

Wheat Monthly Research Report

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Market Dynamics:

Price Trend: All India average monthly prices for wheat increased by 6.85 percent from Rs 1769.02 (in August) to Rs 1890.24 per qtl in September-2017. Average price (September) is higher by 7.80 percent compared to price (Rs 1753.40 per qtl.) registered in September-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 and possibility of increase in import duty, 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 \$76-82 per tonne from Black Sea Region. Russia/Ukraine is offering wheat at \$184.50/179.50 per tonne on FoB basis while Indian FoB at Kandla port comes to \$261.18 per tonne. India exported 11.65 thousand tonne wheat in July. Total export in MY 2016-17 was registered around 99.21 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 July India imported 1.04 lakh tonne wheat compared to 1.64 lakh tonnes in the month of June. Import quotes for wheat from different origins to Tuticorin port have remained steady to slightly firm in the past weeks.

FoB/CiF Quotes: Indian FoB quote is hovering around \$260.80-277.43 per tonne. Against it Russia, Ukraine, France, US and Australia are offering wheat at \$184.50, \$179.50, Euro 162.25, \$195.80 and \$217.60 per tonne respectively. Wheat prices in international markets witnessed steady to firm tone. Wheat in Australia is likely to trade firm in the coming month due to unfavourable weather and lower crop size compared to last year.

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: India has received 841.3 mm of actual rainfall against 887.5 mm of normal rainfall in 2017 monsoon. In 2017 monsoon season deficient rainfall were recorded in Punjab, Haryana, Chandigarh, Delhi, Uttar Pradesh, East Madhya Pradesh and Vidharba. All other remaining regions received normal or excess rainfall. Excess rainfall was recorded in west Rajasthan, Saurashtra & kutch, Rayalseema, Tamil Nadu and Pondicherry

E-Auction: FCI has offered a total of 15177552 tonnes of wheat through E-Auction since June until third tender in September. 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, 43550 tonnes was sold in August against offered quantity of 5770100 tonnes and 16350 tonnes has been sold in three tenders of September against offered quantity of 3368800.

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 1555 & 1725 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 September'17 stood at 278.16 lakh tonnes down by 7.46% compared to last month. This quantity is higher by around 14.73% compared to last year for the same month. For the month of August off take from central pool was around 22.43 lakh tonnes compared to 26.34 lakh tonnes for August'2016 and 15.02 lakh tonnes for August'2015. 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 \$76-82 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:

India is continuously importing wheat from Black sea region and Australia as it is cheaper compared to domestic wheat even after including the current import duty of 10%. In July, India imported 1.049 lakh tonne wheat compared to 1.64 lakh tonnes in the month of June. Import will continue but volume is likely to decrease. India is expected to import 3 to 4 million tonnes in MY 2017-18. Total import until September'17 since April'17 is expected to be 1.38 MMT. The only fear importers are facing is an increase in import duty or abrupt change in phytosanitary measures.

Import quotes for wheat from different origins to Tuticorin port have remained steady to slightly firm in last weeks. As of now Tuticorin port price for APW is Rs 1880 per quintal, ASW is Rs 1820 per quintal and Ukrainian wheat at Rs 1700 per quintal. India is likely to import 3-4 million tonnes of wheat in 2017-18. Government may increase import duty from 10% in order to curb imports and provide support to domestic prices. Fall in production forecast for Australia has increased quotes for APW and ASW.

As per latest update, India has exported 11.65 thousand tonnes of wheat in the month of July'17 compared to 10.54 thousand tonnes in previous month. On import front India has imported 104.99 thousand tonnes of wheat in the month of July'17 compared to 164.26 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 6.85 percent from Rs 1769.02 (in August) to Rs 1890.24 per qtl in September-2017. Average prices moved up in all states except Chhattisgarh, Gujarat, Maharashtra, Orissa, Rajasthan and Telangana.

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:

