Wheat Monthly Research Report

Contents

Market Dynamics:

Price Trend: *All India average monthly prices for wheat decreased by 1.96 percent from Rs 1847.94 (in November) to Rs 1811.80 per qtl in December-2017. Average price (December) is lower by 5.99 percent compared to price (Rs 1927.30 per qtl.) registered in December -2016. Government has increased MSP of wheat by Rs 110 per quintal to Rs 1735 per quintal. Furthermore, government has also increased import duty, to curb imports and provide support to domestic prices.*

Export: *At export front, prevailing market conditions are not in favour of Indian exporters due to huge price gap. The difference is around $104-106 per tonne from Black Sea Region. Russia/Ukraine is offering wheat at $183.50/183.00 per tonne on FoB basis while Indian FoB at Kandla port comes to $288.22 per tonne. India exported 36.87 thousand tonne wheat in October. Total export in MY 2016-17 was registered around 165.16 thousand tonne from 1st April'16. There is no hope for recovery at export front this year.*

Import: *At import front, government has increased import duty from 10 percent to 20 percent to reduce flow of imports and provide support to domestic prices. In October, India imported 4.97 lakh tonne wheat compared to 1.67 lakh tonnes in the month of September. Import quotes for wheat from different origins to Tuticorin port have become firm in the past weeks.*

FoB/CiF Quotes: *Indian FoB quote hovered around $277.39-288.22 per tonne in December. Against it Russia, Ukraine, France, US and Australia were offering wheat at $183.50, $183.00, Euro 156.25, $182.59 and $200.80 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 production and high imports. 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 20% import duty. Good production and Imports have kept demand for central and north Indian wheat at lower levels this year.*

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.*

AW Preliminary Production Estimate: *As per Agriwatch preliminary estimate production is likely to be around 91.4 MMT compared to 93.5 MMT last year. Production is likely to fall due to lower acreage this year. 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.*

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 it may lead to a shift in acreage of wheat towards chickpea in Madhya Pradesh.*

Weather Update: *India has received 16.2 mm of actual rainfall against 16.6 mm of normal rainfall in the month of December 2017. In the month of December 2017, normal/excess was recorded in Gujarat, Punjab, Rajasthan, etc. No rain was seen in East Madhya Pradesh, Vidarbha, Chandigarh and Telangana in the same month. Rain in upcoming days will benefit crop that has germinated.*

E-Auction: *FCI has offered a total of around 4248800 tonnes of wheat through E-Auction in the month of December'17 compared to 5365150 tonnes in the previous month. Sales through E-Auction of wheat are at lower side this year due to high domestic production and imports.*

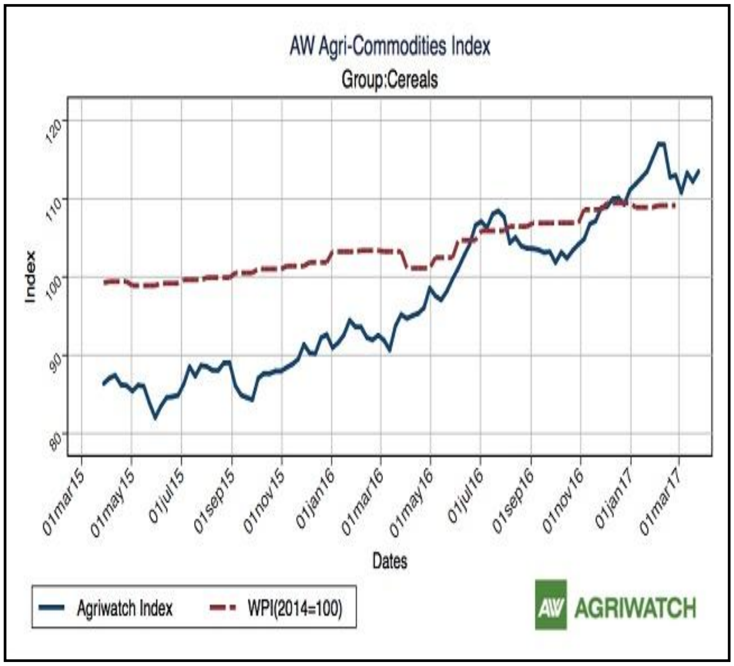
Outlook & Recommendation: *Wheat cash market is expected to trade steady to firm in the short to medium term.*

Trade Call: *Stake holders should trade taking care of lower and upper price band of Rs 1563 &1770 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**	**82.18**	**59.18**	**36.18**
Production	85.1	93.5	93.5	0	0	0
Imports	6	3	0.6	0.9	0.8	0.7
Total Availability (A+B+C)	106.48	108.48	106.08	83.08	59.98	36.88
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**	**12.98**	**82.18**	**59.18**	**36.18**	**12.98**
Av Monthly Consumption	7.83	7.92	1.98	1.98	1.98	1.98
Stock to Month Use	1.53	1.64	41.44	29.96	18.32	6.54
Stock to Consumption Ratio	0.02	0.02	1.74	1.26	0.77	0.27

***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. Imports are likely to be around 3 MMT as government has increased import duty. Availability would be 108.48 MMT, higher compared to last year, because of increased production.

