Wheat Monthly Research Report

Contents

Market Dynamics:

Price Trend: *All India average monthly prices for wheat increased by 3.89 percent from Rs 1715.75 (in June) to Rs 1782.49 per qtl in July-2017. Average price (July) is lower by 0.03 percent compared to price (Rs 1782.99 per qtl.) registered in July-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 $89-92 per tonne from Black Sea Region. Russia/Ukraine is offering wheat at $183.50/184.50 per tonne on FoB basis while Indian FoB at Kandla port comes to $275.52 per tonne. India exported 41.15 thousand tonne wheat in May. 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.*

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 May India imported 0.33 lakh tonne wheat compared to 1.85 lakh tonnes in the month of April. 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 $264.62-275.96 per tonne. Against it Russia, Ukraine, France, US and Australia are offering wheat at $183.5, $184.5, Euro 168.75, $193.98 and $221.2 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. Stocks in port silos are decreasing but continuous imports are still keeping demand for central and north Indian wheat at lower levels.*

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.*

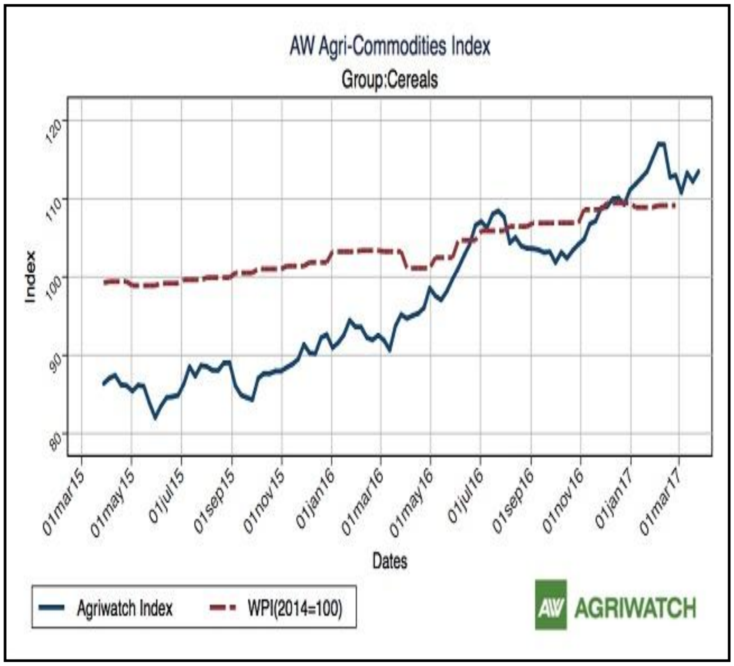
Trade Call: *Stake holders should trade taking care of lower and upper price band of Rs 1544 & 1768 respectively.*

Weather Update: *As per IMD, since the beginning of south-west monsoon the rains have been well distributed all over India except few areas in the south. The cumulative rainfall until Sunday (30th July) in the country has been around 102 percent of the LPA and it is expected to be 99% of LPA in August which has 29 percent share in the overall monsoon rains. Until 28th July around 75 percent of Kharif sowing is done and because of normal rainfall this year better crop can be expected under normal conditions.*

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 July'17 stood at 32.27 MMT down by 3.48% compared to last month. This quantity is higher by around 20.94% 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 $77-92 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 market sources around 2-2.5 lakh tonnes of wheat have been contracted from Ukraine by south Indian millers for August-September delivery at $216-220 per tonne CiF whereas Australia is also ready to provide wheat for $275-280 per tonne CiF. The only fear importers are facing is an increase in import duty or abrupt change in phytosanitary measures. Furthermore wheat stocks at Indian port silos have also decreased. Imports are likely to affect off take from central pool as south Indian millers will prefer imported wheat over domestic wheat due to lower prices.

As per latest update, India has exported 41.15 thousand tonnes of wheat in the month of May'17 compared to 31.07 thousand tonnes in previous month. On import front India has imported 33 thousand tonnes of wheat in the month of May'17 compared to 185.17 thousand tonnes in the previous month. India is likely to import 3-4 million tonnes of wheat whereas exports are likely to be low as prices in India are ruling at higher side compared to other countries.

Government agencies have started procurement since 15th March'17. For Rabi marketing season 2017-18 government has procured 308 lakh tonnes. 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, 12.45 lakh tonnes from Rajasthan, 0.02 lakh tonnes from Uttrakhand, 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 137.5 in May to 136.1 in June-2017. Monthly wheat inflation has decreased by 1.02 percent in June-17 compared to May-17. As compared to May-16, wheat WPI has decreased by around 0.29%.

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.

