

Wheat Monthly Research Report

Contents

- ❖ Wheat Market Dynamics
- ❖ AW Cereal Index
- ❖ Wheat Quarterly Balance Sheet
- ❖ Supply Demand & Domestic Market Highlights
- ❖ Acreage and Procurement
- ❖ Wheat Price Trend
- ❖ Export & Import
- ❖ Monthly Stock & Inflation
- ❖ Monthly Average Price
- ❖ Spot Prices
- ❖ Monthly Arrival/MSP Vs Mill Delivery
- ❖ Technical Analysis
- ❖ International Wheat Market Summary
- ❖ Global Wheat Average FoB
- ❖ Indicative Freight Quotes
- ❖ Global Policy Developments & Spot/Forward Prices
- ❖ IGC & USDA Balance Sheet
- ❖ CBOT: Futures/Comparison/Trend

Market Dynamics:

Price Trend: All India average monthly prices for wheat increased by 0.67 percent from Rs 1766.32 (in July) to Rs 1778.12 per qtl in August-2017. Average price (August) is lower by 0.46 percent compared to price (Rs 1786.42 per qtl.) registered in August-2016. Demand from south Indian millers is weak and government may increase import duty in order to curb imports and provide support to domestic prices. 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 109.48 MMT, higher compared to last year on account of increased production. Consumption is likely to be around 95 MMT. As per fourth advance estimate for 2016-17 wheat production is likely to be around 98.8 MMT which is higher compared to third advance estimate of 97.4 MMT.

Export-: At export front prevailing market conditions are not in favour of Indian exporters due to huge price gap. The difference is around \$105-107 per tonne from Black Sea Region. Russia/Ukraine is offering wheat at \$169.00/171.50 per tonne on FoB basis while Indian FoB at Kandla port comes to \$277.30 per tonne. India exported 10.54 thousand tonne wheat in June. 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 June India imported 1.64 lakh tonne wheat compared to 0.33 lakh tonnes in the month of May. Import quotes for wheat from different origins to Tuticorin port has decreased compared to last week. As of now Tuticorin port price for APW is Rs 1840 per quintal, ASW is Rs 1775 per quintal and Ukrainian wheat at Rs 1675 per quintal.

FoB/CiF Quotes: Indian FoB quote is hovering around \$274.18-278.43 per tonne. Against it Russia, Ukraine, France, US and Australia are offering wheat at \$169.00, \$171.50, Euro 156.75, \$157.96 and \$200.20 per tonne respectively. As of now Tuticorin port price for APW is Rs 1840 per quintal, ASW is Rs 1775 per quintal and Ukrainian wheat at Rs 1675 per quintal.

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.

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. India has received 683.60 mm of actual rainfall against 707.40 mm of normal rainfall since the beginning of monsoon season until 30th August. In the week (24th – 30th August) India has received rainfall above LPA by 24% and the worst hit region was East & Northeast India which received rainfall below LPA by -21%. Since the beginning of monsoon season Punjab, Chandigarh, Delhi, West Uttar Pradesh, East Madhya Pradesh and Vidharba have received deficient rainfall.

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 1559 & 1701 respectively.

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 | 59.68 | 36.93 |
| Production | 85.1 | 93.5 | 93.5 | 0 | 0 | 0 |
| Imports | 6 | 4 | 0.85 | 1.15 | 1.05 | 0.95 |
| Total Availability (A+B+C) | 106.48 | 109.48 | 106.33 | 83.58 | 60.73 | 37.88 |
| Consumption | 94 | 95 | 23.8 | 23.7 | 23.7 | 23.8 |
| Exports | 0.5 | 0.5 | 0.1 | 0.2 | 0.1 | 0.1 |
| Total Usage (E+F) | 94.5 | 95.5 | 23.9 | 23.9 | 23.8 | 23.9 |
| Carry out (D-G) | 11.98 | 13.98 | 82.43 | 59.68 | 36.93 | 13.98 |
| Av Monthly Consumption | 7.83 | 7.92 | 1.98 | 1.98 | 1.98 | 1.98 |
| Stock to Month Use | 1.53 | 1.77 | 41.56 | 30.22 | 18.70 | 7.05 |
| Stock to Consumption Ratio | 0.02 | 0.02 | 1.75 | 1.28 | 0.79 | 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 109.48 MMT, higher compared to last year on account of increased production.

As per latest update, wheat stock in central pool as on 1st August'17 stood at 300.59 lakh tonnes down by 6.87% compared to last month. This quantity is higher by around 11.83% compared to last year for the same month. For the month of July off take from central pool was around 22.16 lakh tonnes compared to 33.02 lakh tonnes for July '2016 and 19.95 lakh tonnes for July'2015. Off take is likely to increase in the coming months due to seasonal demand. FCI is currently selling wheat through E-Auction at a reserve price of Rs. 1790 per quintal.

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 \$105-107 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 3 to 4 million tonnes in 2017-18 Marketing year.

Domestic Market Highlights:

FCI has offered a total of 11808752 tonnes of wheat through E-Auction since June until fifth tender in August. Sales through E-Auction of wheat are at lower side this year due to high domestic production and imports. In the month of June 115000 tonnes was sold against offered quantity of 1104050 tonnes, 34400 tonnes was sold in July against offered quantity of 4934602 tonnes and 43550 tonnes has been sold in five tenders of August against offered quantity of 5770100.