As per latest update, wheat stock in central pool as on 1st December'17 stood at 216.65 lakh tonnes down by 9.16% compared to last month. This quantity is higher by around 31.33% compared to corresponding month of last year. For the month of November, off take from central pool was around 21.85 lakh tonnes compared to 23.45 lakh tonnes for October '2016 and 30.10 lakh tonnes for October'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 12.98 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 $104-108 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 million tonnes in 2017-18 Marketing year.

Domestic Market Highlights:

According to latest update, area sown until 28th December'17 is 273.85 lakh hectares compared to 290.74 lakh hectares in the previous Rabi season. The normal area is 301.74 lakh hectares. Progressive area was reported lower in Rajasthan, Maharashtra, Uttar Pradesh, Haryana and Madhya Pradesh compared to last year for same date.

As per trade sources, import quotes for wheat from various origins to Tuticorin port witnessed weak tone in the week. As of now Tuticorin port price for APW is Rs 2020-2040 per quintal, ASW is Rs 1920-1930 per quintal and Ukrainian wheat at Rs 1740-1755 per quintal. Ample availability in the market is keeping global wheat prices under pressure. Government has increased import duty to 20%, in order to curb imports and provide support to domestic prices.

As per latest update, Government of India has extended relaxation on fumigation of agriculture commodities using methyl bromide until 30th June 2018. Earlier, government had provided an extension until 31st December 2017. Trade sources indicate that increase in import duty has curbed imports but it hasn't put a complete stop on imports.

Wheat prices are under pressure due to ample availability in the market created by good domestic production and higher imports. This year progressive sowing is at lower side compared to last year and Madhya Pradesh has reported the highest dip due to lower availability of water. Wheat farmers in Madhya Pradesh have shifted to Chana, as it requires less irrigation.

Government agencies have started procurement since 15th March'17. For Rabi marketing season 2017-18 government has procured 308 lakh tonnes. Of the total quantity procured, around 67.24 lakh tonnes has been procured from Madhya Pradesh, 74.11 lakh tonnes from Haryana, 117.05 lakh tonnes from Punjab, 36.99 lakh tonnes from Uttar Pradesh, 12.45 lakh tonnes from Rajasthan, 0.02 lakh tonnes from Uttrakhand, 0.08 lakh tonnes from Chandigarh and 0.06 lakh tonnes from Gujarat. In Rabi marketing season 2017-18 government has set procurement target of 330 LMT. Last year government was able to procure only 229 lakh tonnes due to lower production.

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 28th December-2017:

State Wise Progressive Wheat Sowing Till 28.12.2017				
State	**Normal area**	**This Year**	**Last Year**	**% Change**
Bihar	21.23	20.70	20.68	**0.10**
Chhattisgarh	1.04	1.12	1.03	**8.74**
Gujarat	12.4	10.13	8.94	**13.34**
Haryana	25.27	24.78	25.13	**-1.39**
Himachal Pradesh	3.53	3.54	3.46	**2.31**
Jammu & Kashmir	2.98	1.83	1.59	**15.09**
Jharkhand	1.53	1.75	1.55	**12.90**
Karnataka	2.22	1.74	1.47	**18.37**
Madhya Pradesh	51.82	42.61	50.37	**-15.41**
Maharashtra	10.17	6.48	7.95	**-18.45**
Punjab	35.13	34.80	34.70	**0.29**
Rajasthan	29.21	27.30	29.75	**-8.24**
Uttar Pradesh	97.57	92.65	97.58	**-5.05**
Uttarakhand	3.6	3.47	3.48	**-0.29**
West Bengal	3.24	0.85	2.98	**-71.48**
Others	0.79	0.09	0.08	**9.76**
All-India	301.74	273.85	290.74	**-5.81**

Wheat Procurement Status Till 21st July-2017 (Source: FCI)

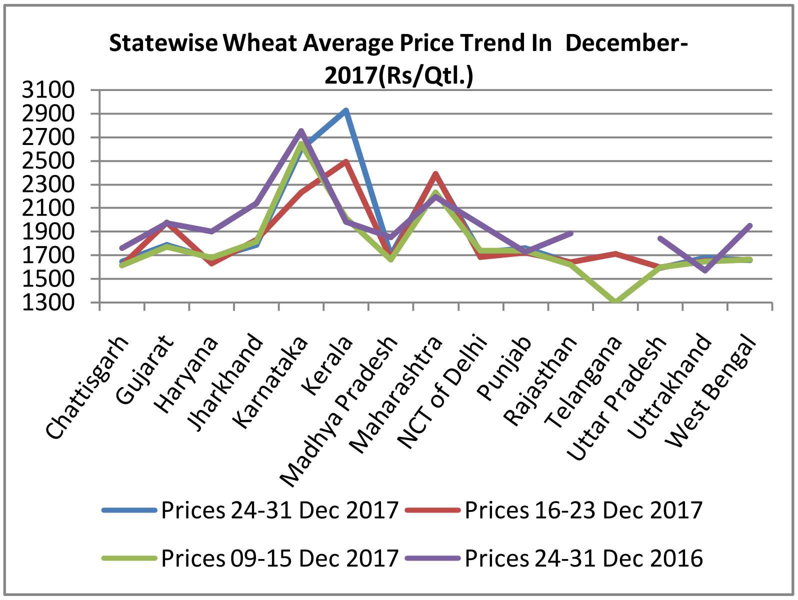
State	**Target for Procurement In Marketing Season 2017-18(April To March)**	**Progressive Procurement As on 21.07.2017(Fig In Lakh Tonne)**		
		In Marketing Season 2017-18		**In Marketing Season 2017-18**
Haryana	75.00	74.11	67.52	**9.76%**
Madhya Pradesh	85.00	67.24	39.92	**68.44%**
Punjab	115.00	117.05	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 1.96 percent from Rs 1847.94 (in November) to Rs 1811.80 per qtl in December-2017. Average prices moved up in all states except Gujarat, Jharkhand, Maharashtra, Rajasthan, Uttar Pradesh and West Bengal.