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 July-2017 (Source: FCI)

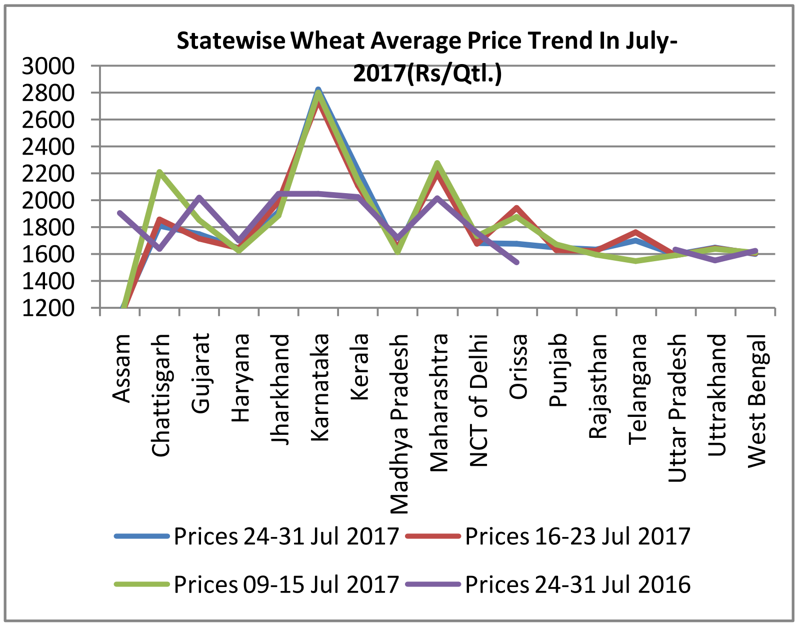
State	**Target for Procurement In Marketing Season 2017-18(April To March)**	**Progressive Procurement As on 21.07.2017(Fig In Lakh Tonne)**		
		In Marketing Season 2017-18		**In Marketing Season 2017-18**
Haryana	75.00	74.11	67.52	**9.76%**
Madhya Pradesh	85.00	67.24	39.92	**68.44%**
Punjab	115.00	117.05	106.49	**9.92%**
Rajasthan	17.50	12.45	7.62	**63.12%**
Uttar Pradesh	30.00	36.99	7.97	**364.12%**
All-India	**330.00**	**308.01**	**229.62**	**34.13%**

Total wheat procurement was registered at 229.62 lakh tonnes till 28th June -2016.Against set target of 33 MMT Government has procured 308.01 lakh tonnes until 21st July-17.

Monthly Average Price Comparison:

All India average monthly prices for wheat increased by 3.89 percent from Rs 1715.75 (in June) to Rs 1782.49 per qtl in July-2017. Average prices moved up in all states except Chhattisgarh, Jharkhand, Madhya Pradesh, Orissa, Telangana and West Bengal.

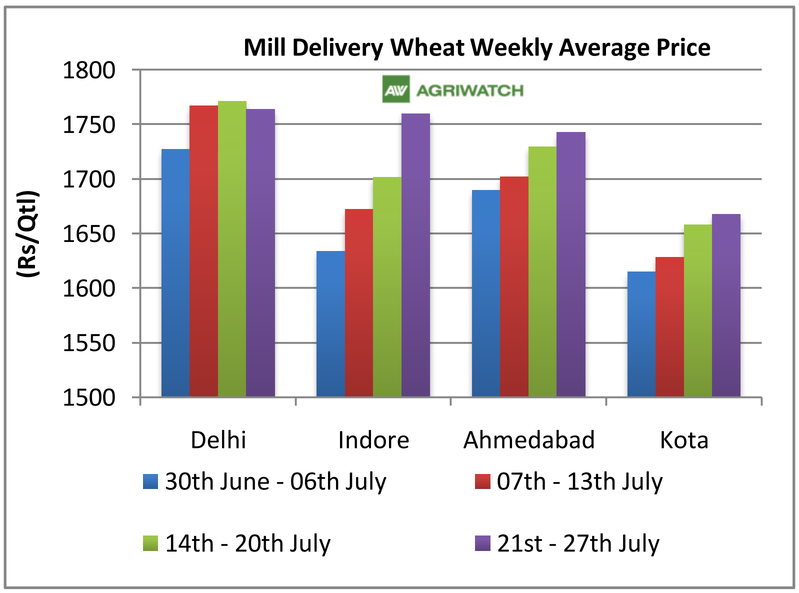
Prices are likely to move from steady to firm due to upcoming festive season which is likely to provide support to prices. Market is witnessing normal demand and there is sufficient quantity available at supply side. Domestic prices are not able to get any support from exports this year as global export 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 firm in Indore, Kota and Ahmedabad during 21st-27th July. Prices are expected to remain steady to firm.

