

Wheat Monthly Research Report

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Market Dynamics:

Price Trend: All India average monthly prices for wheat decreased by 0.66 percent from Rs 1890.24 (in September) to Rs 1876.09 per qtl in October-2017. Average price (October) is higher by 3.59 percent compared to price (Rs 1811.11 per qtl.) registered in October-2016. Government has increased MSP of wheat by Rs 110 per quintal to Rs 1735 per quintal. Demand from south Indian millers is weak and government may increase import duty to curb imports and provide support to domestic prices.

AW Preliminary Acreage Estimate: As per Agriwatch preliminary estimate wheat acreage in 2017-18 is expected to be 299.4 lakh hectares which is down by 1.47 percent from normal area of 304.43 lakh hectares. Lower water availability and security given by state government to buy chickpea at MSP, even if the central government doesn't may lead to a shift in acreage of wheat towards chickpea in Madhya Pradesh.

Export: At export front, prevailing market conditions are not in favour of Indian exporters due to huge price gap. The difference is around \$76-79 per tonne from Black Sea Region. Russia/Ukraine is offering wheat at \$186.25/188.40 per tonne on FoB basis while Indian FoB at Kandla port comes to \$264.67 per tonne. India exported 32.11 thousand tonne wheat in September. Total export in MY 2016-17 was registered around 131.59 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 to reduce flow of imports and provide domestic crop favourable grounds. In September, India imported 1.67 lakh tonne wheat compared to 0.00 lakh tonnes in the month of August. Import quotes for wheat from different origins to Tuticorin port have become firm in the past weeks.

FoB/CiF Quotes: Indian FoB quote is hovered around \$260.90-268.64 per tonne in October. Against it Russia, Ukraine, France, US and Australia are offering wheat at \$186.52, \$188.05, Euro 159.81, \$190.43 and \$211.51 per tonne respectively. Wheat prices in international markets witnessed steady to weak tone. Russia has harvested record wheat crop whereas Australia is likely to harvest the lowest crop in a decade.

Supply-Demand: Supply side for FAQ is likely to be normal as ample stock is available in the market due to 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 even after application of 10% import duty as imported wheat is cheaper compared to domestic wheat. Imports have kept demand for central and north Indian wheat at lower levels.

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

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.

Weather Update: India has received 81.7 mm of actual rainfall against 80.9 mm of normal rainfall in the month of October 2017. In the month of October 2017 deficient rainfall was recorded in Uttar Pradesh, Madhya Pradesh and Gujarat. No rain was seen in Haryana, Punjab and Rajasthan in the same month. Soil moisture is good in all states except Rajasthan. However showers in coming days can easily make up for it.

E-Auction: FCI has offered a total of around 4247100 tonnes of wheat through E-Auction in the month of October'17 compared to 4155650 tonnes in the previous month. Sales through E-Auction of wheat are at lower side this year due to high domestic production and imports.

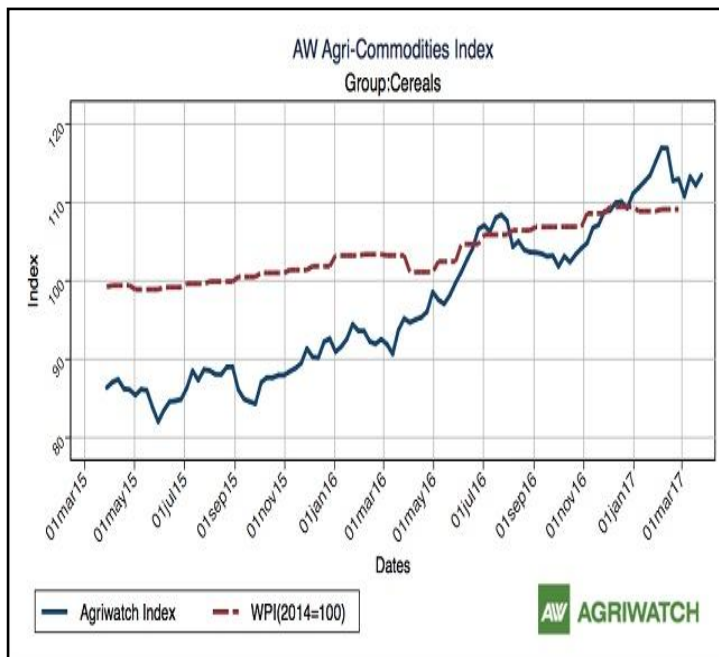
Outlook & Recommendation: Wheat cash market is expected to trade steady to firm in the short to medium term.

Trade Call: Stake holders should trade taking care of lower and upper price band of Rs 1600 & 1855 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 93.5MMT 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 October'17 stood at around 253.00 lakh tonnes down by 9.05% compared to last month. This quantity is higher by around 18.62% compared to corresponding month last year. For the month of September, off take from central pool was around 25.16 lakh tonnes compared to 29.17 lakh tonnes for September'2016 and 26.04 lakh tonnes for September'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 \$84-98 per tonne, lower than India. So, there is no export window available for bulk export from India. India, could 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:

Government of Punjab has decided to give seed subsidy directly in the bank accounts of farmers for this season. Farmers can get subsidized seed from registered/certified agencies of government and semi-government institutions. As per Chief Agriculture Officer Dr Gurditta Singh Sidhu, Bhatinda has set a target of selling around 1030 tonne of wheat seed.