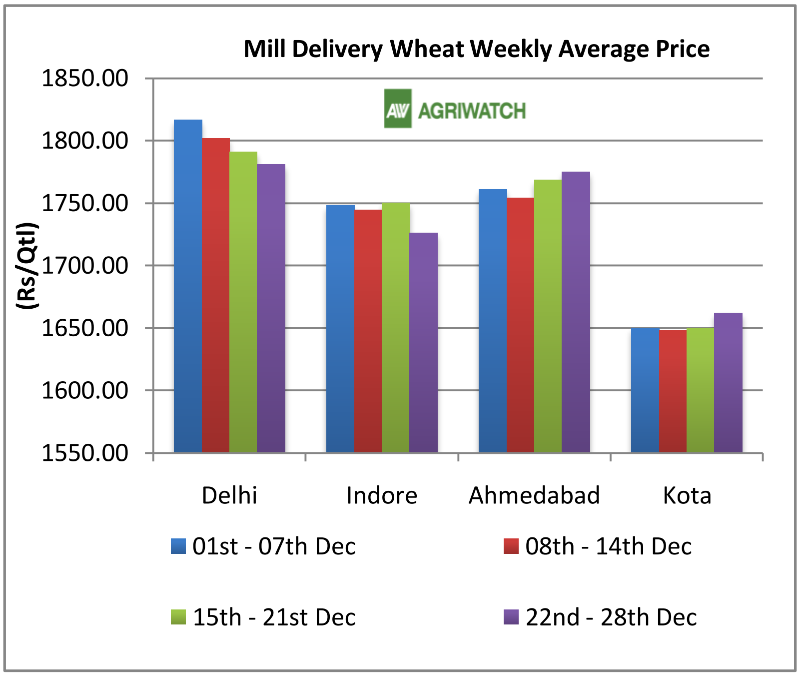
Market is witnessing normal demand and there is sufficient quantity available at supply side. Government has increased import duty, in order to curb imports. Prices are likely to move from steady to firm due to lean season which is likely to provide support to prices. Domestic prices are not able to 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 weak in Delhi, Indore and firm Ahmedabad, Kota during 22nd -28th December. Prices are expected to remain steady to weak.

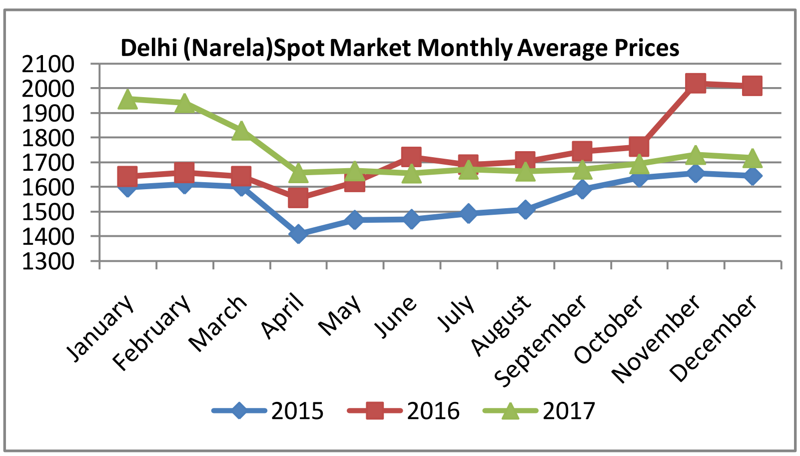
Prices are expected to remain steady to firm in the coming week as acreage is expected to remain lower this year and any aberration in weather can reduce the overall crop size. Lean season accompanied with revised MSP is likely to provide support to domestic prices. Government has already increased MSP from Rs 1625 per quintal to Rs 1735 per quintal. Furthermore, government may also increase duty to 30 or 40 percent from current 20 percent.



Wheat Delhi Average Monthly Price:

Wheat spot market Delhi (Narela) average price decreased from Rs1731.05in November -17 to Rs1718.33 per quintal in December-2017.

The prices are weak by 0.73 percent compared to last month and weak by 14.47percent 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 36.87 thousand tonne wheat in the month of October-2017.