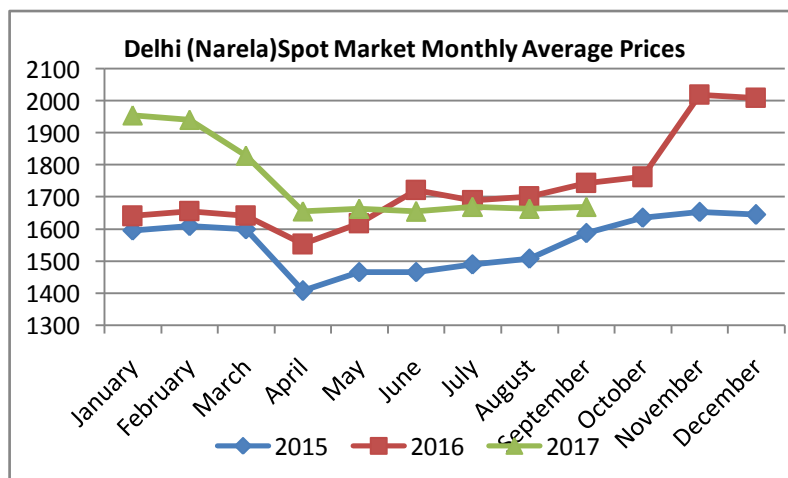
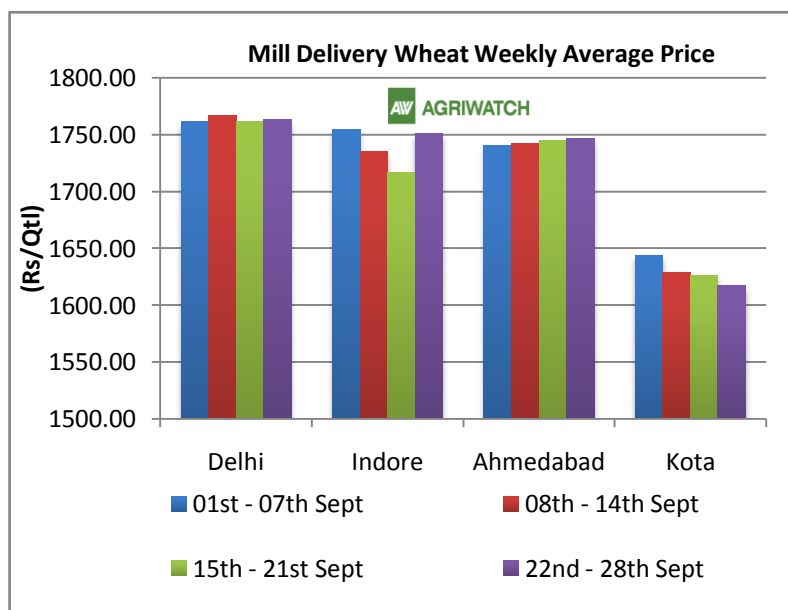
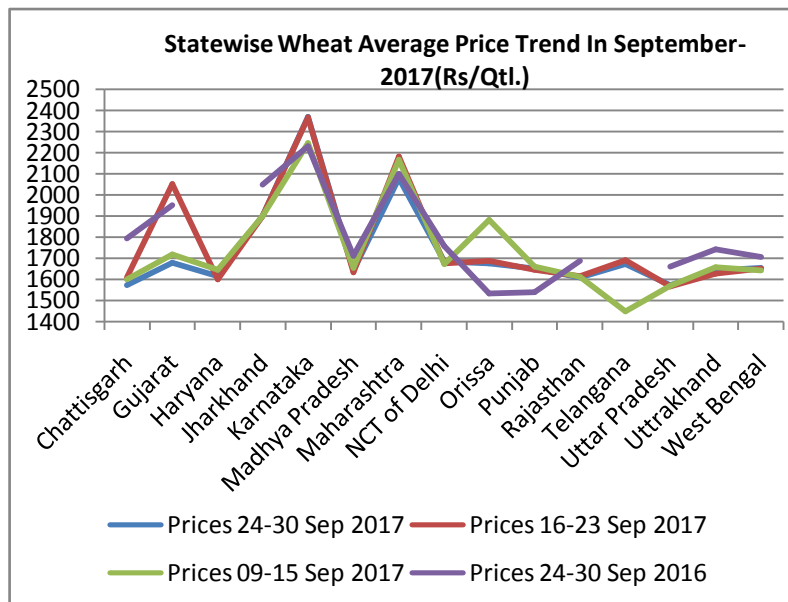
Wheat average mill delivery prices traded slightly firm in Delhi, Ahmedabad and Indore during 22nd – 28th September. Prices are expected to remain steady to firm.

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 1663.48 in August-17 to Rs 1670.00 per quintal in September-2017.

The prices are firm by 0.39 percent compared to last month and weak by 4.25 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 11.65 thousand tonne wheat in the month of July-2017.

It is around 1.11 thousand tonnes higher compared to exported quantity (10.54 thousand tonne) in June-2017. Overall condition for Indian wheat export is not favourable and export volume would remain low in coming months.

Export volume would not increase much as prices in domestic market still rule higher and other exporting countries are offering wheat at cheaper price (\$43 to \$82 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	11.65	186.07
17-Aug		
17-Sep		
17-Oct		
17-Nov		
17-Dec		
18-Jan		
18-Feb		
18-Mar		
Total 2017-18	99.91	166.21

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 July-2017 India imported around 1.04 lakh tonne wheat from Russia, Ukraine and Australia compared to 1.64 lakh tonnes in June-17.