According to latest update, area sown until 03rd November'17 is 8.43 lakh hectares compared to 3.88 lakh hectares in the previous Rabi season. The normal area is 304.43 lakh hectares. Sowing of wheat has started in Madhya Pradesh, Punjab, Haryana, Himachal Pradesh and Karnataka. Acreage in Madhya Pradesh is expected to be lower due to higher sowing of chickpeas.

As per trade sources, import quotes for wheat from different origins to Tuticorin port witnessed steady to firm tone in last week. As of now Tuticorin port price for APW is Rs 1950-60 per quintal, ASW is Rs 1910-1920 per quintal and Russian/Ukrainian wheat at Rs 1750-1760 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.

As per market sources, West Bengal government has banned wheat sowing in two districts due to wheat blast like disease, a fungus that causes wheat to turn whitish and dry up. The only way to stop this disease is not to cultivate wheat. West Bengal cultivates wheat on around 3-4 lakh hectares of land.

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 November-2017:

State Wise Progressive Wheat Sowing Till 03.11.2017				
State	Normal area	This Year	Last Year	% Change
Andhra Pradesh	0.03	0.00	0.00	0.00
Arunachal Pradesh	0.04	0.00	0.00	0.00
Assam	0.33	0.00	0.01	-100.00
Bihar	21.25	0.00	0.00	0.00
Chhattisgarh	1.04	0.01	0.00	0.00
Gujarat	11.56	0.00	0.00	0.00
Haryana	25.39	0.28	0.00	0.00
Himachal Pra.	3.50	0.72	0.20	260.00
J&K	2.96	0.01	0.00	0.00
Jharkhand	1.65	0.00	0.31	-100.00
Karnataka	2.06	0.49	1.34	-63.43
Kerala	0.00	0.00	0.00	0.00
Madhya Pradesh	54.96	5.44	0.11	4937.04
Maharashtra	9.38	0.01	0.00	0.00
Punjab	35.13	1.45	0.52	178.85
Rajasthan	30.47	0.02	0.44	-95.45
Sikkim	0.01	0.00	0.00	0.00
Telangana	0.04	0.00	0.00	0.00
Uttar Pradesh	97.59	0.00	0.95	-100.00
Uttarakhand	3.53	0.00	0.00	0.00
West Bengal	3.29	0.00	0.01	-100.00
Others	0.19	0.00	0.00	0.00
All-India	304.37	8.43	3.88	117.10

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 decreased by 0.66 percent from Rs 1890.24 (in September) to Rs 1876.09 per qtl in October-2017. Average prices moved up in all states except Haryana, Maharashtra, Orissa, and Uttar Pradesh.

Government may increase import duty, in order to reduce imported volume. Prices are likely to move from steady to firm due to lean 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:

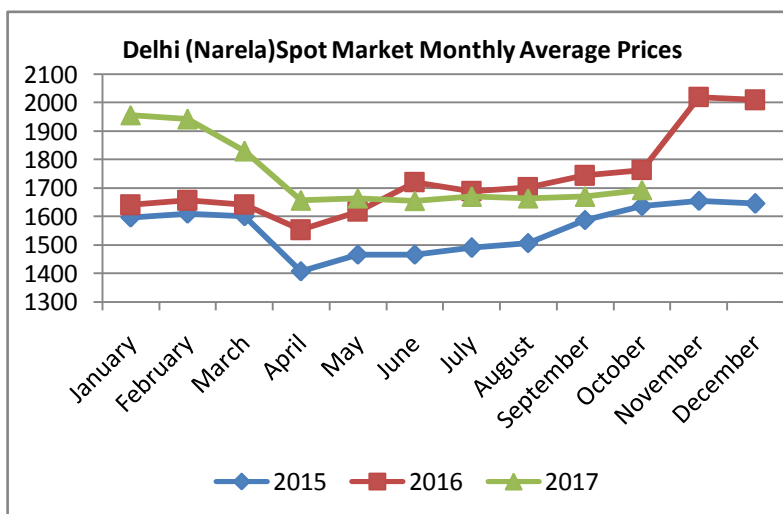
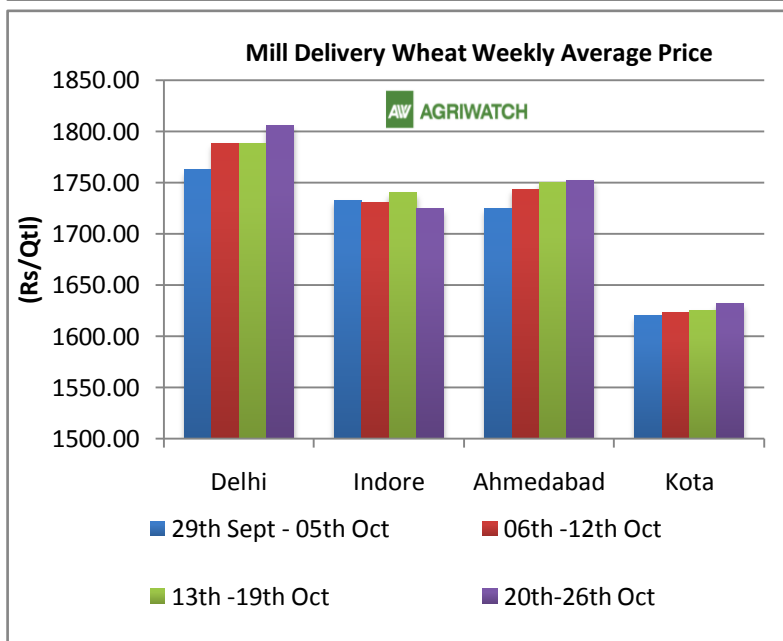
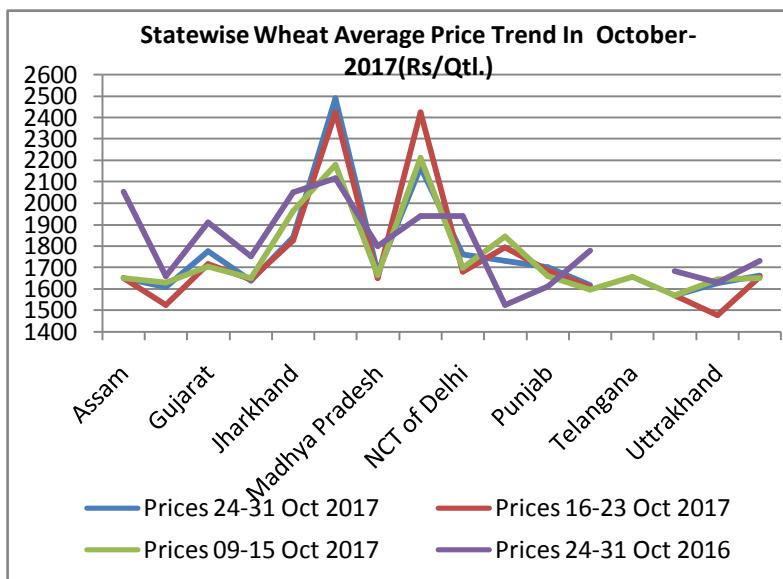
Average mill delivery prices of Wheat traded firm in Delhi, Ahmedabad and Kota during 20th-26th October. Prices are expected to remain steady to firm.