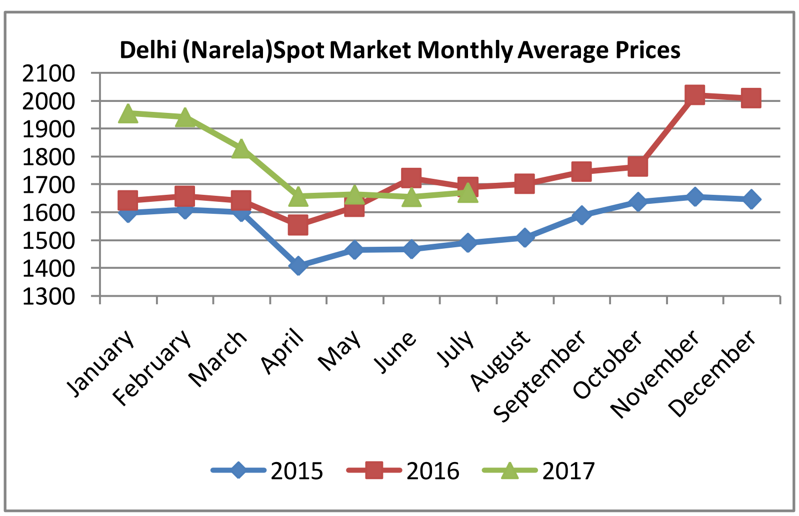
Import is likely to continue in 2017-18 as imported wheat in south India is still cheaper compared to transporting it from north and central states. As of now government has no intention of increasing import duty. Trade activities are still at lower side as traders are still trying to understand various aspects of GST. Furthermore government has applied 5% GST on wheat that has been packed and branded.



Wheat Delhi Average Monthly Price:

Wheat spot market Delhi (Narela) average price increased from Rs 1655.00 in June-17 to Rs 1670.00 per quintal in July-2017.

The prices are firm by 0.91 percent compared to last month and weak by 1.16 percent compared to last year for the same month.



Wheat Exports:

According to latest update, India exported around 41.15 thousand tonne wheat in the month of May-2017.

It is around 10.08 thousand tonnes higher compared to exported quantity (31.07 thousand tonne) in April-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 ($56 to $92 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)	CBOT Average Quotes (USD/MT)
Apr 12 - Mar 13	6514	286.71
Apr 13 - Mar 14	5559	241.60
Apr-14-Mar-15	2750	230.37
Apr-15-Mar-16	201	179.90
Apr-16-Mar-17	96.27	157.04
17-Apr	31.07	154.20
17-May	41.15	159.75
17-Jun		
17-Jul		
17-Aug		
17-Sep		
17-Oct		
17-Nov		
17-Dec		
18-Jan		
18-Feb		
18-Mar		
Total 2017-18	72.22	156.98

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 May-2017 India imported around 0.33 lakh tonne wheat from Russia, Ukraine and Australia compared to 1.85 lakh tonnes in April-17.

FoB quote in Black Sea region are hovering around $183.50 per tonne in Russia and $184.50 per tonne in Ukraine. Australia and France are also providing wheat at $219.91 per tonne and Euro 167.50 per tonne. Added capacity at Ukrainian ports has reduced export cost further. Government has decided to keep import duty unchanged at 10% for now.

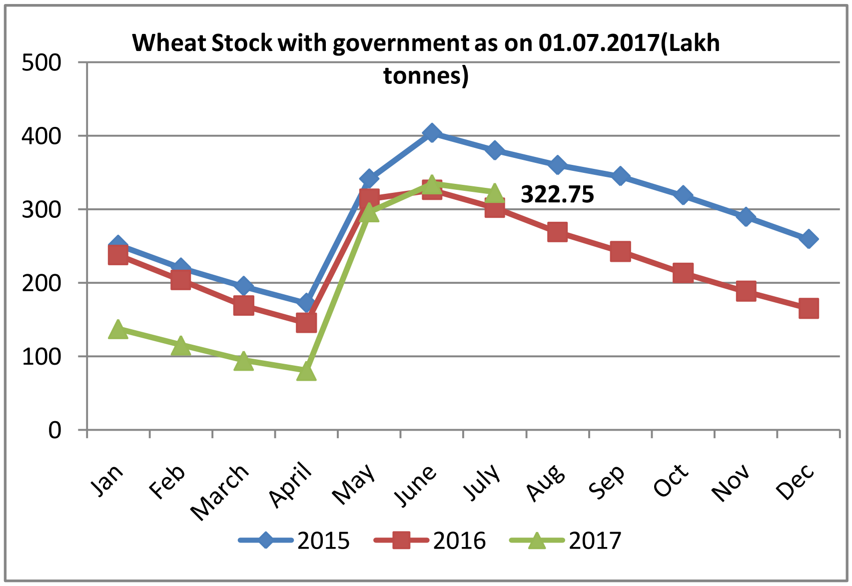
Source: DGCIS, *Provisional data from IBIS