FoB quote in Black Sea region are hovering around \$184.50 per tonne in Russia and \$179.50 per tonne in Ukraine. Australia and France are also providing wheat at \$217.60 per tonne and Euro 162.25 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

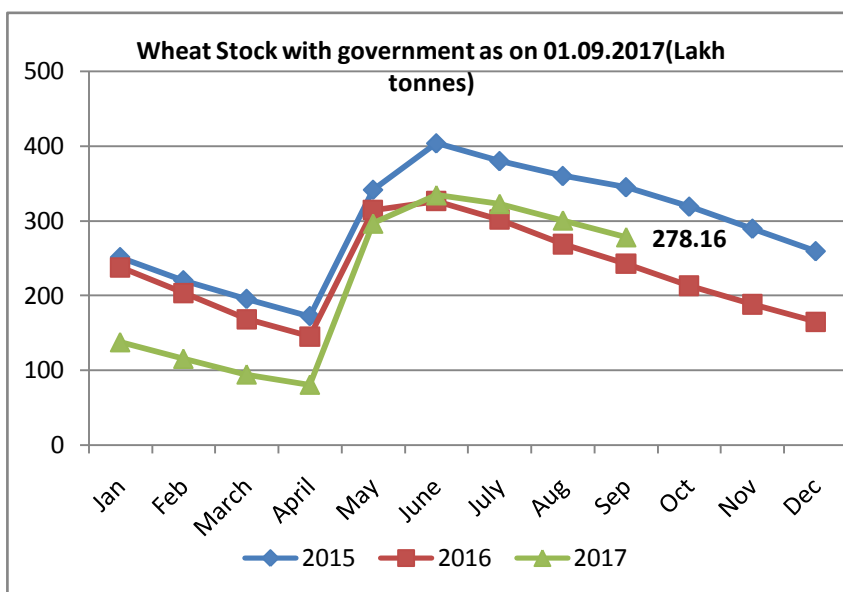
Year/Month	Wheat Import(In Thousand Tonne)	CBOT Average Quotes (USD/MT)
Apr-16 To Mar-17	5957.79	157.03
17-Apr	185.17	154.20
17-May	33.00	159.75
17-Jun	164.26	166.69
17-Jul	104.99	186.07
17-Aug		
17-Sep		
17-Oct		
17-Nov		
17-Dec		
18-Jan		
18-Feb		
18-Mar		
Total 2017-18	487.42	166.21

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

Wheat stock in government's ware houses on 01.09.2017 was registered at 278.16 lakh tonne.

It is lower by 7.46 % from August - 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 in 2017.

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.



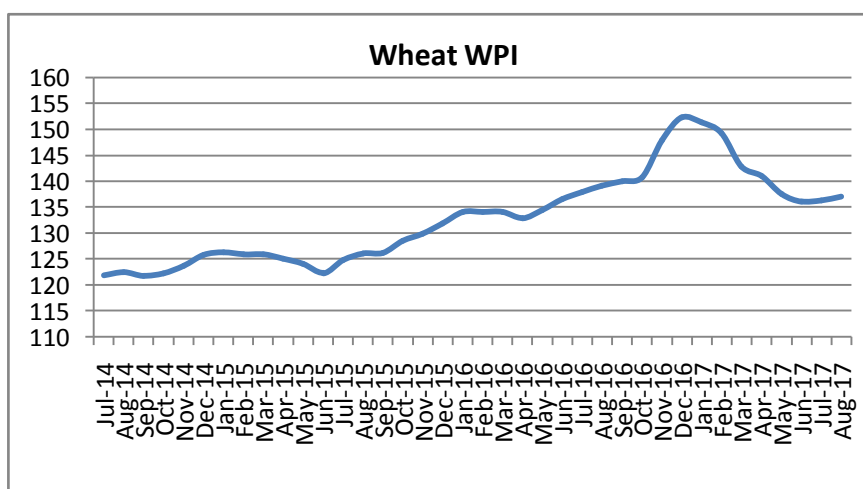
Wheat Inflation:

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	137.1
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 136.3 in July to 137.1 in August-2017. Monthly wheat inflation has increased by 0.59 percent in August-17 compared to July-17.