India is likely to import 3-4 million tonnes of wheat in 2017-18 despite good production this year as wheat is available at lower prices in the international market. Importers are continuously importing from Russia and Ukraine. Furthermore analyst are expecting record crop in Russia at around 80-82 MMT, which is keeping Russia's export quotes at a lower level. The only fear importers are facing is an increase in import duty or abrupt change in phytosanitary measures.

As per latest update, India has exported 10.54 thousand tonnes of wheat in the month of June'17 compared to 40.43 thousand tonnes in previous month. On import front India has imported 164.26 thousand tonnes of wheat in the month of June'17 compared to 33.00 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 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.

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 0.67 percent from Rs 1766.32 (in July) to Rs 1778.12 per qtl in August-2017. Average prices moved up in all states except, Jharkhand, Madhya Pradesh, Karnataka, Uttarakhand and Punjab.

Government may increase import duty in order to reduce imported volume. 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.

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

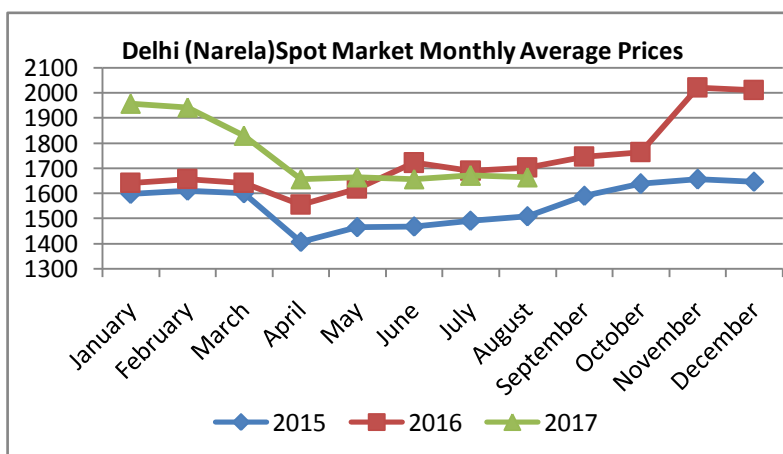
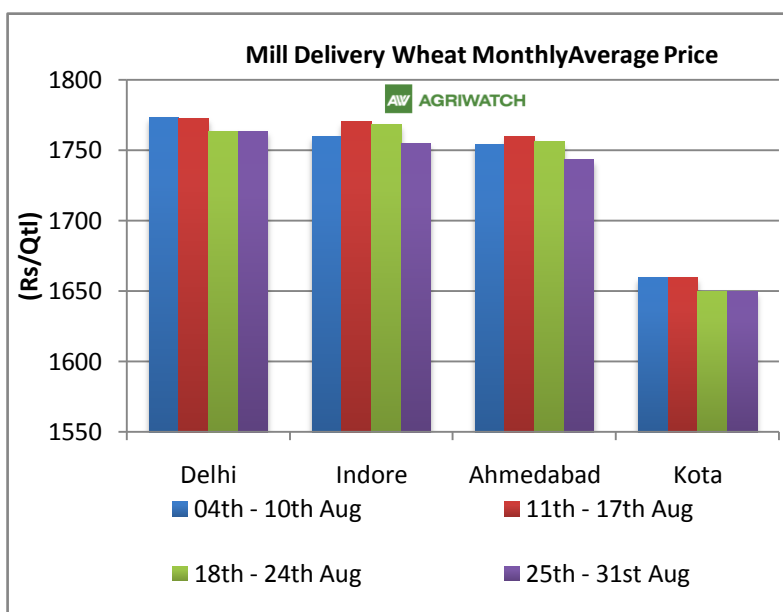
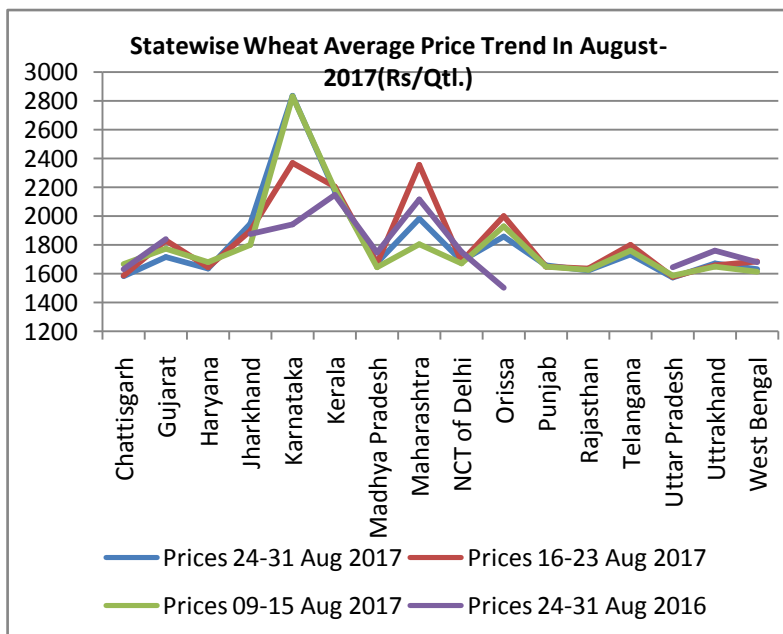
Wheat average mill delivery prices traded steady to weak in Ahmedabad, Kota, Delhi and Indore during 25th – 31st August. Prices are expected to remain steady to firm.

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. Government may increase import duty in order to curb imports and provide support to domestic prices however Government has ample stocks to tackle any unexpected surge in prices in coming months. 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 1670.00 in July-17 to Rs 1663.48 per quintal in August-2017.

