant remaining storage capacity. On 18 May, the General Authority for Supply Commodities in Egypt announced that the required level of protein will be raised by 0.5 percentage points in all wheat imports.

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.

Source: AMIS

Spot Prices Black Sea Region

Date	31.05.2017	07.06.2017	14.06.2017	21.06.2017	29.06.2017
Odessa, FOB(\$/tonnes)					
Milling wheat 12.5%	181.0-184.0	181.0-184.0	178.0-182.0	180.0-184.0	180.0-183.0
Milling wheat 11.5%	177.0-181.0	178.0-183.0	171.0-174.0	174.0-177.0	174.0-177.0
Feed wheat	160.0-163.0	157.0-162.0	161.0-166.0	166.0-169.0	166.0-168.0
Novorossiysk, FOB(\$/tonnes)					
Milling wheat 12.5%	184.0-187.0	186.0-189.0	179.0-182.0	184.0-187.0	183.0-185.0
Milling wheat 11.5%	178.0-183.0	178.0-183.0	173.0-180.0	174.0-179.0	176.0-180.0
Feed wheat	160.0-164.0	157.0-161.0	161.0-165.0	166.0-169.0	165.0-167.0

Source: Reuters

Forward Prices for 2017 Crop Black Sea Region

Origin	Commodity	Delivery period	Price (USD/MT)	
			21.06.17	29.06.17
Russia	Wheat, 12.5% protein	Aug-Oct	185-189	182-186
Ukraine	Wheat, 11.5% protein	Aug-Sept	178-180	175-180
Ukraine/Russia	Feed wheat	Aug-Oct	165-170	-

Source: Reuters

IGC Wheat Balance Sheet (Quantity in MMT)

IGC Forecast(Fig-In MMT)	2014-15	2015/16	2016/2017 (Forecast)	2017-18 (Proj)	
		Estimated		25.05.2017	29.06.2017
Production	730	738	754	736	735
Trade	153	166	173	169	170
Consumptions	715	718	738	738	735
Carryover stocks	206	225	242	239	241
Y-O-Y change	15	19	16	-	0
Major Export	66	68	78	68	67

IGC Balance Sheet Highlight:

- IGC has reduced its projection for wheat by 1 MMT to 735 MMT as on 29th June-2017 for 2017-18. According to forecast by IGC for 2016-17 global wheat production was around 754 MMT against 738 MMT for 2015-16. The difference is around 16 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 increased to 170 MMT. It is 3MMT lower compared to forecast for last year and higher by 4 MMT compared to 2015-16.
- Consumption has been kept unchanged at 735 MMT for 2017-18. The projection is higher by 17 MMT compared to 2015-16.
- Carryout has been kept unchanged at 241 MMT for 2017-18. It is lower by around 1 MMT compared to 2016-17.

USDA Global Wheat Balance Sheet: 2017-18 Fig. In Thousand Tonne (As on 01.07.2017)							
Country	Opening Stock 2017-18	Production projected 2017-18	Domestic Consumption 2017-18	Import 2017-18	Export 2017-18	Ending Stock 2017-18	Production 2016-17
Argentina	521	17,500	6,000	10	11,500	531	17,000
Australia	8,829	25,000	8,000	150	22,000	6,979	35,000
Canada	7,163	28,350	8,800	450	22,000	5,163	31,700
China	110,792	131,000	116,000	3,000	800	127,992	128,850
EU	11,029	150,754	127,250	6,500	30,500	10,533	145,471
India	9,536	96,000	99,000	4,000	500	10,036	87,000
Pakistan	4,254	26,200	25,400	30	600	4,484	25,600
Russia	11,130	69,000	40,000	500	29,000	11,630	72,529
Ukraine	2,083	25,000	10,600	25	14,500	2,008	26,800
U S	31,605	49,642	32,413	3,300	27,000	25,156	62,859
Others	59,484	121,087	261,488	160,531	22,884	56,680	121,292
World Total	256,426	739,533	734,951	178,496	181,284	261,192	754,101

Source: USDA

CBOT Futures July-17 Chart:

1st Support: 162.00
2nd Support: 160.00
1st Resistant: 204.00
2nd Resistant: 206.00
(\$ per tonne)

CBOT moved up as dry weather threatened wheat crop in major growing regions. Furthermore reduced area accompanied with decreasing percentage of spring wheat in good or excellent condition in USA has also supported upward movement of prices.