As compared to August-16, wheat WPI has decreased by around 1.44% whereas it is higher by 8.72% 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-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
17-Sep	1763.40	1739.35	1629.29	1676.80	1940.00

Source: Agriwatch

Monthly Price Comparison of Spot Markets

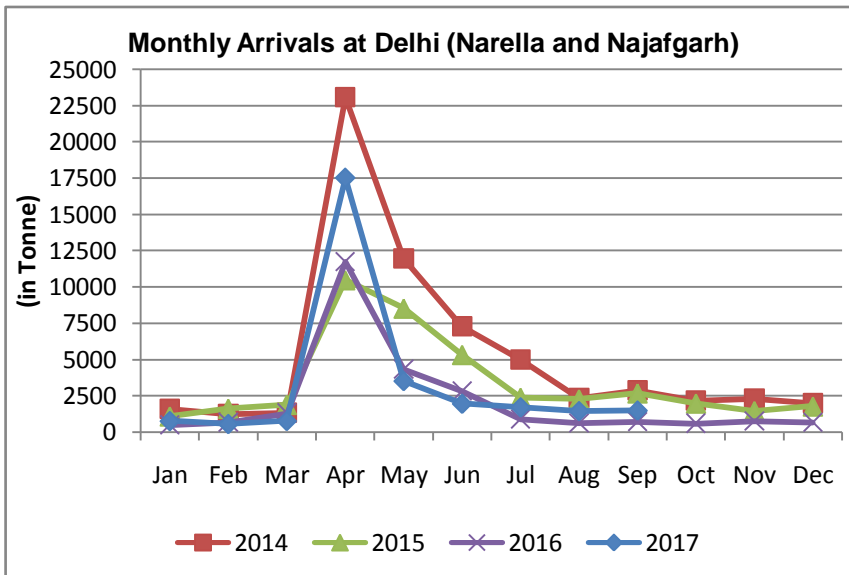
Spot Market Price:							
Centre	Market	Variety	Prices (Rs/Qtl)				
			Today	Yesterday	Week Ago	Month Ago	Year Ago
			4-Oct-17	3-Oct-17	27-Sep-17	4-Sep-17	4-Oct-16
Delhi	Lawrence Road	Mill Delivery	1760	1760	1765	1760	1820
	Narella	Mill Quality Loose	Closed	1665	Closed	1660	1725
	Nazafgarh	Mill Quality Loose	Closed	1665	Closed	1670	1735
Gujarat	Rajkot	Mill Delivery	1555	1550	1570	1610	1700
	Ahmedabad	Mill Delivery	1720	1710	1735	1740	1860
	Surat	Mill Quality Loose	1760	1750	1800	1780	1880
	Dhrol	Mill Delivery	1665	1575	1625	1685	1815
M.P.	Indore	Mill Quality Loose	1650	1650	1650	1650	1650
	Bhopal	Mill Delivery	1625	1625	1625	1650	1650
Rajasthan	Kota	Mill Quality Loose	Closed	1530	1530	1540	1615
		Mill Delivery	Closed	1620	1620	1640	1710
U.P.	Kanpur	Mill Delivery	1705	1710	1705	1720	1715
	Mathura	Mill Quality Loose	1585	1585	1580	1585	1640
	Kosi	Mill Quality Loose	1600	1600	1580	1570	1675
	Hathras	Mill Quality Loose	1640	1590	1590	1585	NA
	Aligarh	Mill Quality Loose	Closed	1580	Closed	1600	1620
Punjab	Khanna	Mill Quality Loose	1660	1660	1690	1680	1630
	Ludhiana (Jagraon)	Mill Delivery	NA	NA	NA	NA	NA
Haryana	Sirsa	Mill Delivery loose	1695	1690	1695	1700	1650
	Hodal	Mill Delivery	1740	1740	1750	1740	NA
	Bhiwani	Mill Quality Loose	1690	1700	1680	1670	1715
	Karnal	Mill Quality Loose	1670	NA	1675	1665	1660
	Panipat	Mill Quality Loose	1625	1625	1625	1625	NA
Tamil Nadu	Chennai	Mill Quality	Closed	1950	1950	1950	2050
	Madurai	Mill Quality	Closed	2007	2007	2007	2107
	Coimbatore	Mill Quality	Closed	2007	2007	2007	2107
Bihar	Khagariya	Mill Delivery	1600	1600	1600	1650	1800
	Muzaffarpur	Mill Delivery	1600	1620	1620	1615	1800

Monthly Arrivals at Delhi

Arrivals in Delhi region (Narela and Najafgarh) increased in September-2017, from 1440 tonnes in August to 1480 tonnes in September-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 October-2017 under normal conditions.