It is around 22.35 thousand tonnes higher compared to export quantity (14.52 thousand tonne) in September-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 ($87 to $108 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	37.29	154.18
17-May	40.43	157.90
17-Jun	10.54	166.69
17-Jul	11.65	186.07
17-Aug	13.86	157.57
17-Sep	14.52	160.05
17-Oct	36.87	159.89
17-Nov		
17-Dec		
18-Jan		
18-Feb		
18-Mar		
Total 2017-18	165.16	163.19

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 MMT compared to around 6 MMT in last MY 2016-17.In the month of October-2017 India imported around 4.97 lakh tonne wheat from Russia, Ukraine and Australia compared to 1.67 lakh tonnes in September-17.

FoB quote in Black Sea region are hovering around $183.50 per tonne in Russia and $183.00 per tonne in Ukraine. Australia and France are also providing wheat at $200.80 per tonne and Euro 156.25 per tonne. Added capacity at Ukrainian ports has reduced export cost further. Government has increased import duty from 10% to 20% in order to curb imports.

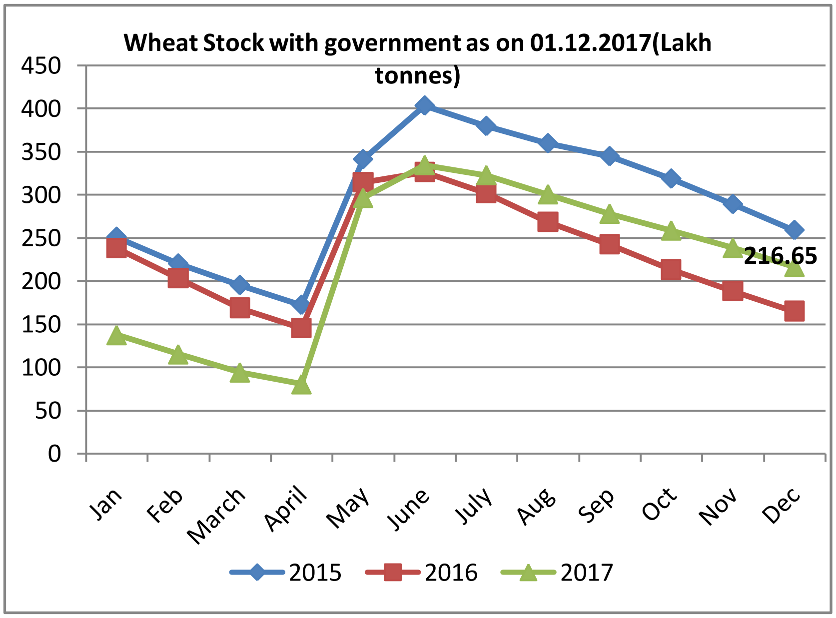
Source: DGCIS, *Provisional data from IBIS

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	497.04	159.89
17-Nov		
17-Dec		
18-Jan		
18-Feb		
18-Mar		
Total 2017-18	1151.97	163.19

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

Wheat stock in government's warehouses on 01.12.2017 was around 216.65 lakh tonne. It is lower by 9.16 % from November-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.



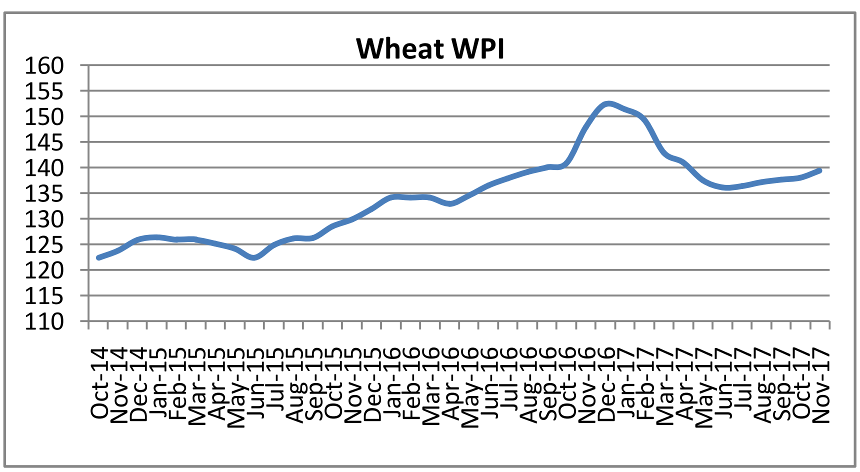
Wheat Inflation:

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	138.0
Nov	127.6	123.7	129.9	147.9	139.4
Dec	128.6	125.8	131.9	152.3	

Wheat WPI has increased from 138 in October to 139.4 in November-2017. Monthly wheat inflation has increased by 1.01 percent in November -17 compared to October -17.

As compared to October-2016 wheat WPI has decreased by 5.75 percent and it is higher by 7.31 percent compared to November-2015.