The prices are weak by 0.39 percent compared to last month and weak by 2.25 percent compared to last year for the same month due to ample availability created by good domestic production and imports.



Wheat Exports:

According to latest update, India exported around 10.54 thousand tonne wheat in the month of June-2017.

It is around 29.89 thousand tonnes lower compared to exported quantity (40.43 thousand tonne) in May-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 (\$78 to \$107 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 | 31.29 | 154.18 |
| 17-May | 40.43 | 157.90 |
| 17-Jun | 10.54 | 166.69 |
| 17-Jul | | |
| 17-Aug | | |
| 17-Sep | | |
| 17-Oct | | |
| 17-Nov | | |
| 17-Dec | | |
| 18-Jan | | |
| 18-Feb | | |
| 18-Mar | | |
| Total 2017-18 | 88.26 | 159.59 |

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 3-4 MMT compared to 6 MMT in last MY 2016-17. In the month of June-2017 India imported around 1.64 lakh tonne wheat from Russia, Ukraine and Australia compared to 0.33 lakh tonnes in May-17.

FoB quote in Black Sea region are hovering around \$170.00 per tonne in Russia and \$171.50 per tonne in Ukraine. Australia and France are also providing wheat at \$198.66 per tonne and Euro 156.75 per tonne. Added capacity at Ukrainian ports has reduced export cost further. As of now the import duty is 10% which might be increased by the government in near future.

Source: DGCIS, *Provisional data from IBIS

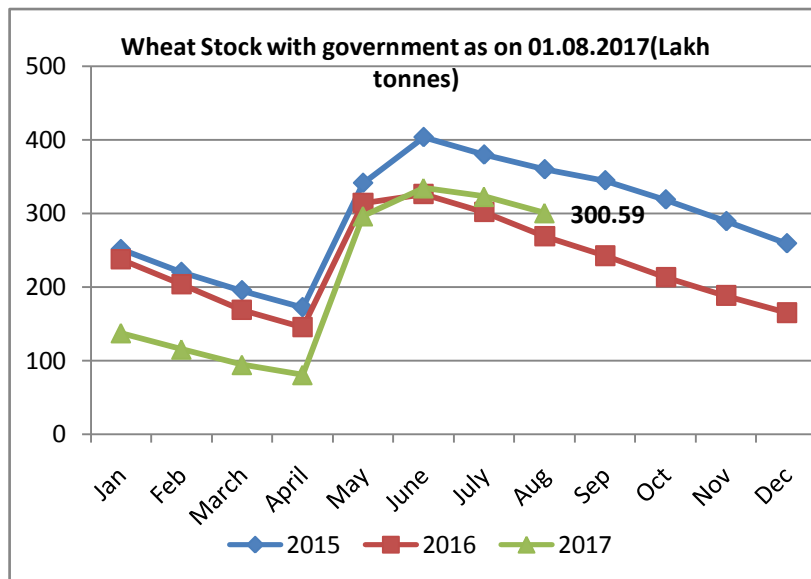
| Year/Month | Wheat Import(In Thousand Tonne) | CBOT Average Quotes (USD/MT) |
|------------------|---------------------------------|------------------------------|
| Apr-16 To Mar-17 | 5957.79 | 157.03 |
| 17-Apr | 185.17 | 154.20 |
| 17-May | 33.00 | 159.75 |
| 17-Jun | 164.26 | 166.69 |
| 17-Jul | | |
| 17-Aug | | |
| 17-Sep | | |
| 17-Oct | | |
| 17-Nov | | |
| 17-Dec | | |
| 18-Jan | | |
| 18-Feb | | |
| 18-Mar | | |
| Total 2017-18 | 382.43 | 159.59 |

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

Wheat stock in government's ware houses on 01.08.2017 was registered at 300.59 lakh tonne.

It is lower by 6.87 % from July - 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.



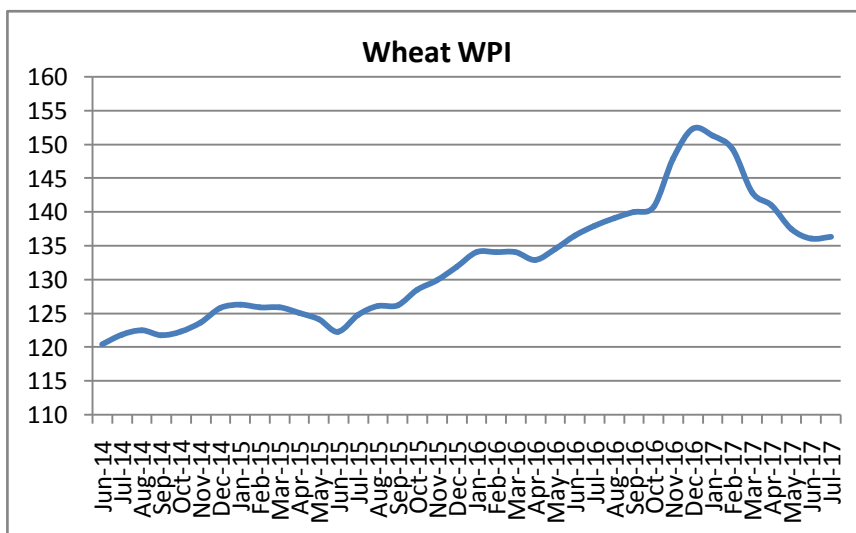
Wheat Inflation:

| 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 | 136.3 |
| 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 136.1 in June to 136.3 in July-2017. Monthly wheat inflation has increased by 0.14 percent in July-17 compared to June-17.