Year/Month	Wheat Import(In Thousand Tonne)	CBOT Average Quotes (USD/MT)
Apr-16 To Mar-17	5957.79	157.03
17-Apr	185.17	154.20
17-May	33.00	159.75
17-Jun		
17-Jul		
17-Aug		
17-Sep		
17-Oct		
17-Nov		
17-Dec		
18-Jan		
18-Feb		
18-Mar		
Total 2017-18	218.17	156.98

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

Wheat stock in government's ware houses on 01.07.2017 was registered at 322.75 lakh tonne.
It is lower by 3.48 % from June - 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 has procured 30.82 MMT in RMS 2017-18.

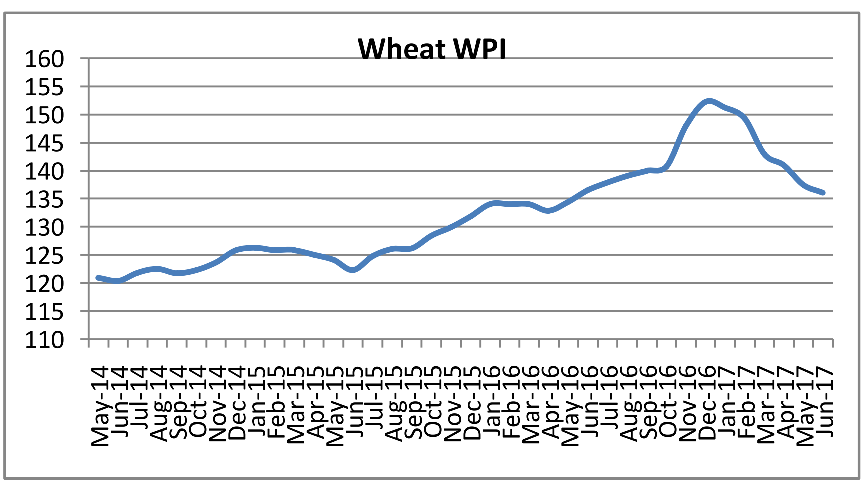


Wheat Inflation:

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	136.1
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 137.5 in May to 136.1 in June-2017. Monthly wheat inflation has decreased by 1.02 percent in June-17 compared to May-17.
As compared to June-16, wheat WPI has decreased by around 0.29% whereas it is higher by 11.28% compared to June -2015.

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



Monthly Average Prices At Various Market(Rs/Quintal)					
	Delhi	Indore	Kota	Rajkot	Chennai
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
17-Jul	1760.58	1702.50	1645.87	1675.21	1950.00