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



Monthly Average Prices At Various Market(Rs/Quintal)					
	Delhi	Indore	Kota	Rajkot	Chennai
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
17-Nov	1846.00	1716.00	1660.77	1718.08	2050.83
17-Dec	1797.40	1741.30	1654.58	1751.88	2050.00

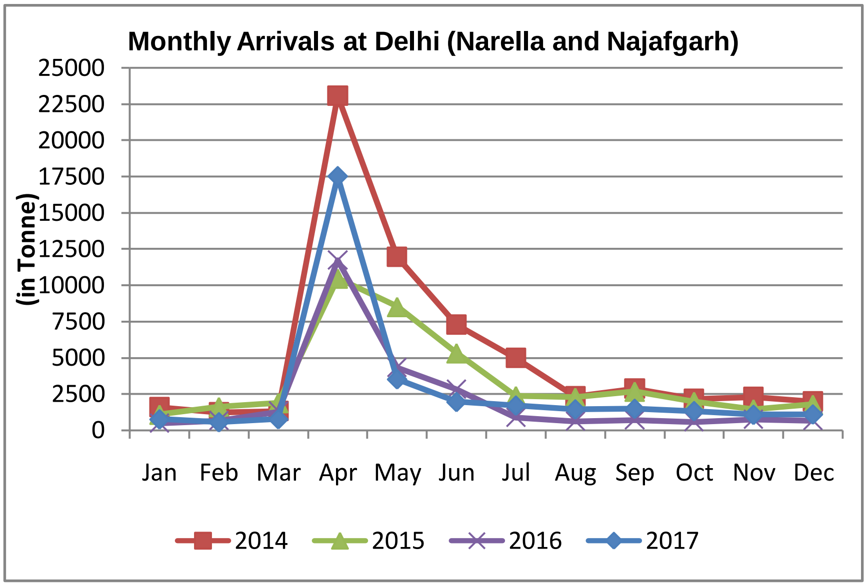
Source: Agriwatch

Monthly Price Comparison of Spot Markets

Spot Market Price:							
Centre	Market	Variety	Prices (Rs/Qtl)				
			Today	Yesterday	Week Ago	Month Ago	Year Ago
			3-Jan-18	2-Jan-18	27-Dec-17	4-Dec-17	3-Jan-17
Delhi	Lawrence Road	Mill Delivery	1815	1805	1785	1815	1950
	Narella	Mill Quality Loose	Closed	1695	Closed	1715	1905
	Nazafgarh	Mill Quality Loose	Closed	1715	Closed	1720	1925
Gujarat	Rajkot	Mill Delivery	1660	1660	1655	Closed	1730
	Ahmedabad	Mill Delivery	1830	1830	1780	1750	1840
	Surat	Mill Quality Loose	1850	1850	1820	1810	1880
	Dhrol	Mill Delivery	1850	1805	1755	NR	2180
M.P.	Indore	Mill Quality Loose	1675	1630	1650	1660	1800
	Bhopal	Mill Delivery	1650	1650	1700	1625	1850
Rajasthan	Kota	Mill Quality Loose	1590	1575	1570	1560	1760
		Mill Delivery	1680	1675	1670	1650	1850
U.P.	Kanpur	Mill Delivery	1640	1640	1640	1615	1925
	Mathura	Mill Quality Loose	1630	Closed	1590	1625	1915
	Kosi	Mill Quality Loose	1625	1625	1630	NR	1920
	Hathras	Mill Quality Loose	NR	1610	1610	NR	1915
	Aligarh	Mill Quality Loose	Closed	1600	Closed	1600	1870
Punjab	Khanna	Mill Quality Loose	1750	1740	1740	1725	1730
	Ludhiana (Jagraon)	Mill Delivery	NA	NA	NA	NA	NA
Haryana	Sirsa	Mill Delivery loose	1730	1725	1720	1710	1760
	Hodal	Mill Delivery	1795	1795	1795	1810	2000
	Bhiwani	Mill Quality Loose	1750	1760	1710	1770	1850
	Karnal	Mill Quality Loose	1710	1710	1710	1760	1850
	Panipat	Mill Quality Loose	1625	1625	1625	1625	NA
Tamil Nadu	Chennai	Mill Quality	2060	2050	2050	2050	2350
	Madurai	Mill Quality	2117	2107	2107	2107	2407
	Coimbatore	Mill Quality	2117	2107	2107	2107	2407
Bihar	Khagariya	Mill Delivery	1700	1700	1700	1650	1900
	Muzaffarpur	Mill Delivery	1600	1600	1615	1600	1925

Monthly Arrivals at Delhi

Arrivals in Delhi region (Narela and Najafgarh) increased to 1088 tonnes in December-2017 compared to 1062 tonnes in November-2017. Currently wheat is being traded around Rs 1700 per qtl in Narela.



Domestic Outlook:

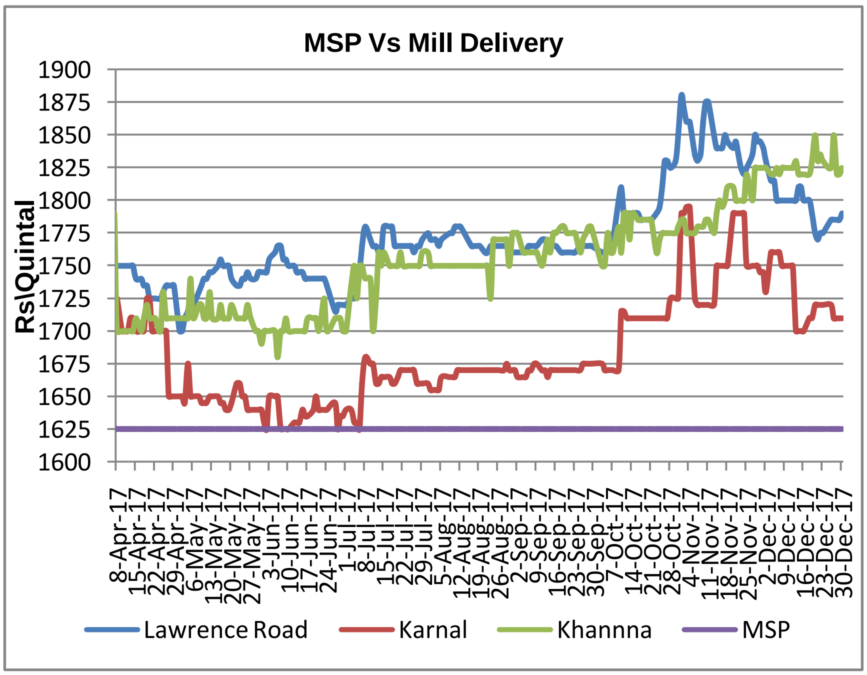
Wheat cash market is expected to trade steady to firm in December-2017 under normal conditions.

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. As of now wheat prices in Karnal and Khanna market are ruling below MSP for 2018-19.

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:

Wheat – Technical Outlook **C1 Continuous Chart**

Technical Commentary:

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

Strategy: Buy

			S1	S2	PCP	R1	R2
Wheat	NCDEX	C1	1586	1563	1653	1751	1770
Monthly Trade Call			**Call**	**Entry**	**T1**	**T2**	**SL**
Wheat	NCDEX	C1	**Buy**	Above 1643	1692	1729	1614

* Do not carry-forward the position next month.

International Market Dynamics

GASC has purchased 180000 tonnes of Russian wheat through tender. *GTCS offered 60000 tonnes of Russian wheat at FoB $192.35 per tonne, Daewoo offered 60000 tonnes of Russian wheat at FoB $192.80 per tonne and GTCS offered 60000 tonnes of Russian wheat at FoB $194.90 per tonne.*

Egypt is likely to plant 3.25 million acres of wheat in the season. *Furthermore, it has planned to import around 7 million tonnes of wheat from overseas in the fiscal year that has started in July. Egypt has bought 295000 tonnes of wheat in its last tender.*

As per latest update, Japan's ministry of agriculture bought 147696 MMT of food quality wheat from United States, Canada and Australia. *Around 64736 MMT has been bought from United States, 27330 MMT of standard white wheat has been bought from west Australia and 25000 MMT with minimum protein content of 13.5 percent has been bought from Canada. All the shipments are to be loaded between January 16 and February 15.*

As per latest update, china has sold 216589 tonnes of wheat *for average price of 2510 yuan ($323.23) per tonne at an auction of state reserves on Tuesday. The quantity sold represents around 10.88 percent of 1990314 tonnes wheat available at auction.*

Russian milling wheat prices remained stable compared to last week. Demand for Russian wheat is good. *Russia is expected to produce 85-88 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 $190-193/tonne whereas milling wheat with 11.5% protein content is being quoted at FoB $181-186/tonne.*

As per latest update, NOFI has bought 65000 tonnes of feed wheat from Agrocorp. *The origin is optional and the said quantity is likely to arrive by March 20.*

Government of Bangladesh has approved tender of 50000 tonnes of wheat with 12.5 percent protein content at CiF $245.35 per tonne. *The wheat was sold by South Korean company Singsong Food Corporation. The said quantity is likely to be supplied from black sea region.*

Algeria state grains agency OAIC has bought around 570000 tonnes of optional-origin milling wheat in a tender that closed on Tuesday. *The prices paid were in the range of $208.75-210.50 per tonne (Cost and Freight). The said quantity is likely to arrive in February however if Argentine wheat is supplied the wheat should be shipped a month earlier.*

As per latest update, farmers in European Union have sowed around 98 percent of planned area compared to 95 percent a week earlier. *Furthermore, around 96 percent o0f soft wheat has already emerged and is in good or excellent condition. EU is likely to produce 151.6 MMT of wheat in 2017-18.*

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.*

As per latest update, agricultural ministry of Egypt *has decided to end confusion regarding ergot by stating that wheat with ergot content above 0.05 would be rejected whereas shipments having ergot below this level would be treated and accepted.*

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.*

Global Wheat Average FoB

Month	US SRW2*	US HRW2*	Argentina P1*	Ukraine 12.5%*	Russia 12.5%*	Rouen 11%**	Australia ASW1***	Australia APW2***
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
Nov-17	183.22	236.03	176.69	189.76	191.74	158.39	262.64	269.91
Dec-17	176.24	240.48	178.47	189.56	191.42	156.75	254.79	265.05

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)
03.11.2017	10.47	21.15	43.03	37.41
10.11.2017	10.11	20.59	42.85	37.16
17.11.2017	9.63	19.96	42.12	36.48
24.11.2017	9.71	20.02	41.56	35.96
01.12.2017	10.78	20.91	40.80	35.36
08.12.2017	11.5	21.27	40.44	35.10
15.12.2017	12.18	21.51	40.77	35.38
22.12.2017	9.99	20.59	41.34	35.85
29.12.2017	10.04	20.66	41.55	36.00
Vessel Class: Panamax	*PoL: Novorossiysk, PoD: Damietta*	*PoL: Novorossiysk, PoD: Jeddah*	*PoL: Odessa, PoD: Japan*	*PoL: Odessa, PoD: Chittagong*

Source: Reuters

Global Policy Developments

India: On 8 November, India's Central Board of Excise and Customs issued notification No. 84/2017 raising the customs duty on wheat from 10 to 20 percent.

