

Wheat Monthly Research Report

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Market Dynamics:

Price Trend: All India average monthly prices for wheat increased by 0.63 percent from Rs 1817.67 (in December-2017) to Rs 1829.15 per qtl in January-2018. Average price (January) is lower by 5.19 percent compared to price (Rs 1929.26 per qtl.) registered in January -2017. Government has increased MSP of wheat by Rs 110 per quintal to Rs 1735 per quintal. Furthermore, government has also increased import duty, in order 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 \$85-86 per tonne from Black Sea Region. Russia/Ukraine is offering wheat at \$187.00/188.00 per tonne on FoB basis while Indian FoB at Kandla port comes to \$273.92 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 weak in the past weeks.

FoB/CiF Quotes: Indian FoB quote hovered around \$273.92-294.76 per tonne in January. Against it Russia, Ukraine, France, US and Australia were offering wheat at \$183.64, \$184.06, Euro 154.65, \$185.17 and \$202.73 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 2.9 mm of actual rainfall against 19.2 mm of normal rainfall in the month of January 2018. In the month of January 2018, deficient rainfall was recorded in Punjab, Haryana, Uttar Pradesh, Rajasthan, Haryana, Madhya Pradesh, etc. No rain was seen in Gujarat, Maharashtra, etc in the same month. Moderate rains in upcoming days can be beneficial for standing crop. As of now temperature is optimum for wheat crop, as too hot/low temperature is harmful at heading and flowering stage.

E-Auction: FCI has offered a total of around 4209260 tonnes of wheat through E-Auction in the month of January'18 compared to 4252800 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 1567 & 1774 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 2018-19:

Wheat MY Runs From April To March	2017-18	2018-19*	Apr-Jun	July-Sep	Oct-Dec	Jan-Mar
Carry in	11.98	12.48	12.48	80.33	57.08	33.88
Production	93.5	91.4	91.4	0	0	0
Imports	2.5	2	0.35	0.65	0.6	0.4
Total Availability (A+B+C)	107.98	105.88	104.23	80.98	57.68	34.28
Consumption	95	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)	95.5	95.5	23.9	23.9	23.8	23.9
Carry out (D-G)	12.48	10.38	80.33	57.08	33.88	10.38
Av Monthly Consumption	7.92	7.92	1.98	1.98	1.98	1.98
Stock to Month Use	1.58	1.31	40.50	28.90	17.15	5.23
Stock to Consumption Ratio	0.02	0.01	1.70	1.22	0.72	0.22

* Agriwatch Wheat Preliminary Production Estimate for Marketing Year 2018-19

Balance Sheet Highlights:

- Agriwatch expects a production of around 91.4 MMT for 2018-19 under normal weather and crop condition.
- Total availability is likely to be around 105.88 MMT, lower compared to last year because of lower acreage.
- Carry out is expected to be around 10.38 MMT for 2018-19 compared to 12.48 MMT for 2017-18.

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. 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 January'18 stood at 195.62 lakh tonnes down by 9.71% compared to last month. This quantity is higher by around 42.30% compared to the corresponding month last year. For the month of December'17 off take from central pool was around 21.03 lakh tonnes compared to 27.49 lakh tonnes for December'2016 and 21.22 lakh tonnes for December'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 \$85-86 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 02nd February'18 is 300.70 lakh hectares compared to 317.82 lakh hectares in the previous Rabi season. The normal area is 301.74 lakh hectares. Progressive area was reported lower in Maharashtra, Uttar Pradesh, Rajasthan and Madhya Pradesh compared to corresponding date last year.

As per trade sources, import quotes for wheat from various origins to Tuticorin port, witnessed steady to weak tone in the week. As of now Tuticorin port price for APW is being quoted at Rs 2065-2100 per quintal, ASW at Rs 1935-1955 per quintal and Ukrainian wheat at Rs 1750-1800 per quintal. Ample availability in the market is keeping global wheat prices under pressure. Government has increased import duty to 20%, to curb imports and provide support to domestic prices.