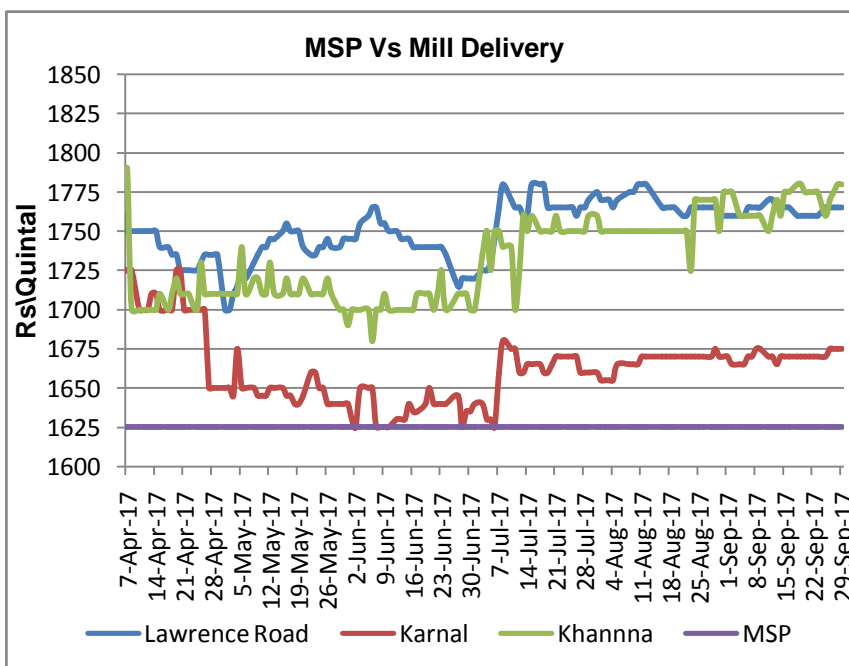


MSP Vs Mill Delivery Prices

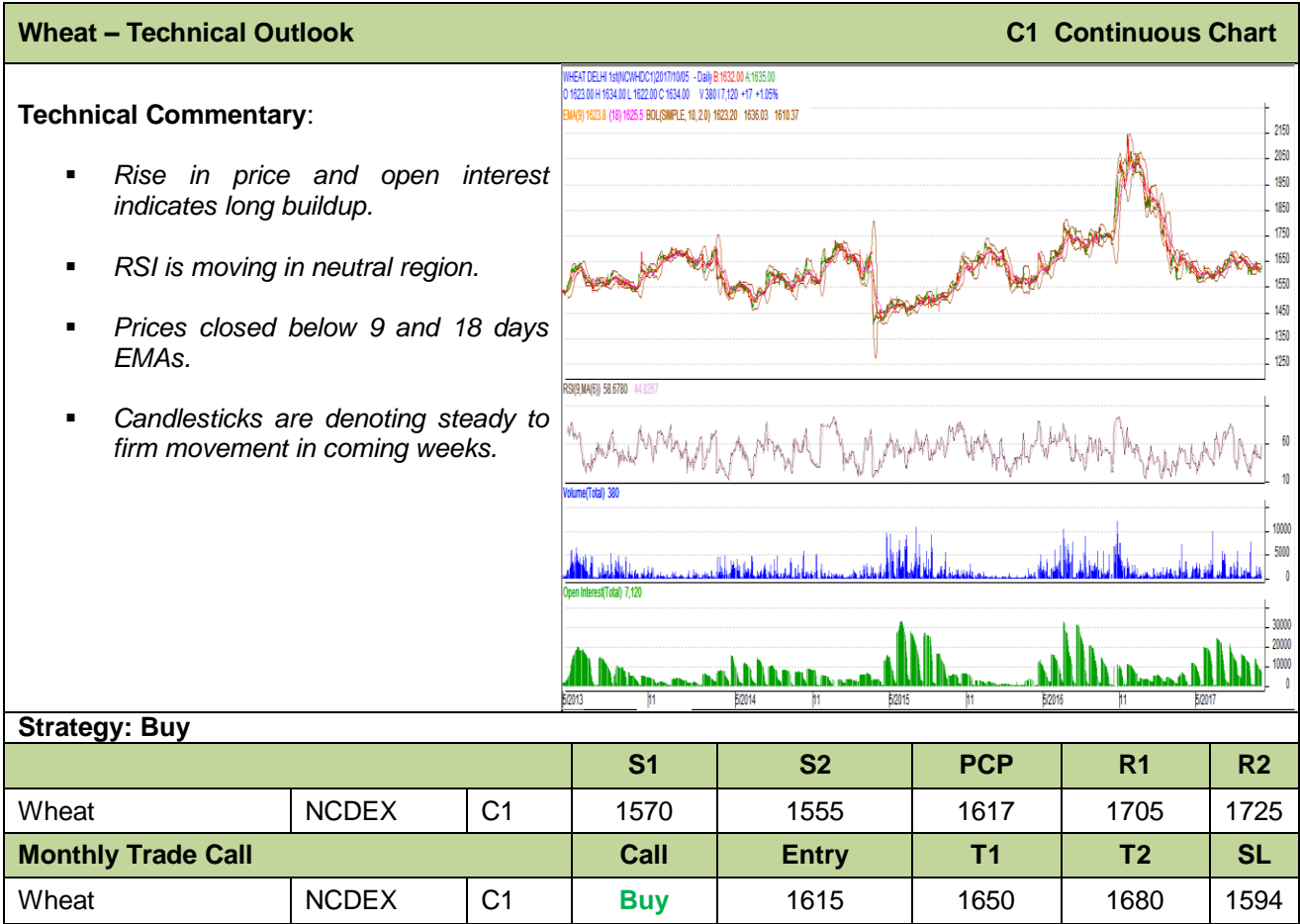
Government increased minimum support price (MSP) of wheat from Rs1525 per quintal in 2016-17 to Rs 1625 per quintal in 2017-18. This increase in MSP also motivated farmers to sow more area. Government is expected to increase MSP for 2018-19 to motivate farmers so that the sowing area increases or remains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