Russia: On 24 November, the Russian Federation and Venezuela signed a memorandum to further increase Venezuelan supplies of milling wheat from the Russian Federation.

Egypt: On 31 October, Egypt's Ministry of Agriculture and Land Reclamation issued Directive No. 48, allowing wheat imports containing up to 0.05 percent ergot fungi, in line with international standards. However, on 14 November, a lower court banned wheat imports from the Russian Federation containing trace amounts of the fungi. A higher court is yet to issue a final ruling.

Brazil: On 7 November, Brazil abandoned plans to establish a 750 000 tonne duty-free quota to import wheat from non-Mercosur countries.

China: On 27 October, China lowered the wheat minimum purchase price for 2018 to CNR 2300 (USD 345.6) per tonne, a drop of2.5 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.

Source: AMIS

Spot Prices Black Sea Region

Date	29.11.2017	06.12.2017	13.12.2017	20.12.2017	27.12.2017
Odessa, FOB($/tonnes)					
Milling wheat 12.5%	187.0-190.0	189.0-191.0	188.0-191.0	188.0-191.0	188.0-191.0
Milling wheat 11.5%	180.0-185.0	182.0-185.0	181.0-183.0	181.0-184.0	181.0-184.0
Feed wheat	177.0-180.0	177.0-181.0	176.0-179.0	177.0-180.0	177.0-180.0
Novorossiysk, FOB($/tonnes)					
Milling wheat 12.5%	189.0-192.0	191.0-193.0	190.0-193.0	190.0-193.0	190.0-193.0
Milling wheat 11.5%	180.0-185.0	181.0-185.0	181.0-184.0	181.0-185.0	181.0-186.0
Feed wheat	177.0-180.0	178.0-181.0	178.0-181.0	178.0-181.0	178.0-181.0

Source: Reuters

Forward Prices for 2017 Crop Black Sea Region

Origin	Commodity	Delivery period	Price (USD/MT)	
			13.12.17	**20.12.17**
Russia	Wheat, 12.5% protein	Jan-Feb	175-178	174-178
Ukraine	Wheat, 11.5% protein	Jan-Feb	169-171	168-171
Ukraine/Russia	Feed wheat	Jan-Feb	165-168	165-168

Source: Reuters

IGC Wheat Balance Sheet(Quantity in MMT)

IGC Forecast(Fig-In MMT)	2014-15	2015-16	2016-2017 (Estimate)	2017-18 (Forecast)	
				26.10.2017	23.11.2017
Production	730	736	754	748	749
Trade	153	166	176	174	174
Consumptions	715	719	736	741	742
Carryover stocks	207	224	242	249	249
Y-O-Y change	16	17	18	-	7
Major Export	66	66	76	71	71

IGC Balance Sheet Highlight:

- *IGC has increased its forecast for wheat to 749 MMT as on 23rd November-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 2 MMT lower compared to estimate for last year and higher by 8 MMT compared to 2015-16.*
- *Consumption has been increased by 1 MMT to 742 MMT for 2017-18. The forecast is higher by 6 MMT compared to 2016-17.*
- *Carryout has been kept unchanged at 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 01.08.2018)							
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	5,600	10	11,700	531	18,400
Australia	7,104	21,500	7,000	150	17,500	4,254	33,500
Canada	6,835	30,000	8,700	500	22,000	6,635	31,729
China	111,054	130,000	116,000	3,500	800	127,754	128,850
EU	10,769	152,500	128,750	6,000	28,500	12,019	145,248
India	9,800	98,380	100,000	3,000	500	10,680	87,000
Pakistan	4,332	25,700	24,800	30	600	4,662	25,600
Russia	10,830	83,000	44,000	500	33,500	16,830	72,529
Ukraine	1,782	26,500	9,800	25	17,000	1,507	26,800
U S	32,133	47,371	30,917	4,082	26,535	26,134	62,833
Others	60,368	122,755	265,004	162,806	23,514	57,411	121,116
World total	255,328	755,206	740,571	180,603	182,149	268,417	753,605

Source: USDA

CBOT Futures Mar-18 Chart:

1st Support: 144.00
2nd Support: 142.00
1st Resistant: 179.00
2nd Resistant: 181.00
($ per tonne)

Wheat touched a year low on 11th December'17 at $ 4.10 a bushel. U.S. export sales in the month of December'17 are 1881794 tonnes compared 1519264 tonnes in November'17.Two factors in play as of now are drought conditions in mid-west belt and formation of a polar vortex that has spread over eastern half. Any of these two conditions can negatively impact crop leading to firmness in CBOT.