Wheat WPI has remained same at 139.4 in December-17. As compared to December-2016 wheat WPI has decreased by 8.47 percent and by 5.69 percent compared to December-2015.

As of now weather conditions are conducive for wheat crop. Cold wave accompanied with rains has supported standing crop in central and north India. Forecast of rains in upcoming week can increase yields and might offset the effect of reduced acreage. Highest shift in acreage was in Madhya Pradesh. Drought in parts of Madhya Pradesh has led to a shift in area from wheat to more lucrative crop like Chana. Shift in acreage in Madhya Pradesh was mainly due to lower water levels in major reservoirs and Chana requires less water compared to wheat.

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 could 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 02nd February-2018:

State Wise Progressive Wheat Sowing Till 02.02.2018				
State	Normal area	This Year	Last Year	% Change
Bihar	21.24	22.87	22.95	-0.35
Chhattisgarh	1.03	1.65	1.736	-4.95
Gujarat	11.56	10.56	9.96	6.02
Haryana	25.39	25.26	25.38	-0.47
Himachal Pradesh	3.5	3.6	3.59	0.28
J&K	2.95	2.44	2.31	5.63
Jharkhand	1.65	2.20	2.08	6.01
Karnataka	2.06	1.89	1.57	20.38
Madhya Pradesh	54.96	53.16	64.22	-17.22
Maharashtra	9.38	8.95	10.52	-14.86
Rajasthan	30.47	30	30.67	-2.21
Uttar Pradesh	97.59	98.13	100.52	-2.38
Uttarakhand	3.53	3.58	3.59	-0.28
West Bengal	3.28	1.15	3.39	-65.93
Others	0.18	0.24	0.33	-25.76
All-India	304.43	300.70	317.82	-5.39

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

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

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

Monthly Average Price Comparison:

All India average monthly prices for wheat increased by 0.63 percent from Rs 1817.67 (in December-2017) to Rs 1829.15 per qtl in January-2018. Average prices moved down in all major states including Uttar Pradesh, Jharkhand, Maharashtra, Rajasthan, Gujarat, etc

Ample availability created by imports and good production in the previous season in the market, is keeping prices at lower levels. Furthermore, there is a rumour in the market that government may increase import duty by 10% to 30% to completely stop imports and provide support to domestic market. Export demand is also low, as other countries are able to provide wheat at lower prices compared to India.