As compared to July-16, wheat WPI has decreased by around 1.16% whereas it is higher by 9.21% compared to July -2015.

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



| Monthly Average Prices At Various Market(Rs/Quintal) | | | | | |
|--|---------|---------|---------|---------|---------|
| | Delhi | Indore | Kota | Rajkot | Chennai |
| 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 |
| 17-Aug | 1767.71 | 1762.17 | 1654.17 | 1705.00 | 1947.50 |

Source: Agriwatch

Monthly Price Comparison of Spot Markets

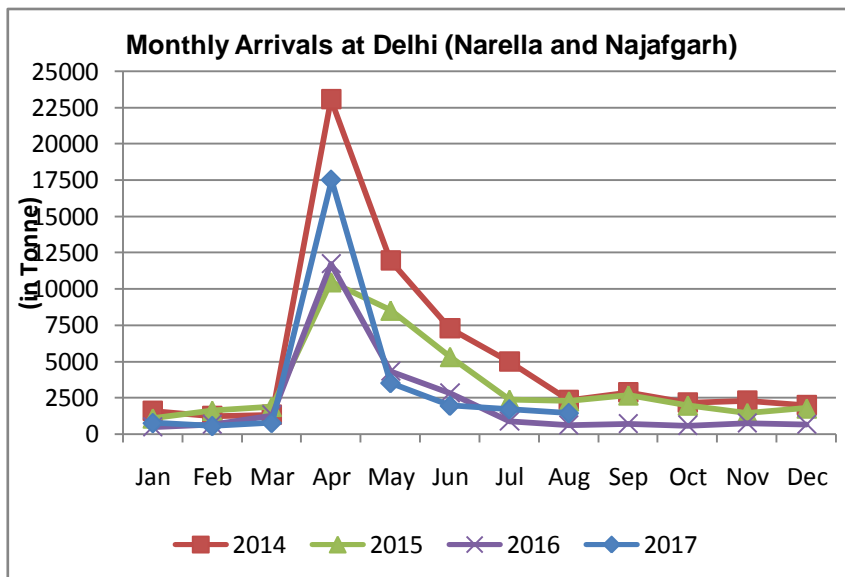
| Spot Market Price: | | | | | | | |
|--------------------|--------------------|---------------------|-----------------|-----------|-----------|-----------|----------|
| Centre | Market | Variety | Prices (Rs/Qtl) | | | | |
| | | | Today | Yesterday | Week Ago | Month Ago | Year Ago |
| | | | 1-Sep-17 | 31-Aug-17 | 25-Aug-17 | 1-Aug-17 | 1-Sep-16 |
| Delhi | Lawrence Road | Mill Delivery | 1760 | 1760 | 1765 | 1770 | 1800 |
| | Narella | Mill Quality Loose | 1660 | 1655 | 1650 | 1670 | 1735 |
| | Nazafgarh | Mill Quality Loose | 1665 | 1665 | 1670 | 1670 | NA |
| Gujarat | Rajkot | Mill Delivery | 1610 | 1610 | NA | 1600 | 1750 |
| | Ahmedabad | Mill Delivery | 1750 | 1740 | 1750 | 1755 | 1880 |
| | Surat | Mill Quality Loose | 1790 | 1780 | 1790 | 1790 | 1920 |
| | Dhrol | Mill Delivery | 1610 | 1605 | NR | 1620 | NA |
| M.P. | Indore | Mill Quality Loose | 1650 | 1650 | 1660 | 1650 | Closed |
| | Bhopal | Mill Delivery | 1650 | 1650 | 1660 | 1650 | Closed |
| Rajasthan | Kota | Mill Quality Loose | 1550 | 1550 | 1560 | 1570 | Closed |
| | | Mill Delivery | 1650 | 1650 | 1650 | 1650 | Closed |
| U.P. | Kanpur | Mill Delivery | 1710 | 1720 | 1705 | 1735 | 1715 |
| | Mathura | Mill Quality Loose | 1575 | 1575 | 1575 | NA | 1630 |
| | Kosi | Mill Quality Loose | 1570 | 1570 | 1575 | 1585 | 1655 |
| | Hathras | Mill Quality Loose | 1615 | 1630 | 1580 | 1560 | 1650 |
| | Aligarh | Mill Quality Loose | 1600 | 1600 | 1600 | 1600 | 1610 |
| Punjab | Khanna | Mill Quality Loose | NA | 1670 | Closed | Closed | 1630 |
| | Ludhiana (Jagraon) | Mill Delivery | NA | NA | Closed | NA | NA |
| Haryana | Sirsa | Mill Delivery loose | 1700 | 1700 | 1700 | 1690 | 1670 |
| | Hodal | Mill Delivery | 1740 | NA | 1780 | 1740 | NR |
| | Bhiwani | Mill Quality Loose | 1670 | 1670 | 1680 | 1650 | 1700 |
| | Karnal | Mill Quality Loose | 1670 | 1670 | NA | 1655 | 1670 |
| | Panipat | Mill Quality Loose | 1625 | 1625 | NA | 1625 | NA |
| Tamil Nadu | Chennai | Mill Quality | 1950 | 1950 | 1950 | 1950 | Closed |
| | Madurai | Mill Quality | 2007 | 2007 | 2007 | 2007 | Closed |
| | Coimbatore | Mill Quality | 2007 | 2007 | 2007 | 2007 | Closed |
| Bihar | Khagariya | Mill Delivery | 1650 | 1650 | 1600 | 1700 | 1750 |
| | Muzaffarpur | Mill Delivery | 1600 | 1600 | 1600 | 1600 | 1800 |

Monthly Arrivals at Delhi

Arrivals in Delhi region (Narela and Najafgarh) decreased in August-2017, from 1700 tonnes in July to 1440 tonnes in August-2017. Currently wheat is being traded around Rs 1660 per qtl in Narela.