GASC has purchased 180000 tonnes of Russian wheat through tender. Grant Logistics offered 60000 tonnes of Russian wheat at FoB \$197.95 per tonnes; Friends offered 60000 tonnes and 60000 tonnes of Russian wheat at FoB \$199.00 per tonne and FoB \$200.00 per tonne respectively.

Algeria state grains agency OAIC has bought around 480000 tonnes of milling wheat in a tender that closed on Thursday. The prices paid were in the range of \$211.00 - \$212.00 per tonne (Cost and Freight). The quantity to be shipped is due in December. Major part of the quantity is likely to be sourced from France.

Russian milling wheat prices with 12.5% protein content increased by around \$4-5 per tonne compared to last week. Prices have strengthened compared to last week as farmers are holding on to their stocks. Farmer selling is expected to be moderate in coming week. As per traders prices have already touched their lowest level. Russia is expected to produce 80-82 MMT of wheat this year compared to 72 MMT last year. As of now Russian milling wheat with 12.5% protein content at Novorossiysk port is being quoted at FoB \$190-194/tonne whereas milling wheat with 11.5% protein content is being quoted at FoB \$180-185/tonne.

China has imported a total of 277000 tonnes of wheat in the month of August. Of the total quantity imported in the month of August 109270 tonnes has been imported from USA, 97286 tonnes has been imported from Australia, 62318 tonnes has been imported from Canada and 8126 tonnes has been imported from Kazakhstan.

As on 22nd September Russia has harvested 80.8 million tonnes of wheat compared to 72.7 million tonnes a year ago for the same date. Around 23.9 million hectares of area has been harvested with an average yield of 3.37 tonnes per hectare compared to 25.3 million hectares with an average yield of 2.88 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 139382 MMT of food quality wheat from United States, Canada and Australia. Around 55645 MMT with minimum protein content of 14 percent has been bought from United States to be loaded between October 21 and November 20, 33595 MMT of standard white wheat has been bought from west Australia to be loaded between November 01 and November 30 and 50142 MMT with minimum protein content of 13.5 percent has been bought from United States to be loaded between October 21 and November 20

Blacksea region has exported record wheat to Asia in the month of August as exporters took advantage of record output, higher quality and lower crop size in Australia. As per Thompson reuters flows data blacksea region accounted for more than 40 percent of 6.5 MMT of wheat exported to Asia in the month of August.

As per latest update by ABARES, Australia has reduced its wheat production forecast to 21.6 MMT from 23.98 MMT in March due to dry weather. Most of the Australia's wheat producing regions has received less than half of average rainfall between June 1 and August 31.

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.

Global Wheat Average FoB

Month	US SRW2*	US HRW2*	Argentina P1*	Ukraine 12.5%*	Russia 12.5%*	Rouen 11%**	Australia ASW1***	Australia APW2***
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
Sept-17	188.79	228.80	176.06	185.08	186.67	160.15	264.04	267.94

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)
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
01.09.2017	8.43	19.35	41.98	36.74
08.09.2017	9.22	20.52	41.65	36.32
15.09.2017	9.69	21.01	41.37	36.07
22.09.2017	9.51	20.87	40.72	35.44
29.09.2017	8.83	20.00	39.84	34.63
Vessel Class: Panamax	PoL: Novorossiysk, PoD: Damietta	PoL: Novorossiysk, PoD: Jeddah	PoL: Odessa, PoD: Japan	PoL: Odessa, PoD: Chittagong

Source: Reuters

Global Policy Developments

Egypt: After consultations with all stakeholders involved in the supply chain, the Ministry of Supply in Egypt announced the elimination of flour subsidies used by bakeries producing subsidized bread. Effective from 1 August 2017, the reform aims at curtailing smuggling and corruption. Subsidies are now granted to the loaf of bread instead of benefiting the whole supply chain. In particular, public bakeries buy flour at market prices from flour mills. The cost of producing a loaf of bread is estimated at EGP 0.144 (USD 0.0082), while the consumer pays EGP 0.05 (USD 0.003).