Prices were firm last week due to lean season as well as increase in MSP by government from Rs 1625 per quintal to Rs 1735 per quintal. Furthermore, government may also double import duty to curb imports because currently, imports are cheaper compared to transporting it from north and central Indian states. Prices are expected to remain steady to firm in the upcoming week but government has ample stocks to tackle any unexpected surge in prices.

Wheat Delhi Average Monthly Price:

Wheat spot market Delhi (Narela) average price increased from Rs 1670.00 in September-17 to Rs 1692.94 per quintal in October-2017.

The prices are firm by 1.37 percent compared to last month and weak by 3.95 percent compared to corresponding month last year, due to ample availability created by good domestic production and imports.



Wheat Exports:

According to latest update, India exported around 32.11 thousand tonne wheat in the month of August-2017.

It is around 21.02 thousand tonnes higher compared to exported quantity (11.09 thousand tonne) in July-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 (\$53 to \$79 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	154.18
17-May	41.16	157.90
17-Jun	16.16	166.69
17-Jul	11.09	186.07
17-Aug	32.11	157.57
17-Sep		
17-Oct		
17-Nov		
17-Dec		
18-Jan		
18-Feb		
18-Mar		
Total 2017-18	131.59	164.48

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 September-2017 India imported around 1.67 lakh tonne wheat from Russia, Ukraine and Australia compared to 1.04 lakh tonnes in July-17.

FoB quote in Black Sea region are hovering around \$186.25 per tonne in Russia and \$188.50 per tonne in Ukraine. Australia and France are also providing wheat at \$211.40 per tonne and Euro 159.85 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.

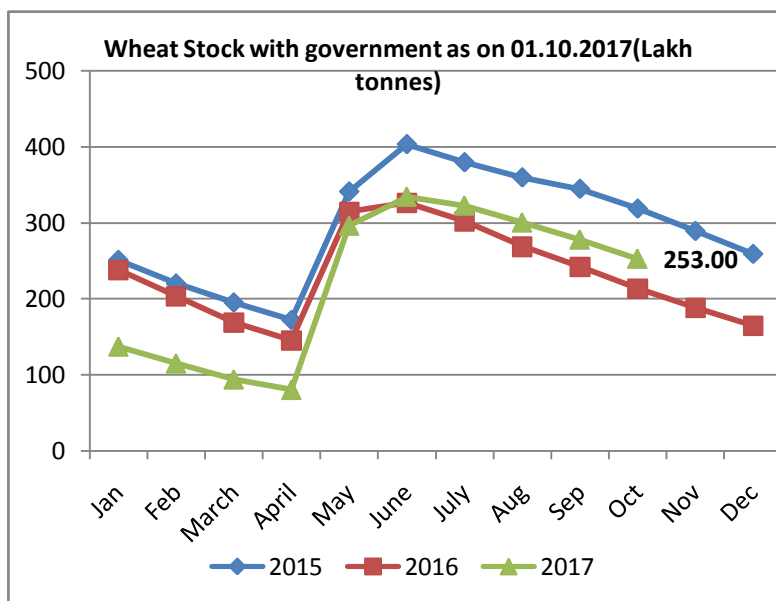
Source: DGCIS, *Provisional data from IBIS

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	0.00	157.57
17-Sep	167.51	160.05
17-Oct		
17-Nov		
17-Dec		
18-Jan		
18-Feb		
18-Mar		
Total 2017-18	654.93	163.74

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

Wheat stock in government's warehouses on 01.10.2017 was around 253.00 lakh tonne. It is lower by 9.05 % from September-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.