Domestic Outlook:

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

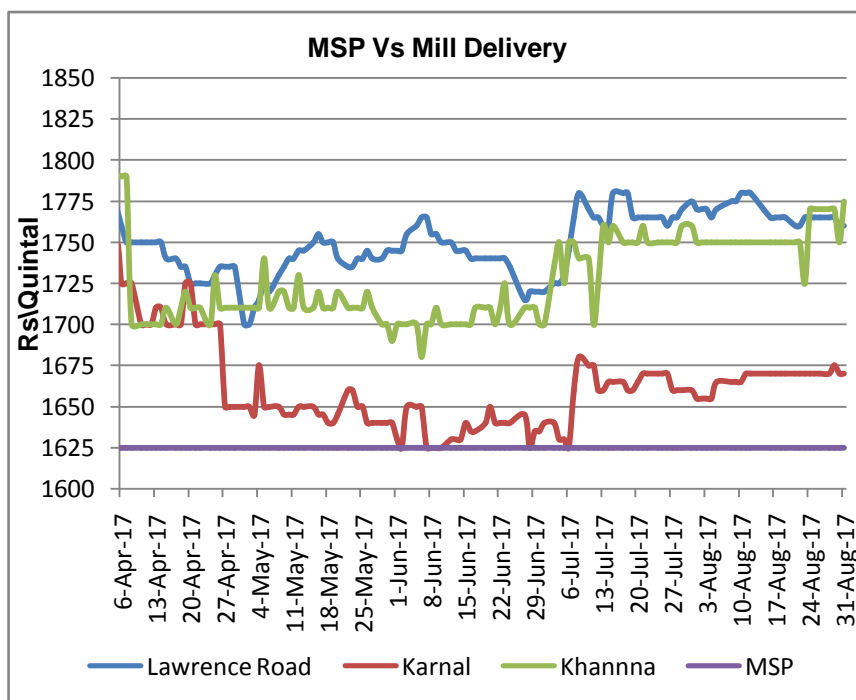


MSP Vs Mill Delivery Prices

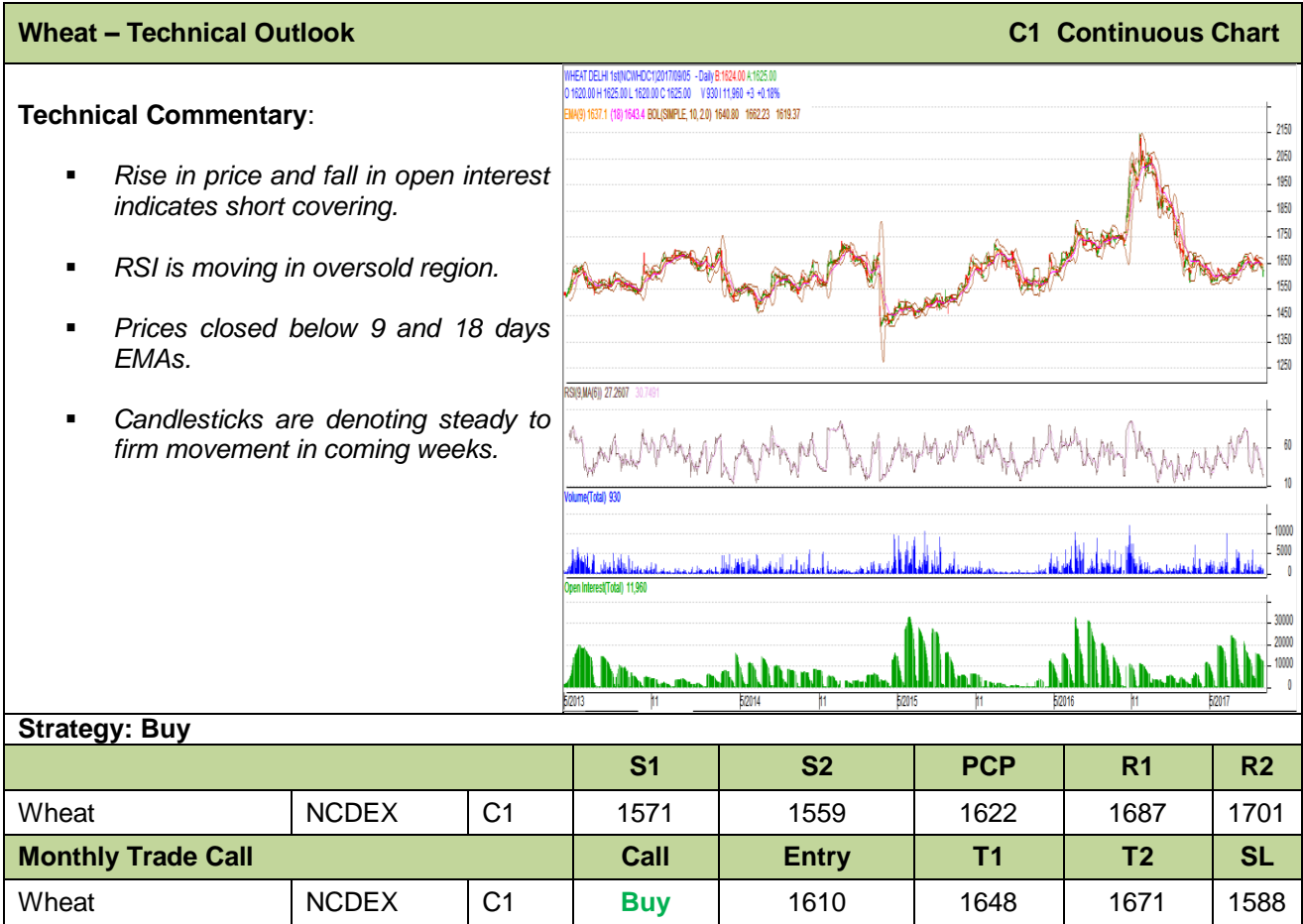
Government increased minimum support price (MSP) of wheat from Rs1525 per quintal in 2016-17 to Rs 1625 per quintal in 2017-18. This increase in MSP also motivated farmers to sow more area. Government is expected to increase MSP for 2018-19 to motivate farmers so that the sowing area increases or remains unchanged.