CBOT comparison over period of time:

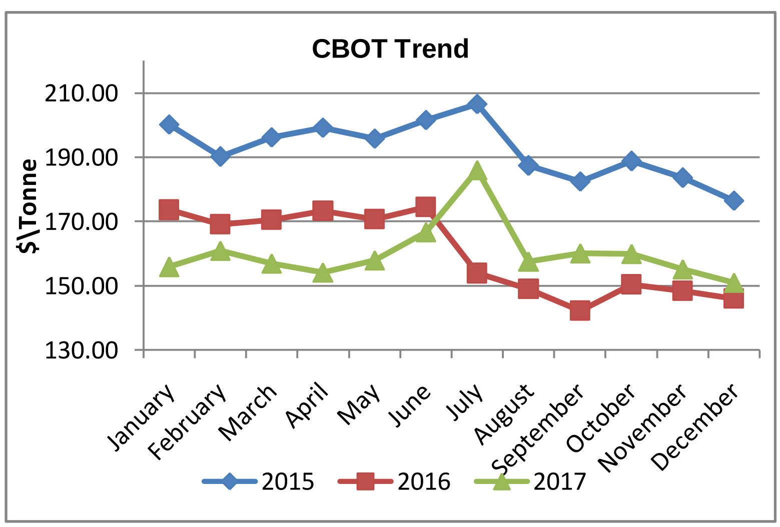
CBOT Futures Prices:(USD/T)							
CONTRACT MONTH	Today	Week Ago	Month Ago	3 Month Ago	6 Month Ago	Year Ago	% Change over prev. year
	2-Jan-18	26-Dec-17	3-Dec-17	3-Oct-17	3-Jul-17	2-Jan-17	
Mar-18	159.27	155.13	161.10	171.02	215.85	174.15	**-8.54**
May-18	163.95	160.00	165.70	175.71	218.42	176.63	**-7.18**
Jul-18	168.91	164.78	170.57	180.03	218.97	177.45	**-4.81**
Sep-18	173.60	169.28	175.62	185.63	220.72	181.77	**-4.50**
Dec-18	179.66	175.25	182.32	192.70	225.12	188.48	**-4.68**
Mar-19	183.88	179.47	187.10	197.20	226.59	192.79	**-4.62**

CBOT Trend

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

However, this year CBOT is not following the trend due to very lower crop size compared to last year.

As per update released by USDA on 03rd January, around 37 percent of winter wheat in its top producing state i.e. Kansas is in good or excellent condition compared to 44 percent a year ago.



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

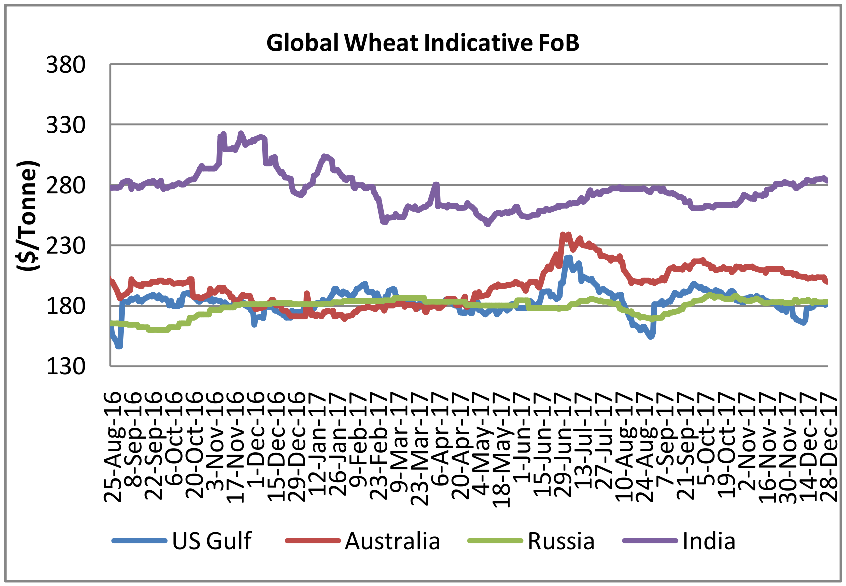
All prices are for SRW/milling grade	1st July-17	1st Aug-17	1st Sep-17	1st Oct-17	1st Nov-17	1st Dec-17	1st Jan-18
USA	198.49	191.59	181.40	194.60	183.00	179.80	185.00
France	172.25	167.50	156.75	161.00	160.25	158.25	156.25
Australia	230.69	218.99	198.66	216.64	210.40	207.20	201.60
Russia	175.00	183.50	170.00	184.50	185.00	182.50	183.50
India	262.91	257.52	277.43	260.80	272.01	281.48	287.44

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 $277.39-288.22 per tonne.

US and Russian quotes are hovering in the range of $182.59 and $183.50 in international markets witnessed steady to weak tone in the month.

Wheat quotes are expected to trade steady to firm and hover in the range of $165 to $220 in coming weeks.



International Outlook:

Global wheat market is expected to trade steady to weak due to higher carryover stocks and good production. EU is likely to produce around 142.2 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 20.2 MMT in 2017 compared to 35 MMT in 2016 due to lower acreage and unfavourable weather conditions. Argentina is expecting to harvest around 15.9MMT 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.