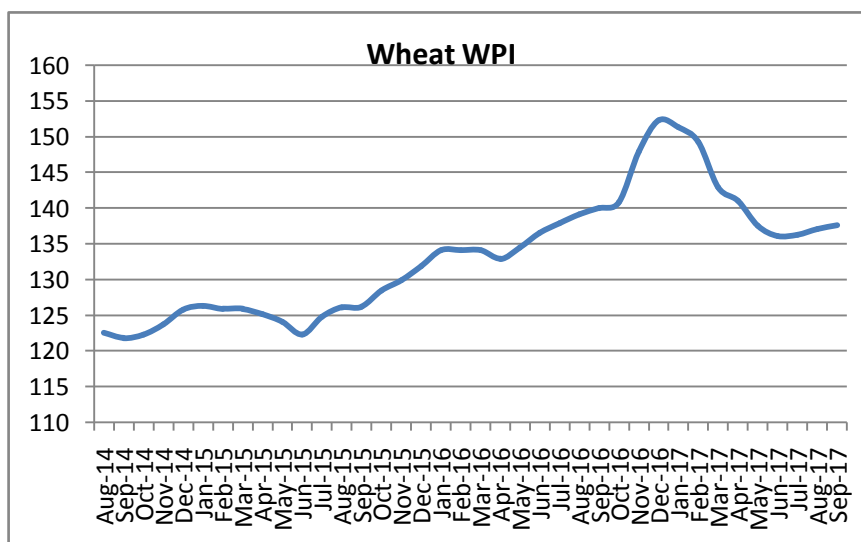
Wheat Inflation:

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	137.6
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 increased from 137.1 in August to 137.6 in September-2017. Monthly wheat inflation has increased by 0.36 percent in September-17 compared to August-17.

As compared to September-16, wheat WPI has decreased by around 1.71% whereas it is higher by 9.03% compared to September-2015.

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



Monthly Average Prices At Various Market(Rs/Quintal)					
	Delhi	Indore	Kota	Rajkot	Chennai
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
17-Oct	1796.14	1728.75	1635.56	1649.47	2008.33

Source: Agriwatch

Monthly Price Comparison of Spot Markets

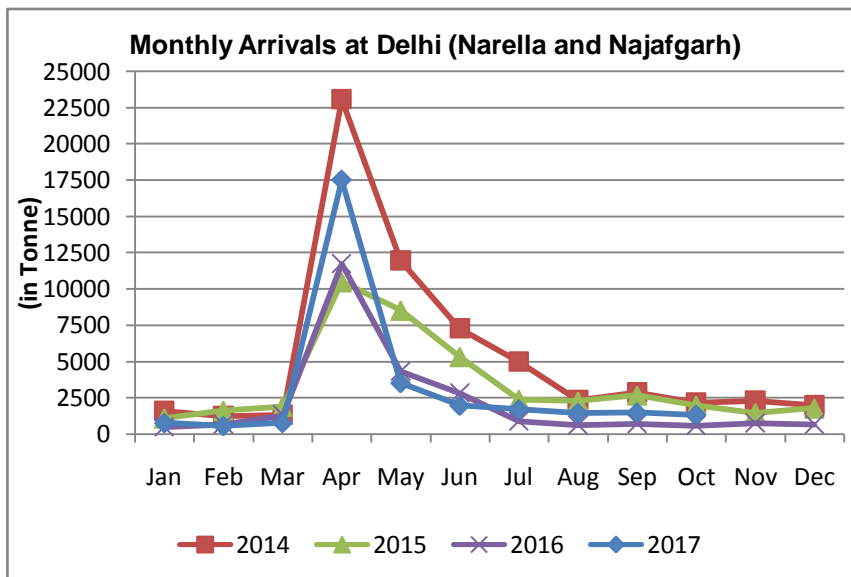
Spot Market Price:							
Centre	Market	Variety	Prices (Rs/Qtl)				
			Today	Yesterday	Week Ago	Month Ago	Year Ago
			1-Nov-17	31-Oct-17	25-Oct-17	1-Oct-17	1-Nov-16
Delhi	Lawrence Road	Mill Delivery	1880	1850	1810	1760	2150
	Narella	Mill Quality Loose	Closed	Closed	Closed	1665	2030
	Nazafgarh	Mill Quality Loose	Closed	1715	Closed	1665	2000
Gujarat	Rajkot	Mill Delivery	1600	1595	1560	1550	Closed
	Ahmedabad	Mill Delivery	1760	1770	1750	1710	Closed
	Surat	Mill Quality Loose	1810	1825	1800	1750	Closed
	Dhrol	Mill Delivery	1800	1700	1675	1575	NA
M.P.	Indore	Mill Quality Loose	1650	1650	1650	1650	Closed
	Bhopal	Mill Delivery	1650	1600	1650	1625	Closed
Rajasthan	Kota	Mill Quality Loose	1600	1600	1560	1530	1750
		Mill Delivery	1700	1700	1640	1620	1810
U.P.	Kanpur	Mill Delivery	1715	1720	1725	1710	NA
	Mathura	Mill Quality Loose	1630	1630	1590	1585	NA
	Kosi	Mill Quality Loose	1615	1615	1620	1600	NA
	Hathras	Mill Quality Loose	1635	1640	1580	1590	NA
	Aligarh	Mill Quality Loose	Closed	1620	1560	1580	NA
Punjab	Khanna	Mill Quality Loose	1700	1675	1690	1660	NA
	Ludhiana (Jagraon)	Mill Delivery	NA	NA	NA	NA	NA
Haryana	Sirsa	Mill Delivery loose	1725	1725	1715	1690	2000
	Hodal	Mill Delivery	NA	NA	NA	1740	2080
	Bhiwani	Mill Quality Loose	1750	1710	1685	1700	2050
	Karnal	Mill Quality Loose	1790	1725	1710	NA	2000
	Panipat	Mill Quality Loose	1625	1625	1625	1625	NA
Tamil Nadu	Chennai	Mill Quality	2050	2050	2050	1950	Closed
	Madurai	Mill Quality	2107	2107	2107	2007	Closed
	Coimbatore	Mill Quality	2107	2107	2107	2007	Closed
Bihar	Khagariya	Mill Delivery	1600	1600	1600	1600	1800
	Muzaffarpur	Mill Delivery	1630	1615	NA	1620	1850