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:



* Do not carry-forward the position next month.

International Market Dynamics

As on 01st September Russia has harvested 67.8 million tonnes of wheat compared to 63.8 million tonnes a year ago for the same date. Around 17.7 million hectares of area has been harvested with an average yield of 3.84 tonnes per hectare compared to 20.1 million hectares with an average yield of 3.17 tonnes per hectare a year ago for same date. Russia is expected to harvest 80-82 million tonnes of wheat in 2017.

As per latest update, Japan's ministry of agriculture bought 125713 MMT of food quality wheat from United States and Canada. Around 67123 MMT with minimum protein content of 14 percent has been bought from United States and 58590 MMT has been bought from Canada with minimum protein content of 13.5 percent to be loaded between October 21 and November 20.

The world's largest buyer of wheat has extended 13.5% moisture content limit by nine months. The extension was first implemented in February for nine months which was about to expire in October. The new nine month period will be active from 03rd October'17. However excessive moisture can reduce quality and increase risk of mould and insect damage. The limit has been extended to increase healthy competition among different origins that are willing to supply wheat in state tenders.

GASC has purchased 295000 tonnes of wheat through tender. Of the total quantity 235000 tonnes is of Russian origin and 60000 tonnes is of Ukrainian origin. Daewoo offered 60000 tonnes of Russian wheat at FoB \$186.00 per tonne, Louis Dreyfus offered 60000 tonnes of Ukrainian wheat at FoB \$187.00 per tonne, GTCS offered 55000 tonnes of Russian wheat at FoB \$187.00 per tonne and 120000 tonnes of Russian wheat at FoB \$187.50 per tonne.

Ukraine has completed wheat harvest for 2017, harvesting a total 26.6 million tonnes of wheat with a yield of 4.18 tonnes per hectare. Furthermore exports and carryover stocks for 2017 are likely to be around 15.5 MMT and 1.9 MMT.

As on 25th August, Algeria state grains agency OAIC has bought around 590000 tonnes of milling wheat in a tender that closed on Tuesday. The prices paid were in the range of \$200.00 - \$201.00 per tonne (Cost and Freight). The quantity to be shipped is due in November. Major part of the quantity is likely to be sourced from France and Baltic states but some quantity can come from United States as well.

Saudi Arabia's main state wheat buying agency the Saudi Grains Organization (SAGO) has purchased 490000 tonnes of hard wheat. The quantity will be shipped in 8 consignments with 5 to be shipped at port of Jeddah and rest at port of Dammam. Of the total quantity to be shipped at Jeddah port, 60000 tonnes was bought from ADM at \$214.78 C&F, 60000 tonnes was bought from Holbud limited at \$216.43 C&F, 60000 tonnes was bought from Holbud at \$216.98 C&F, 60000 tonnes was bought from Graincorp at \$214.47 C&F and 60000 tonnes was bought from Holbud at \$218.10 C&F. For Dammam port, and 60000 tonnes was bought from Cargill at \$220.97 C&F, and 60000 tonnes was bought from Holbud at \$222.38 C&F and and 60000 tonnes was bought from Graincorp at \$221.47 C&F.

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.

Global Wheat Average FoB

| Month | US SRW2* | US HRW2* | Argentina P1* | Ukraine 12.5%* | Russia 12.5%* | Rouen 11%** | Australia ASW1*** | Australia APW2*** |
|----------|----------|----------|---------------|----------------|---------------|-------------|-------------------|-------------------|
| 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 |
| Aug-17 | 172.38 | 213.70 | 188.36 | 187.23 | 188.63 | 160.35 | 269.48 | 272.26 |