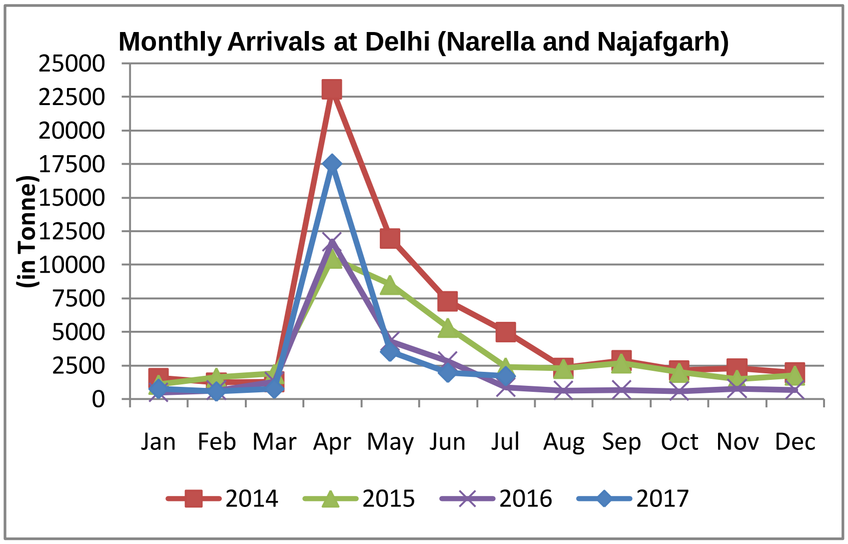
Source: Agriwatch

Monthly Price Comparison of Spot Markets

Spot Market Price:							
Centre	**Market**	**Variety**	**Prices (Rs/Qtl)**				
			Today	**Yesterday**	**Week Ago**	**Month Ago**	**Year Ago**
			1-Aug-17	**31-Jul-17**	**25-Jul-17**	**1-Jul-17**	**1-Aug-16**
Delhi	Lawrence Road	Mill Delivery	1770	1775	1765	1720	1760
	Narella	Mill Quality Loose	1670	1670	1680	1590	1650
	Nazafgarh	Mill Quality Loose	1670	1675	1655	1625	NR
Gujarat	Rajkot	Mill Delivery	1600	1600	1590	NA	1720
	Ahmedabad	Mill Delivery	1755	1750	1745	NA	1860
	Surat	Mill Quality Loose	1790	1780	1780	NA	1890
	Dhrol	Mill Delivery	1610	1655	1590	NA	1905
M.P.	Indore	Mill Quality Loose	1650	1650	1650	1600	1740
	Bhopal	Mill Delivery	1650	1650	1625	1625	1700
Rajasthan	Kota	Mill Quality Loose	1570	1570	1575	NA	1660
		Mill Delivery	1650	1650	1650	NA	1750
U.P.	Kanpur	Mill Delivery	1725	1715	1740	1740	NR
	Mathura	Mill Quality Loose	Closed	Closed	1590	Closed	NA
	Kosi	Mill Quality Loose	1585	1585	1585	1525	1600
	Hathras	Mill Quality Loose	1560	1560	1630	1520	NA
	Aligarh	Mill Quality Loose	1600	1600	1580	1520	1600
Punjab	Khanna	Mill Quality Loose	1650	NA	1650	1615	1605
	Ludhiana (Jagraon)	Mill Delivery	NA	NA	NA	NA	NA
Haryana	Sirsa	Mill Delivery loose	1690	1700	1710	1625	1650
	Hodal	Mill Delivery	1740	1740	1740	1685	1750
	Bhiwani	Mill Quality Loose	1680	1680	1660	1590	1660
	Karnal	Mill Quality Loose	1655	1660	1670	1640	1655
	Panipat	Mill Quality Loose	1625	1625	NR	1625	NA
Tamil Nadu	Chennai	Mill Quality	1950	1950	1950	NA	2050
	Madurai	Mill Quality	2007	2007	2007	NA	2107
	Coimbatore	Mill Quality	2007	2007	2007	NA	2107
Bihar	Khagariya	Mill Delivery	1700	1700	1750	1650	1725
	Muzaffarpur	Mill Delivery	1600	1550	1550	1550	1745

Monthly Arrivals at Delhi

Arrivals in Delhi region (Narela and Najafgarh) decreased in July-2017, from 1950 tonnes in June to 1700 tonnes in July-2017. Currently wheat is being traded around Rs 1670 per qtl in Narela.



Domestic Outlook:

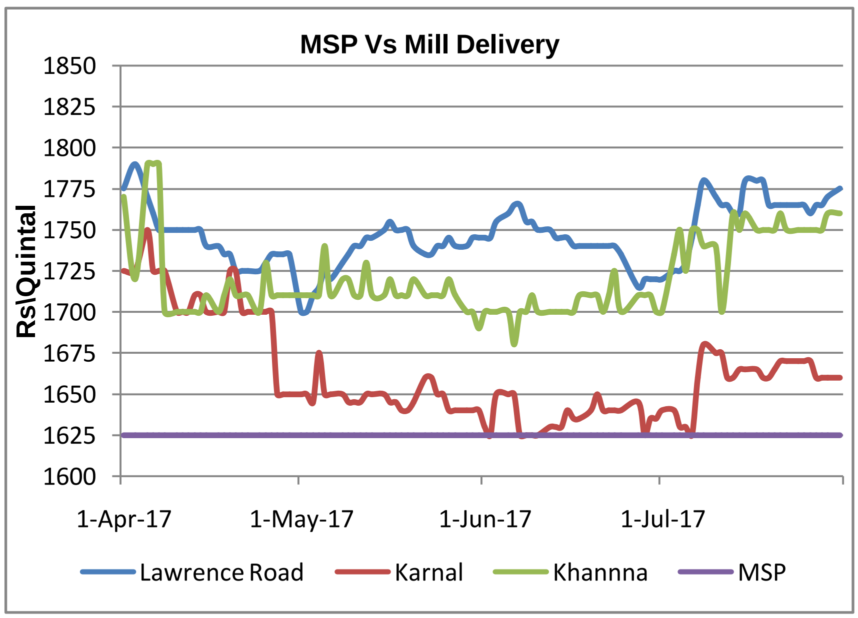
Wheat cash market is expected to trade steady to firm in August-2017 under normal conditions.

MSP Vs Mill Delivery Prices

Government increased minimum support price (MSP) of wheat from Rs1525 per quintal in 2016-17 to Rs 1625 per quintal in 2017-18. This increase in MSP also motivated farmers to sow more area.