Monthly Arrivals at Delhi

Arrivals in Delhi region (Narela and Najafgarh) decreased in October-2017, from 1480 tonnes in September to 1320 tonnes in October-2017. Currently wheat is being traded around Rs 1725 per qtl in Narela.

Domestic Outlook:

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

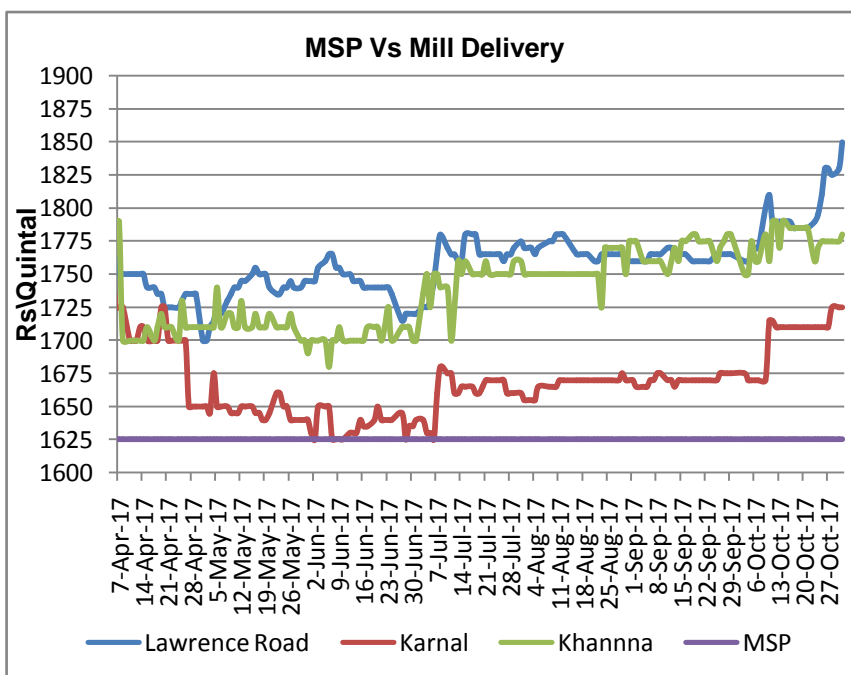


MSP Vs Mill Delivery Prices

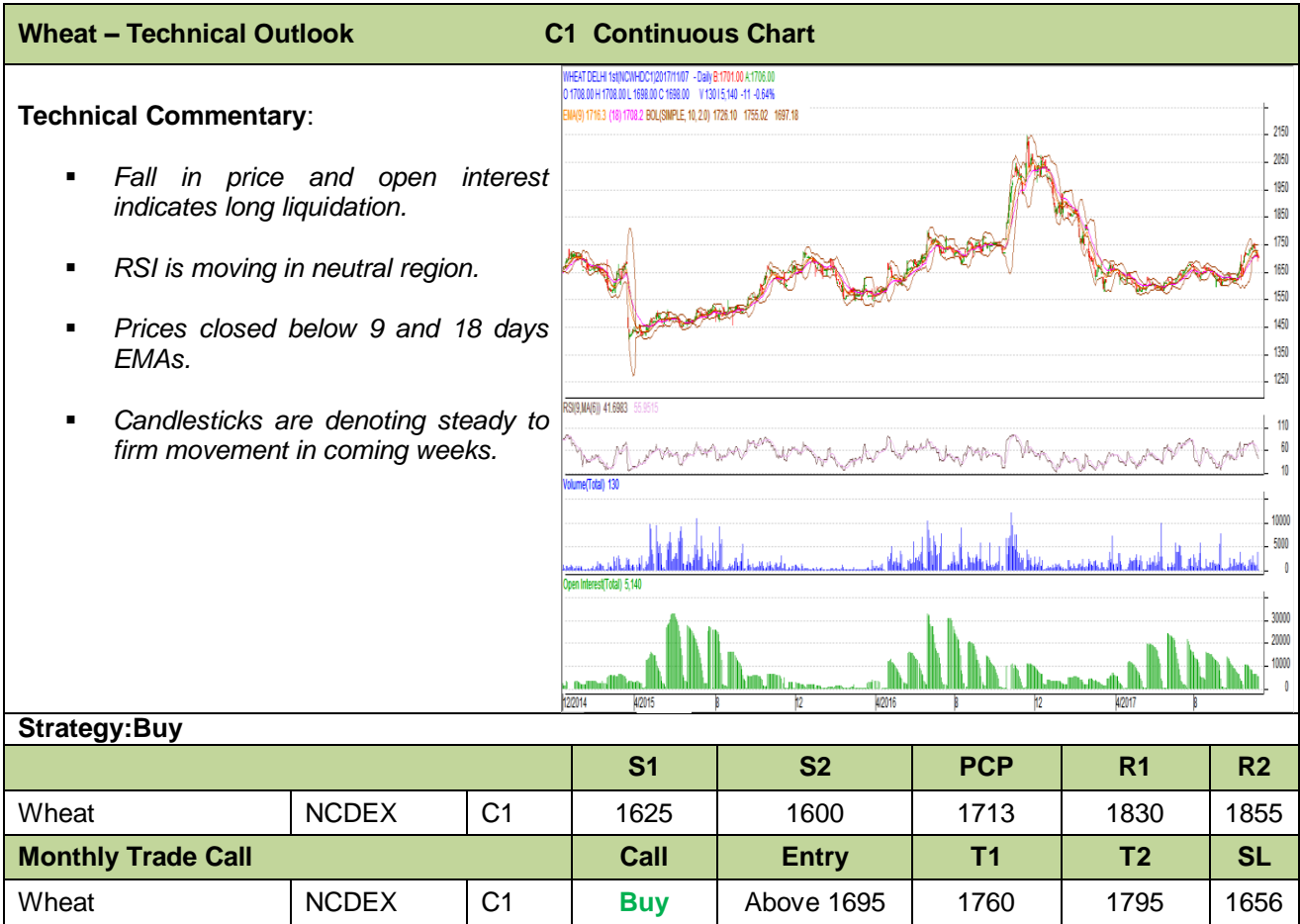
Government increased minimum support price (MSP) of wheat from Rs 1625 per quintal in 2017-18 to Rs 1735 per quintal in 2018-19. This increase in MSP also motivated farmers to sow more area. Government has increased MSP for 2018-19 to motivate farmers so that the sowing area increases or remains unchanged.