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.

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	30.08.2017	06.09.2017	13.09.2017	20.09.2017	27.09.2017
Odessa, FOB(\$/tonnes)					
Milling wheat 12.5%	177.0-182.0	180.0-184.0	182.0-186.0	185.0-188.0	188.0-191.0
Milling wheat 11.5%	168.0-170.0	169.0-174.0	172.0-175.0	175.0-180.0	180.0-184.0
Feed wheat	157.0-160.0	163.0-166.0	168.0-170.0	171.0-174.0	175.0-178.0
Novorossiysk, FOB(\$/tonnes)					
Milling wheat 12.5%	178.0-182.0	181.0-185.0	184.0-187.0	186.0-190.0	190.0-194.0
Milling wheat 11.5%	167.0-170.0	168.0-172.0	172.0-177.0	176.0-180.0	180.0-185.0
Feed wheat	157.0-161.0	163.0-166.0	168.0-170.0	170.0-174.0	175.0-177.0

Source: Reuters

Forward Prices for 2017 Crop Black Sea Region

Origin	Commodity	Delivery period	Price (USD/MT)	
			20.09.17	27.09.17
Russia	Wheat, 12.5% protein	Dec-Jan	190-195	194-198
Ukraine	Wheat, 11.5% protein	Dec-Jan	182-185	182-186
Ukraine/Russia	Feed wheat	Nov-Dec	175-180	181-185

Source: Reuters

IGC Wheat Balance Sheet (Quantity in MMT)

IGC Forecast(Fig-In MMT)	2014-15	2015/16	2016/2017	2017-18 (Forecast)	
			(Estimate)	24.08.2017	28.09.2017
Production	730	736	754	742	748
Trade	153	166	176	172	174
Consumptions	715	718	736	738	742
Carryover stocks	206	224	242	248	248
Y-O-Y change	15	17	18	-	6
Major Export	66	66	76	69	69

IGC Balance Sheet Highlight:

- IGC has increased its forecast for wheat by 6 MMT to 748 MMT as on 28th September-2017 for 2017-18. According to estimate by IGC for 2016-17 global wheat production was around 754 MMT against 736 MMT for 2015-16. The difference is around 18 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 174 MMT. It is 2 MMT lower compared to estimate for last year and higher by 8 MMT compared to 2015-16.
- Consumption has been increased to 742 MMT for 2017-18. The forecast is higher by 24 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 01.10.2017)							
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	321	17,500	5,900	10	11,500	431	17,500
Australia	6,546	22,500	7,000	150	18,500	3,696	33,500
Canada	6,865	26,500	8,200	450	20,500	5,115	31,700
China	111,054	130,000	116,000	3,000	800	127,254	128,850
EU	10,448	148,870	127,250	6,500	28,500	10,068	145,427
India	9,420	96,000	99,000	4,000	500	9,920	87,000
Pakistan	4,332	26,200	25,400	30	600	4,562	25,600
Russia	10,835	81,000	43,000	500	32,500	16,835	72,529
Ukraine	1,782	26,500	10,000	25	16,500	1,807	26,800
U S	32,234	47,334	31,733	4,082	26,535	25,382	62,859
Others	61,994	122,445	263,378	160,606	23,599	58,068	121,549
World total	255,831	744,849	736,861	179,353	180,034	263,138	753,314

Source: USDA

CBOT Futures Dec-17 Chart:

1st Support: 151.00
2nd Support: 149.00
1st Resistant: 184.00
2nd Resistant: 186.00
(\$ per tonne)

CBOT fell to two week low on Monday due to higher crop estimate released by U.S. and stronger dollar. Furthermore ample supplies are available in the market that is keeping the international market under pressure. In the latest report released by IGC, it has also revised global production up by 6 MMT compared to its previous forecast for 2017-18.



CBOT comparison over period of time:

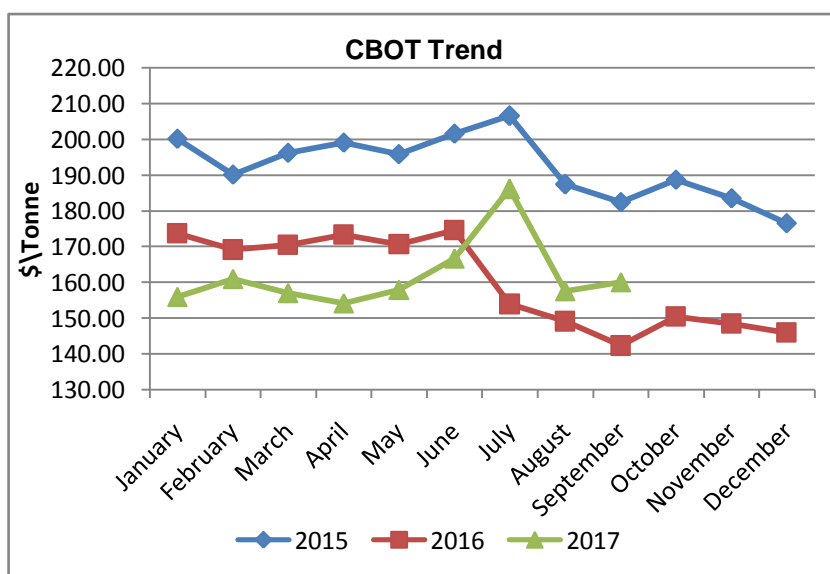
CBOT Futures Prices:(USD/T)							
CONTRACT MONTH	Today	Week Ago	Month Ago	3 Month Ago	6 Month Ago	Year Ago	% Change over prev. year
	3-Oct-17	26-Sep-17	2-Sep-17	3-Jul-17	2-Apr-17	3-Oct-16	
Dec-17	164.60	166.71	161.20	210.89	174.52	174.97	-5.93
Mar-18	171.02	173.96	169.00	215.85	180.39	180.76	-5.39
May-18	175.71	178.92	173.78	218.42	184.25	183.42	-4.21
Jul-18	180.03	183.15	178.46	218.97	186.73	183.61	-1.95
Sep-18	185.63	188.29	183.98	220.72	190.59	187.01	-0.74
Dec-18	192.70	194.91	190.31	225.12	193.07	191.23	+0.77

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.

As per grains summary released by USDA on 29th September, winter wheat production for 2017 is likely to be 1.27 billion bushels compared to 1.67 billion bushels last year. Winter wheat yields averaged around 50.2 bushels per acre compared to around 55.3 bushels per acre last year.



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

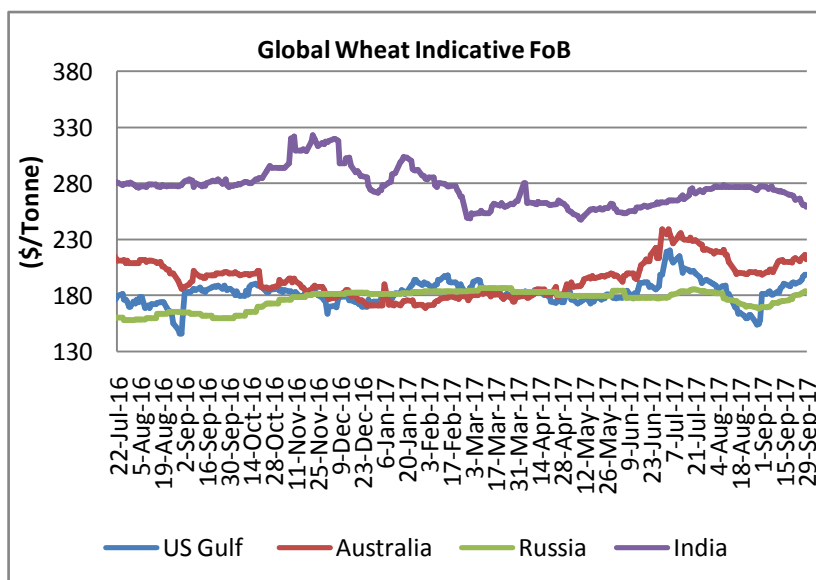
All prices are for SRW/milling grade	1st April-17	1st May-17	1st June-17	1st July-17	1st Aug-17	1st Sep-17	1st Oct-17
USA	182.40	182.90	177.80	198.49	191.59	181.40	194.60
France	161.50	165.25	154.50	172.25	167.50	156.75	161.00
Australia	178.49	190.04	197.89	230.69	218.99	198.66	216.64
Russia	185.00	180.50	184.50	175.00	183.50	170.00	184.50
India	264.54	259.31	256.71	262.91	257.52	277.43	260.80

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 \$260.80-\$277.43 per tonne.

US and Russian quotes are hovering in the range of \$195.80 and \$184.50 per tonne respectively. Wheat prices in international markets witnessed steady to firm tone in the last week

Wheat quotes are expected to trade steady to firm and hover in the range of \$170 to \$235 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 141.2 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 47.3 MMT compared to last year's 62.8 MMT due to fall in area sowed. Australia is likely to produce 21.6 MMT in 2017 compared to 35 MMT in 2016 due to lower acreage and unfavourable weather conditions. Argentina is expecting to harvest around 17MMT in 2017-18 compared to 16.3 MMT in 2016-17. Furthermore, Canada is likely to harvest around 27 MMT in 2017-18 due to lower acreage compared to 31.7 MMT in 2016-17.

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