In the beginning of marketing season prices were ruling above MSP but as season progressed due to ample availability in domestic market prices started moving down.

As of now prices are moving above MSP and are likely to move steady to firm in near future with the beginning of festive demand.



Wheat Technical Analysis:

Wheat – Technical Outlook	**C1 Continuous Chart**

Technical Commentary:

- *Rise in price and fall in open interest indicates short covering.*
- *RSI is moving in oversold region.*
- *Prices closed below 9 and 18 days EMAs.*
- *Candlesticks are denoting steady to firm movement in coming weeks.*

Strategy: Buy

			S1	**S2**	**PCP**	**R1**	**R2**
Wheat	NCDEX	C1	1562	1544	1644	1749	1768
Monthly Trade Call			**Call**	**Entry**	**T1**	**T2**	**SL**
Wheat	NCDEX	C1	Buy	1635	1692	1728	1601

* Do not carry-forward the position next month.

International Market Dynamics

As per latest update, Japan's ministry of agriculture bought 132925 MMT of food quality wheat from United States, Australia and Canada. *Around 50080 MMT with minimum protein content of 14 percent has been bought from United States to be loaded between September 21 - October 20, 49665 MMT has been bought from Canada with minimum protein content of 13.5 percent to be loaded between September 21 - October 20 and 33180 MMT of standard white has been bought from west Australia to be loaded between October 1-October 31.*

GASC has purchased 420000 tonnes of wheat through tender. Of the total quantity 300000 tonnes is of Russian origin, 60000 tonnes is of Romanian origin and 60000 tonnes is of Ukrainian origin. *ADM offered 60000 tonnes of Russian wheat at FoB $202.35 per tonne, Cofco offered 60000 tonnes of Romanian wheat at FoB $204.99 per tonne, Louis Dreyfus offered 60000 tonnes of Ukrainian wheat at FoB $203.90 per tonne, GTCS offered 120000 tonnes of Russian wheat at FoB $204.65 per tonne, Louis Dreyfus offered 60000 tonnes of Russian wheat at FoB $204.65 per tonne and AOS offered 60000 tonnes of Russian wheat at FoB $204.40 per tonne.*

Algeria state grains agency OAIC has bought around 500000 tonnes of milling wheat in a tender that closed on Tuesday. *The prices paid were in the range of $214.0 - $216.0 per tonne (Cost and Freight). The quantity to be shipped between 01st-31st October. Major part of the quantity is likely to be sourced from France but some quantity can come from Argentina as well.*

As on 28th July Russia has harvested 31.7 million tonnes of wheat *compared to 33.0 million tonnes a year ago for the same date. Around 7.2 million hectares of area has been harvested with an average yield of 4.44 tonnes per hectare compared to 8.1 million hectares with an average yield of 4.09 tonnes per hectare a year ago for same date.*

Egypt saw a decline in local supply in the current season to 3.4 million tonnes compared to previous season's 5.2 million tonnes. *Egypt has been buying intensively in the international market and GASC has booked around 1.25 million tonnes of wheat in July. As of now Egypt's strategic reserve stand at 4.6 million tonnes and are sufficient to last for six months.*

As per latest update, china has sold 4074 tonnes of imported *wheat for average price of 2523 yuan ($375.66) per tonne at an auction of state reserves. The quantity sold represents around 2.94 percent of 138265 tonnes of wheat available at auction.*

France is expected to harvest 36.2 million tonnes of what in 2017 compared to 28.47 million tonnes in 2016. *Wheat crop condition in France improved slightly as showers provided relief after a dry June. Ministry has estimated an average yield of 7.04 tonnes per hectare compared to 5.37 tonnes per hectare in 2016 whereas the area has been pegged at 5.15 million hectares.*

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.*

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***
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	186.20	236.90	190.42	181.53	184.38	162.19	270.11	272.91
July-17	203.60	248.63	196.55	188.48	191.95	170.54	299.85	303.94

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)
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	18.40	34.82	30.29
07.07.2017	8.04	17.92	35.15	30.57
14.07.2017	8.68	18.54	35.67	31.07
21.07.2017	9.21	19.20	39.02	34.10
28.07.2017	8.64	18.39	40.17	35.11
Vessel Class: Panamax	*PoL: Novorossiysk, PoD: Damietta*	*PoL: Novorossiysk, PoD: Jeddah*	*PoL: Odessa, PoD: Japan*	*PoL: Odessa, PoD: Chittagong*