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 due to lean season. Furthermore, prices have also got some support from increased MSP.



Wheat Technical Analysis:



International Market Dynamics

As per latest update, Ukraine has sown around 5.9 million hectares of wheat compared to 5.7 million hectares during corresponding period last year. Winter wheat accounts for 95 percent of Ukraine's total area for wheat. Ukraine produced around 26.6 million tonnes of wheat in 2017.

The Saudi Arabia Grain Organization has purchased 484000 tonnes wheat through tender. The said quantity will arrive at three different ports. Around 306000 tonnes will arrive at Jeddah port, 123000 tonnes at Dammam and the remaining 55000 tonnes at Jizan port. 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. The tender did not request specific origins. However part of it can be sourced from Germany and Poland.

As on 27th October Russia harvested (spring and winter) 87.8 million tonnes of wheat compared to 75.8 million tonnes a year ago. Around 27.3 million hectares of area has been harvested with an average yield of 3.22 tonnes per hectare compared to 27.2 million hectares with an average yield of 2.79 tonnes per hectare a year ago for same date. Russia has harvested record crop this year.

China has reduced MSP for wheat to 2300 Yuan (\$346) per tonne in 2018 compared to 2360 Yuan per tonne. China has reduced MSP for the first time since 2004. Government buys wheat from farmers at MSP in case prices drop below that level.

Australia has signed deals with Vietnam to export 30000 tonnes APW new crop at cost and freight \$ 252 per tonne. High global stock is forcing wheat suppliers in Australia to keep their prices at lower levels. Australian wheat is being quoted at \$232 per tonne compared to \$250- \$260 per tonne. Australia's wheat output is expected to be around 20.15 MMT in 2017-18 compared to 35.5 MMT last year.

As per latest update, Japan's ministry of agriculture bought 123736 MMT of food quality wheat from United States, Canada and Australia. Around 64658 MMT has been bought from United States to be loaded between November 21 and December 20, 24150 MMT of standard white wheat has been bought from west Australia to be loaded between December 01 and December 31 and 34928 MMT with minimum protein content of 13.5 percent has been bought from Canada.

After producing a record 35.5 MMT of wheat in 2016-17, Australia wheat crop is expected to touch a decade low of around 20.1 MMT in 2017-18. Australia has already lost some of its market share to black sea region. Prices have fallen to FoB \$244 per tonne in Western Australia whereas farmers were getting around \$279 per tonne last year for a similar variety of wheat.

GASC has purchased 230000 tonnes of Russian wheat through tender. Olam offered 60000 tonnes of Russian wheat at FoB \$198.35 per tonne, Union offered 55000 tonnes of Russian wheat at FoB \$198.90 per tonne, GTCS offered 60000 tonnes and 55000 tonnes of Russian wheat at FoB \$198.75 per tonne and FoB \$187.50 per tonne respectively.

Algeria state grains agency OAIC has bought around 660000 tonnes of milling wheat in a tender that closed on Tuesday. The prices paid were in the range of \$210.0-\$212.50 per tonne (Cost and Freight). Major part of the quantity is likely to be sourced from France but some quantity can come from Argentina as well.