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
	3-Jul-17	26-Jun-17	3-Jun-17	3-Apr-17	3-Jan-17	3-Jul-16	
17-Jul	197.20	165.33	157.80	161.66	158.53	179.47	9.88
17-Sep	203.91	171.02	163.03	166.98	163.49	183.15	11.33
17-Dec	210.89	179.29	170.84	174.52	169.65	188.94	11.62
18-Mar	215.85	185.35	177.36	180.39	174.15	195.18	10.59
18-May	218.42	189.49	181.59	184.25	176.63	195.64	11.64
18-Jul	218.97	191.42	184.89	186.73	177.45	195.73	11.87

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

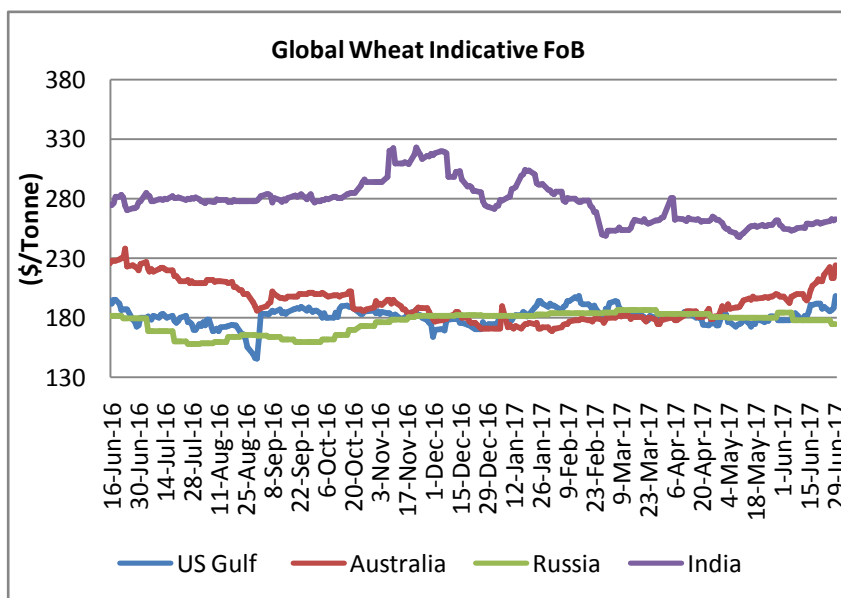
All prices are for SRW/milling grade	1st Jan-17	1st Feb-17	1st Mar-17	1st April-17	1st May-17	1st June-17	1st July-17
USA	174.87	190.60	187.50	182.40	182.90	177.80	198.49
France	169.25	182.70	175.25	161.50	165.25	154.50	172.25
Australia	171.00	169.00	178.48	178.49	190.04	197.89	230.69
Russia	181.50	184.00	184.50	185.00	180.50	184.50	175.00
India	271.52	284.59	249.11	264.54	259.31	256.71	262.91

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 \$260.34-262.99 per tonne.

US and Russian quotes are hovering in the range of \$189.62 and \$176.20 per tonne respectively. Wheat prices in international markets witnessed steady to slightly firm tone in the last week

Wheat quotes are expected to trade steady to slightly firm and hover in the range of \$170 to \$240 in coming weeks.



International Outlook:

Global wheat market is expected to trade from steady to firm as unfavourable weather is threatening upcoming crop in US, Black sea, Canada and EU. Wheat crop in France and Spain are likely to be damaged by an upcoming heat wave whereas Germany, Poland and UK are likely to benefit from rain. All this has led EU to revise its production forecast down by 1.1 MMT to 141.6 MMT. Russian spring wheat planting has reached 12.8 million hectares (94.6% of the planned area) and total production for spring and winter season combined is likely to be 63 MMT in 2017 compared to 73.3 MMT in 2016. Production in US is likely to be around 49.5 MMT compared to last year's 62.8 MMT due to fall in area sowed. Australia is likely to produce 24 MMT in 2017 compared to 35 MMT in 2016. The fall in production is mainly due to lower area compared to last year. Argentina is expecting to harvest around 17.5 MMT in 2017-18 compared to 16.3 MMT in 2016-17. Furthermore, Canada harvested around 31.7 MMT as higher yields compensated for a 7% drop in harvested area. Therefore, Steady to firm market is expected in short to medium term.

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