Source: Reuters

Global Policy Developments

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*

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.*

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	29.06.2017	05.07.2017	12.07.2017	19.07.2017	26.07.2017
Odessa, FOB($/tonnes)					
Milling wheat 12.5%	180.0-183.0	183.0-187.0	187.0-191.0	188.0-192.0	188.0-193.0
Milling wheat 11.5%	174.0-177.0	179.0-183.0	184.0-187.0	185.0-188.0	183.0-186.0
Feed wheat	166.0-168.0	168.0-171.0	172.0-174.0	173.0-177.0	172.0-176.0
Novorossiysk, FOB($/tonnes)					
Milling wheat 12.5%	183.0-185.0	186.0-188.0	192.0-194.0	192.0-194.0	193.0-196.0
Milling wheat 11.5%	176.0-180.0	178.0-182.0	182.0-186.0	183.0-188.0	183.0-186.0
Feed wheat	165.0-167.0	167.0-170.0	170.0-172.0	173.0-175.0	172.0-175.0

Source: Reuters

Forward Prices for 2017 Crop Black Sea Region

Origin	Commodity	Delivery period	Price (USD/MT)	
			19.07.17	**26.07.17**
Russia	Wheat, 12.5% protein	Oct-Nov	195-205	200-205
Ukraine	Wheat, 11.5% protein	Oct-Nov	-	-
Ukraine/Russia	Feed wheat	Sept-Oct	-	175-180

Source: Reuters

IGC Wheat Balance Sheet (Quantity in MMT)

IGC Forecast(Fig-In MMT)	2014-15	2015/16	2016/2017	2017-18 (Forecast)	
			(Estimate)	29.06.2017	27.07.2017
Production	730	738	754	735	732
Trade	153	166	173	170	170
Consumptions	715	718	738	735	735
Carryover stocks	206	225	242	241	241
Y-O-Y change	15	19	16	-	-3
Major Export	66	68	78	67	65

IGC Balance Sheet Highlight:

- *IGC has reduced its forecast for wheat by 3 MMT to 732 MMT as on 27th July-2017 for 2017-18. According to estimate 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 forecast has been increased to 170 MMT. It is 3MMT lower compared to estimate for last year and higher by 4 MMT compared to 2015-16.*
- *Consumption has been kept unchanged at 735 MMT for 2017-18. The forecast 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 3 MMT compared to 2016-17.*

USDA Global Wheat Balance Sheet: 2017-18 Fig. In Thousand Tonne (As on 01.08.2017)							
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	8,938	23,500	8,000	150	22,000	5,588	35,109
Canada	7,163	28,350	8,800	450	22,000	5,163	31,700
China	110,992	130,000	116,000	3,000	800	127,192	128,850
EU	10,828	150,000	127,250	6,500	30,000	10,078	145,471
India	9,536	96,000	99,000	4,000	500	10,036	87,000
Pakistan	4,354	26,200	25,400	30	600	4,584	25,600
Russia	10,836	72,000	41,000	500	30,500	11,836	72,529
Ukraine	1,883	24,000	10,200	25	14,000	1,708	26,800
U S	32,234	47,892	31,869	3,300	26,000	25,532	62,859
Others	60,764	122,385	261,358	160,046	22,939	58,348	121,394
World total	258,049	737,827	734,877	178,011	180,839	260,596	754,312

Source: USDA

CBOT Futures Sept-17 Chart:

1st Support; 158.00
2nd Support: 156.00
1st Resistant: 204.00
2nd Resistant: 206.00
($ per tonne)

CBOT is falling continuously as ample supplies are available in the market. Furthermore weaker export sales in US and forecast for rains in wheat growing regions is keeping the prices under pressure. On the other hand due to unfavourable weather wheat crop is not in good condition.

CBOT comparison over period of time:

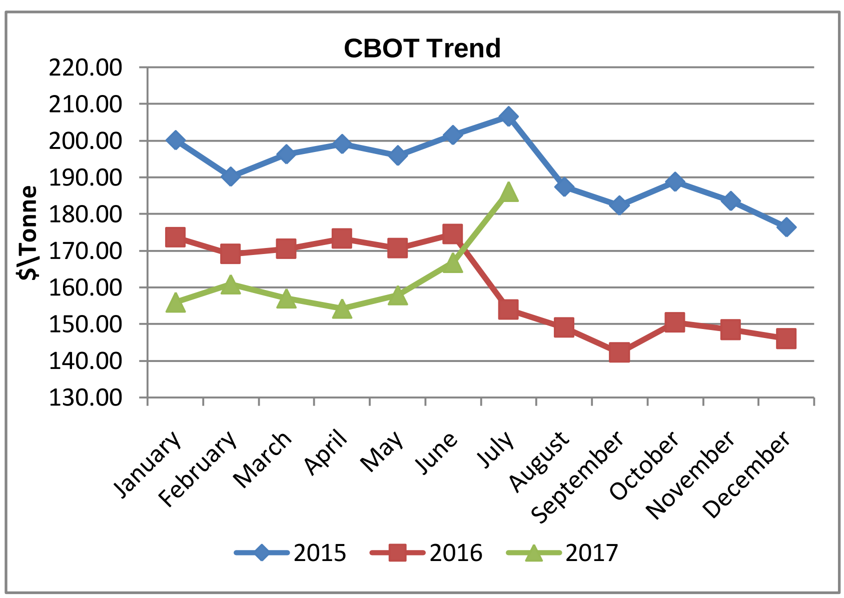
CBOT Futures Prices:(USD/T)							
CONTRACT MONTH	Today	Week Ago	Month Ago	3 Month Ago	6 Month Ago	Year Ago	% Change over prev. year
	1-Aug-17	25-Jul-17	1-Jul-17	1-May-17	1-Feb-17	1-Aug-16	
Sep-17	169.46	174.15	203.91	172.22	174.61	180.58	**-6.15**
Dec-17	179.20	183.33	210.89	180.03	180.94	187.10	**-4.22**
Mar-18	187.19	191.78	215.85	186.27	185.17	192.33	**-2.67**
May-18	191.97	196.01	218.42	189.58	187.74	193.71	**-0.90**
Jul-18	195.09	198.76	218.97	189.76	188.11	190.96	**+2.16**
Sep-18	199.77	202.99	220.72	192.70	191.69	190.96	**+4.62**

CBOT Trend

CBOT moves within a range from January to June under normal conditions as shown in the chart.

However this year CBOT is not following the trend due to very low crop size and unfavourable weather conditions which are posing a threat to winter as well as summer crop.

As per latest update on 30th July by USDA around 31% of spring wheat is in good or excellent condition compared to 33% a week ago. Furthermore around 88% of winter wheat and 9% of spring wheat has been harvested.



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

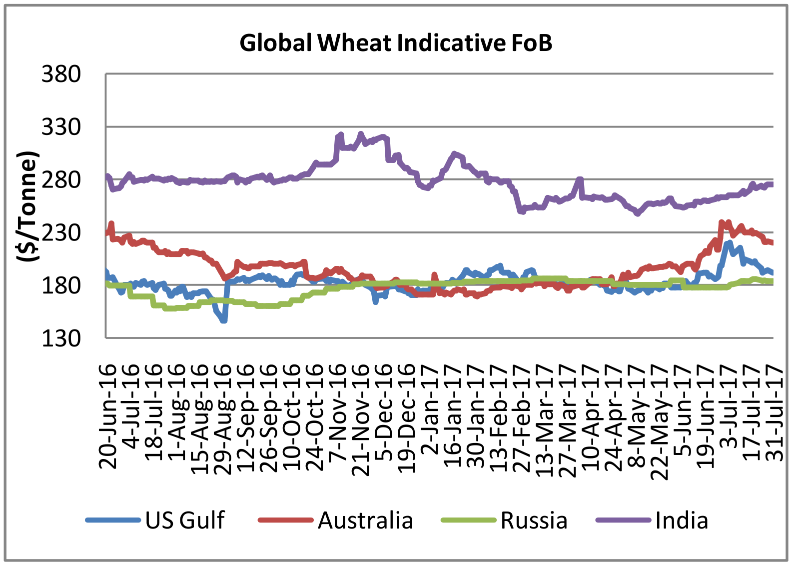
All prices are for SRW/milling grade	1st Feb-17	1st Mar-17	1st April-17	1st May-17	1st June-17	1st July-17	1st Aug-17
USA	190.60	187.50	182.40	182.90	177.80	198.49	191.59
France	182.70	175.25	161.50	165.25	154.50	172.25	167.50
Australia	169.00	178.48	178.49	190.04	197.89	230.69	218.99
Russia	184.00	184.50	185.00	180.50	184.50	175.00	183.50
India	284.59	249.11	264.54	259.31	256.71	262.91	257.52

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 $262.91-275.96 per tonne.

US and Russian quotes are hovering in the range of $191.40-220.20 and $178.00-185.50 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 $245 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. Rains in Germany and Britain have slowed down wheat harvest however harvest in France is progressing at a decent pace. All this has led EU to revise its production forecast down by around 1.0 MMT to 140.7 MMT. Russian has harvested 31.7 MMT of wheat until 28th July and total production for spring and winter season combined is likely to be 62 MMT in 2017 compared to 73.3 MMT in 2016. Production in US is likely to be around 47.8 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 is likely to harvest around 28.4 MMT in 2017-18 due to lower acreage compared to 31.7 MMT in 2016-17. Therefore, Steady to firm market is expected in short to medium term.