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) |
|--------------------------|-------------------------------------|-----------------------------------|----------------------------|---------------------------------|
| 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 |
| 04.08.2017 | 8.79 | 18.85 | 40.04 | 34.95 |
| 11.08.2017 | 9.28 | 19.49 | 39.88 | 34.76 |
| 18.08.2017 | 9.45 | 19.9 | 40.4 | 35.31 |
| 25.08.2017 | 8.69 | 19.48 | 41.68 | 36.47 |
| 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 | 02.08.2017 | 09.08.2017 | 16.08.2017 | 23.08.2017 | 30.08.2017 |
|-------------------------------------|-------------|-------------|-------------|-------------|-------------|
| Odessa, FOB(\$/tonnes) | | | | | |
| Milling wheat 12.5% | 189.0-194.0 | 189.0-193.0 | 188.0-193.0 | 179.0-183.0 | 177.0-182.0 |
| Milling wheat 11.5% | 180.0-184.0 | 176.0-179.0 | 174.0-176.0 | 168.0-172.0 | 168.0-170.0 |
| Feed wheat | 168.0-172.0 | 163.0-166.0 | 161.0-165.0 | 157.0-160.0 | 157.0-160.0 |
| Novorossiysk, FOB(\$/tonnes) | | | | | |
| Milling wheat 12.5% | 195.0-197.0 | 191.0-195.0 | 190.0-193.0 | 179.0-183.0 | 178.0-182.0 |
| Milling wheat 11.5% | 182.0-184.0 | 176.0-179.0 | 174.0-177.0 | 168.0-173.0 | 167.0-170.0 |
| Feed wheat | 170.0-173.0 | 163.0-166.0 | 161.0-165.0 | 159.0-162.0 | 157.0-161.0 |

Source: Reuters

Forward Prices for 2017 Crop Black Sea Region

| Origin | Commodity | Delivery period | Price (USD/MT) | |
|----------------|----------------------|-----------------|----------------|----------|
| | | | 23.08.17 | 30.08.17 |
| Russia | Wheat, 12.5% protein | Oct-Nov | 182-185 | 182-185 |
| Ukraine | Wheat, 11.5% protein | Oct-Nov | 169-172 | 161-167 |
| Ukraine/Russia | Feed wheat | Sept-Oct | 160-165 | 163-165 |

Source: Reuters

IGC Wheat Balance Sheet (Quantity in MMT)

| IGC Forecast(Fig-In MMT) | 2014-15 | 2015/16 | 2016/2017 (Estimate) | 2017-18 (Forecast) | |
|---------------------------|---------|---------|-------------------------|--------------------|------------|
| | | | | 27.07.2017 | 24.08.2017 |
| Production | 730 | 738 | 754 | 732 | 742 |
| Trade | 153 | 166 | 173 | 170 | 172 |
| Consumptions | 715 | 718 | 738 | 735 | 738 |
| Carryover stocks | 206 | 225 | 242 | 241 | 248 |
| Y-O-Y change | 15 | 19 | 16 | - | 4 |
| Major Export | 66 | 68 | 78 | 65 | 69 |

IGC Balance Sheet Highlight:

- IGC has increased its forecast for wheat by 10 MMT to 742 MMT as on 24th August-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 172 MMT. It is 1 MMT lower compared to estimate for last year and higher by 6 MMT compared to 2015-16.
- Consumption has been increased to 738 MMT for 2017-18. The forecast is higher by 20 MMT compared to 2015-16.
- Carryout has been increased to 248 MMT for 2017-18. It is higher by around 6 MMT compared to estimate of 2016-17.

| USDA Global Wheat Balance Sheet: 2017-18 Fig. In Thousand Tonne (As on 01.09.2017) | | | | | | | |
|--|-----------------------|------------------------------|------------------------------|----------------|----------------|----------------------|--------------------|
| 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 | 17,500 |
| Australia | 8,938 | 23,500 | 8,000 | 150 | 22,000 | 5,588 | 35,109 |
| Canada | 6,913 | 26,500 | 8,400 | 450 | 20,500 | 5,163 | 31,700 |
| China | 111,392 | 130,000 | 116,000 | 3,000 | 800 | 127,592 | 128,850 |
| EU | 11,056 | 149,650 | 127,250 | 6,500 | 29,500 | 10,366 | 145,699 |
| 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 | 77,500 | 42,000 | 500 | 31,500 | 15,336 | 72,529 |
| Ukraine | 1,888 | 26,500 | 10,200 | 25 | 16,000 | 2,213 | 26,800 |
| U S | 32,234 | 47,337 | 31,733 | 4,100 | 26,000 | 25,382 | 62,859 |
| Others | 60,890 | 122,492 | 262,488 | 160,601 | 23,439 | 57,899 | 121,349 |
| World total | 258,558 | 743,179 | 736,471 | 179,366 | 182,339 | 264,690 | 754,995 |

Source: USDA

CBOT Futures Sept-17 Chart:

1st Support: 142.00
2nd Support: 140.00
1st Resistant: 182.00
2nd Resistant: 184.00
(\$ per tonne)

CBOT fell continuously as ample supplies are available in the market. As of now prices are increasing as prices in black sea region, which is a rival exporter for US, increased. Furthermore technical buying is also supporting prices.



CBOT comparison over period of time:

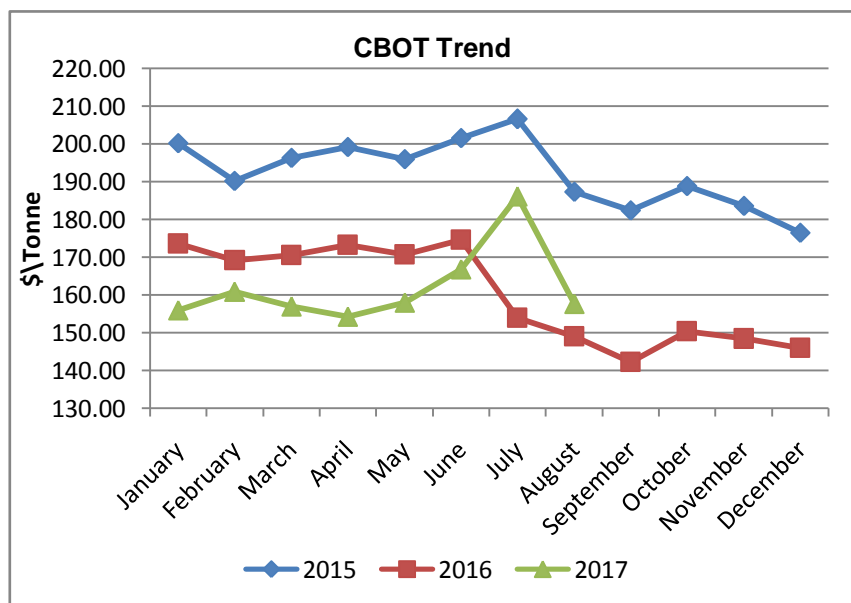
| CBOT Futures Prices:(USD/T) | | | | | | | |
|-----------------------------|-----------|-----------|-----------|-------------|-------------|-----------|--------------------------|
| CONTRACT MONTH | Today | Week Ago | Month Ago | 3 Month Ago | 6 Month Ago | Year Ago | % Change over prev. year |
| | 31-Aug-17 | 24-Aug-17 | 31-Jul-17 | 31-May-17 | 28-Feb-17 | 31-Aug-16 | |
| Sep-17 | 150.73 | 150.27 | 174.33 | 163.03 | 173.87 | 165.88 | -9.14 |
| Dec-17 | 159.64 | 159.64 | 183.61 | 171.39 | 180.85 | 174.33 | -8.43 |
| Mar-18 | 167.90 | 167.99 | 191.32 | 177.82 | 185.72 | 180.58 | -7.02 |
| May-18 | 172.86 | 173.32 | 195.73 | 181.95 | 188.11 | 183.61 | -5.85 |
| Jul-18 | 177.64 | 178.19 | 198.58 | 184.43 | 187.93 | 179.02 | -0.77 |
| Sep-18 | 183.06 | 183.79 | 202.99 | 188.48 | 191.23 | 179.02 | +2.26 |

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 lower crop size compared to last year. The 2017 hard red winter wheat harvest is complete whereas harvest of spring wheat is still underway.

As per latest update on 27th August, around 76 percent of spring wheat has been harvested compared to 79 percent a year ago for the same date.



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

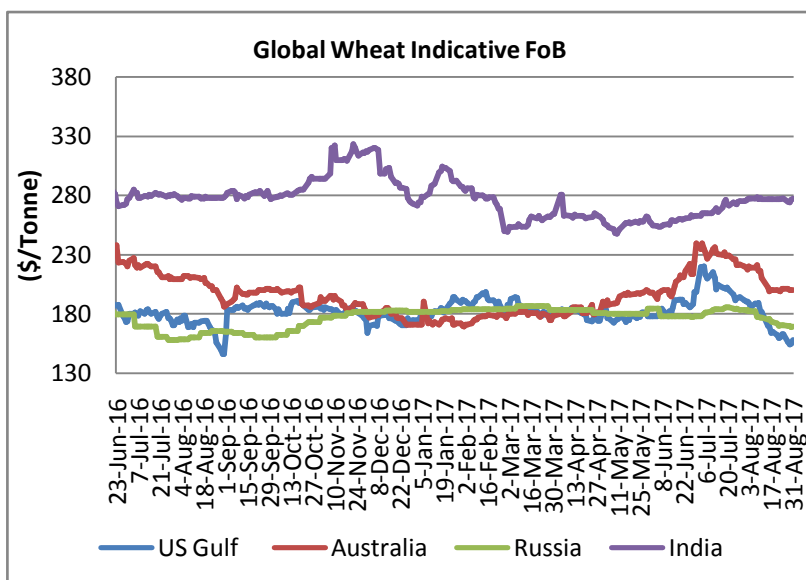
| All prices are for SRW/milling grade | 1st Mar-17 | 1st April-17 | 1st May-17 | 1st June-17 | 1st July-17 | 1st Aug-17 | 1st Sep-17 |
|--------------------------------------|------------|--------------|------------|-------------|-------------|------------|------------|
| USA | 187.50 | 182.40 | 182.90 | 177.80 | 198.49 | 191.59 | 181.40 |
| France | 175.25 | 161.50 | 165.25 | 154.50 | 172.25 | 167.50 | 156.75 |
| Australia | 178.48 | 178.49 | 190.04 | 197.89 | 230.69 | 218.99 | 198.66 |
| Russia | 184.50 | 185.00 | 180.50 | 184.50 | 175.00 | 183.50 | 170.00 |
| India | 249.11 | 264.54 | 259.31 | 256.71 | 262.91 | 257.52 | 277.43 |

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 \$274.18-277.30 per tonne.

US and Russian quotes are hovering in the range of \$157.18 and \$169.40 per tonne respectively. Wheat prices in international markets witnessed steady to weak tone in the last week

Wheat quotes are expected to trade steady to slightly weak and hover in the range of \$150 to \$205 in coming weeks.


International Outlook:

Global wheat market is expected to trade from steady to weak due to higher carryover stocks and good production. EU is likely to produce around 139.3 MMT in 2017. Russia and Ukraine are likely to harvest 80-83 MMT and 26 MMT of wheat in 2017-18. 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 Australia's 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 25 MMT in 2017-18 due to lower acreage compared to 31.7 MMT in 2016-17.

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