The world's largest buyer of wheat, Egypt has extended 13.5% moisture content limit by nine months. The extension was first implemented in February for nine months which was 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***
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	158.98	269.48	272.26
Sept-17	188.79	228.80	176.06	185.08	186.67	158.15	264.04	267.94
Oct-17	190.38	228.60	180.85	192.23	193.23	159.76	264.63	273.16

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)
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
06.10.2017	9.17	20.41	39.49	34.36
13.10.2017	10.28	21.34	41.48	36.13
20.10.2017	10.14	21.30	43.47	37.94
27.10.2017	9.56	20.78	43.78	38.20
Vessel Class: Panamax	PoL: Novorossiysk, PoD: Damietta	PoL: Novorossiysk, PoD: Jeddah	PoL: Odessa, PoD: Japan	PoL: Odessa, PoD: Chittagong

Source: Reuters

Global Policy Developments

China: On 27 October, China lowered the wheat minimum purchase price for 2018 to CNR 2300 (USD 345.6) per tonne, a drop of 2.5 percent from this year. On 10 October, China authorized the sale of 2500 tonnes of imported wheat from state reserves at an average price of CNY 2564 (USD 387) per tonne.

Russia: On 10 October, the Russian Federation announced the selling of 1.5 million tonnes of wheat from state reserves in order to reduce expenditures on maintaining stockpiles.

Ukraine: On 19 October, the government of Ukraine agreed with traders that the maximum volume for wheat exports in July 2017 – June 2018 will be 16.5 million tonnes.

India: On 24 October, India has announced that it will raise the minimum support price for wheat by 6.8 percent from INR 1625 per quintal (USD 249.7 per tonne) in 2016/17 to INR 1735 per quintal (USD 266.6 per tonne) in 2017/18.

Brazil: On 24 October, Brazil's agriculture ministry requested approval from the country's foreign trade chamber for a duty-free quota of 750,000 tonnes of wheat for local processors to import from outside the Mercosur trade bloc.

Source: AMIS

Spot Prices Black Sea Region

Date	04.10.2017	11.10.2017	18.10.2017	25.10.2017	01.11.2017
Odessa, FOB(\$/tonnes)					
Milling wheat 12.5%	191.0-193.0	191.0-195.0	191.0-194.0	191.0-193.0	190.0-193.0
Milling wheat 11.5%	184.0-188.0	185.0-188.0	184.0-188.0	183.0-188.0	184.0-186.0
Feed wheat	177.0-181.0	178.0-182.0	178.0-181.0	178.0-183.0	178.0-182.0
Novorossiysk, FOB(\$/tonnes)					
Milling wheat 12.5%	192.0-195.0	192.0-196.0	192.0-194.0	192.0-194.0	191.0-194.0
Milling wheat 11.5%	184.0-187.0	185.0-188.0	185.0-188.0	184.0-187.0	184.0-186.0
Feed wheat	177.0-180.0	178.0-181.0	178.0-182.0	179.0-182.0	178.0-183.0

Source: Reuters

Forward Prices for 2017 Crop Black Sea Region

Origin	Commodity	Delivery period	Price (USD/MT)	
			25.10.17	01.11.17
Russia	Wheat, 12.5% protein	Jan-Feb	192-198	192-196
Ukraine	Wheat, 11.5% protein	Jan-Feb	183-188	188-190
Ukraine/Russia	Feed wheat	Jan-Feb	178-184	180-184

Source: Reuters

IGC Wheat Balance Sheet(Quantity in MMT)

IGC Forecast(Fig-In MMT)	2014-15	2015/16	2016/2017	2017-18 (Forecast)	
			(Estimate)	28.09.2017	26.10.2017
Production	730	736	754	748	748
Trade	153	166	176	174	174
Consumptions	715	719	736	742	741
Carryover stocks	207	224	242	248	249
Y-O-Y change	16	17	18	-	7
Major Export	66	66	76	69	71

IGC Balance Sheet Highlight:

- IGC has kept its forecast unchanged for wheat at 748 MMT as on 26th October-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 have been kept unchanged at 174 MMT. It is 2MMT lower compared to estimate for last year and higher by 8 MMT compared to 2015-16.
- Consumption has been decreased to 741 MMT for 2017-18. The forecast is higher by 5 MMT compared to 2016-17.
- Carryout has been increased to 249 MMT for 2017-18. It is higher by around 7 MMT compared to estimate of 2016-17.

USDA Global Wheat Balance Sheet: 2017-18 Fig. In Thousand Tonne (As on 01.11.2017)							
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	18,400
Australia	6,731	21,500	7,000	150	18,000	3,381	33,500
Canada	6,865	27,000	8,200	450	21,000	5,115	31,700
China	111,054	130,000	116,000	3,000	800	127,254	128,850
EU	10,447	151,039	128,250	6,500	28,500	11,276	145,466
India	9,800	98,380	100,000	3,500	500	11,180	87,000
Pakistan	4,332	26,200	25,400	30	600	4,562	25,600
Russia	10,830	82,000	43,500	500	32,500	17,330	72,529
Ukraine	1,782	26,500	10,000	25	16,500	1,807	26,800
U S	32,133	47,371	30,917	4,082	26,535	26,134	62,833
Others	62,281	123,695	263,349	160,686	23,609	59,664	121,470
World total	256,576	751,185	738,516	178,933	180,044	268,134	754,148

Source:USDA

CBOT Futures Dec-17 Chart:

1st Support: 148.00
2nd Support: 146.00
1st Resistant: 175.00
2nd Resistant: 177.00
(\$ per tonne)

Wheat touched a six-month low on 31st October at \$ 4.16 a bushel. CBOT rose to one-week high on expectation of increased demand for U.S wheat. Exporters have sold 3 lakh tonnes of hard red winter wheat to Iraq and 0.86 lakh tonnes to Taiwan. Ample stocks are weighing down on prices of U.S. wheat.



CBOT comparison over period of time:

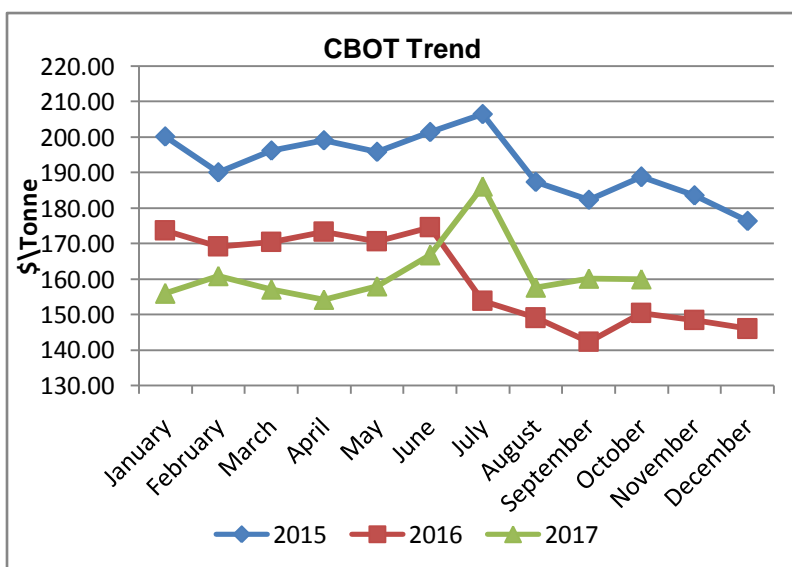
CBOT Futures Prices:(USD/T)							
CONTRACT MONTH	Today	Week Ago	Month Ago	3 Month Ago	6 Month Ago	Year Ago	% Change over prev. year
	1-Nov-17	25-Oct-17	1-Oct-17	1-Aug-17	1-May-17	1-Nov-16	
Dec-17	153.57	160.00	163.40	179.20	180.03	180.94	-15.13
Mar-18	160.19	166.71	170.20	187.19	186.27	185.17	-13.49
May-18	165.05	171.85	175.07	191.97	189.58	186.82	-11.65
Jul-18	170.20	176.81	179.66	195.09	189.76	185.45	-8.22
Sep-18	175.98	182.51	185.35	199.77	192.70	188.11	-6.45
Dec-18	183.42	189.30	192.24	205.38	197.48	193.71	-5.31

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 update released by USDA on 31st October, around 52 percent of winter wheat is in good or excellent condition compared to 58 percent a year ago. Furthermore, as on same date around 84 percent of winter wheat has been planted and 65 percent has emerged. Both categories are slightly below five-year average.



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

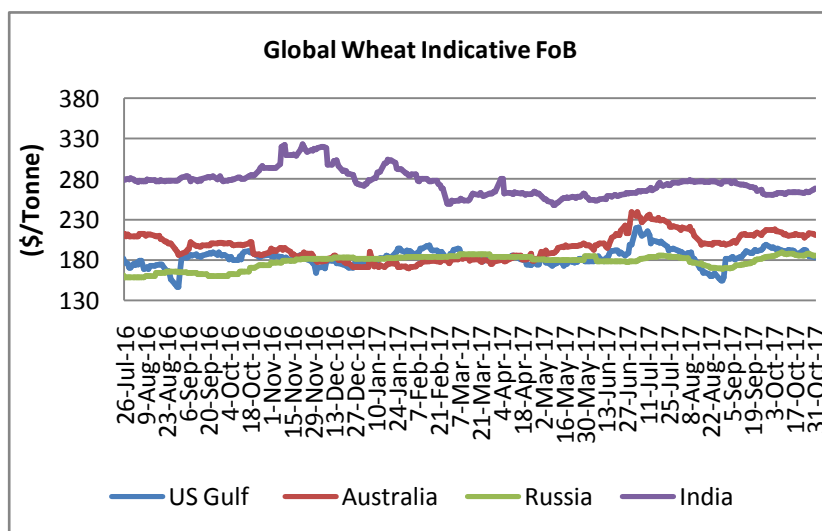
All prices are for SRW/milling grade	1st May-17	1st June-17	1st July-17	1st Aug-17	1st Sep-17	1st Oct-17	1st Nov-17
USA	182.90	177.80	198.49	191.59	181.40	194.60	183.00
France	165.25	154.50	172.25	167.50	156.75	161.00	160.25
Australia	190.04	197.89	230.69	218.99	198.66	216.64	210.40
Russia	180.50	184.50	175.00	183.50	170.00	184.50	185.00
India	259.31	256.71	262.91	257.52	277.43	260.80	272.01

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 \$260.80-268.64 per tonne.

US and Russian quotes are hovering in the range of \$190.43 and \$186.52 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 \$230 in coming weeks.



International Outlook:

Global wheat market is expected to trade steady due to higher carryover stocks and good production. EU is likely to produce around 142.5 MMT in 2017. Russia and Ukraine are likely to harvest 86-88 MMT and 26.5 MMT of wheat in 2017-18 respectively. Production in US is likely to be around 47.37 MMT compared to last year's 62.8 MMT due to fall in area sowed. Australia is likely to produce 20.1 MMT in 2017 compared to 35 MMT in 2016 due to lower acreage and unfavourable weather conditions. Argentina is expecting to harvest around 15.9 MMT in 2017-18 compared to 17.6 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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