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

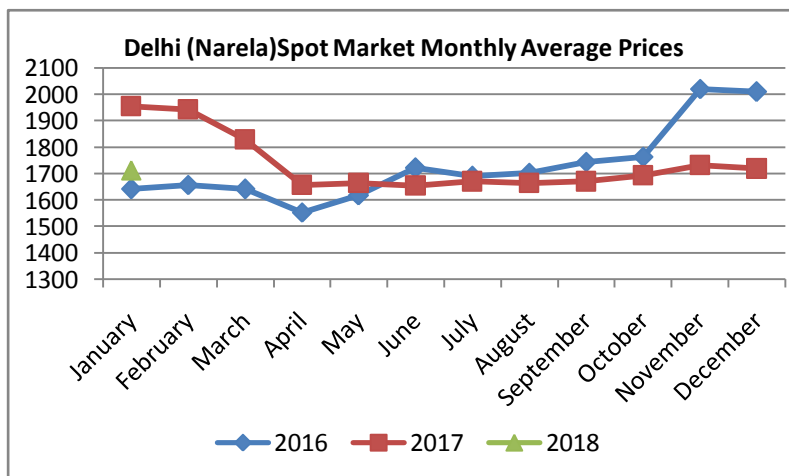
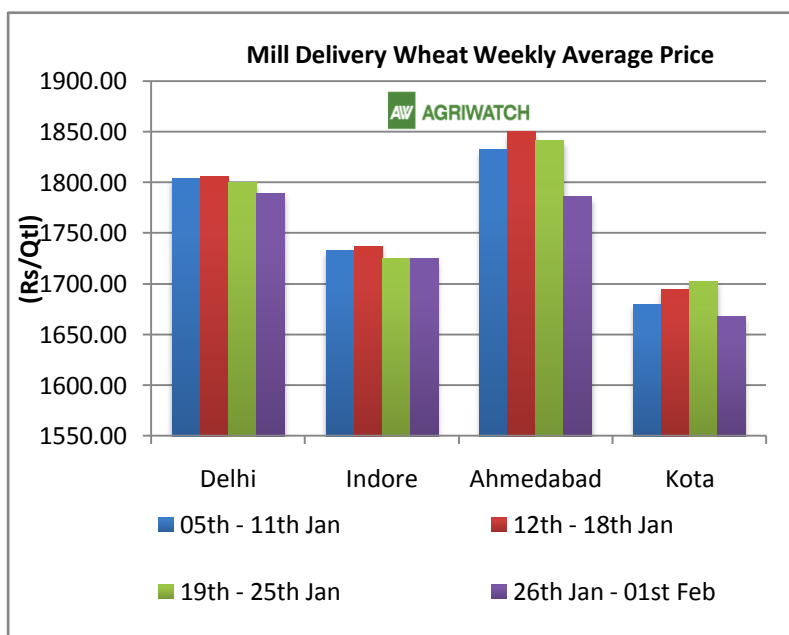
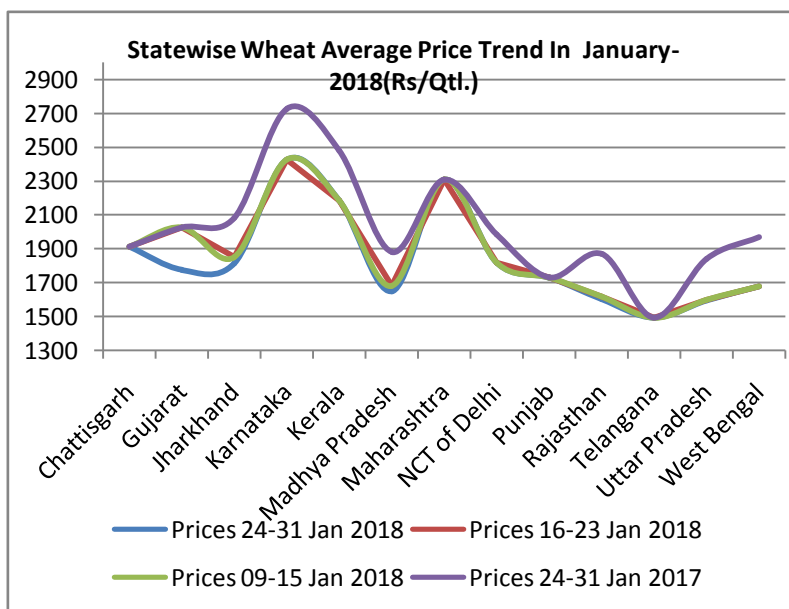
Average mill delivery prices of Wheat traded weak in Delhi, Indore and Ahmadabad during 26th January- 01st February. Prices are expected to remain steady to firm.

Prices are expected to remain steady to firm in the coming weeks due to lean season. Furthermore, acreage is expected to remain lower this year and even after normal weather overall crop size is expected to be lower. Government has already increased MSP from Rs 1625 per quintal to Rs 1735 per quintal. Demand from south India is still at lower side as millers in the region have already imported wheat, basis their requirement, prior to increase in import duty.

Wheat Delhi Average Monthly Price:

Wheat spot market Delhi (Narela) average price decreased from Rs 1718.33 in December-17 to Rs 1712.63 per quintal in January-2018.

The prices are weak by 0.33 percent compared to last month and by 12.42 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 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 (\$69 to \$86 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 \$183.64 per tonne in Russia and \$184.06 per tonne in Ukraine. Australia and France are also providing wheat at \$202.73 per tonne and Euro 154.65 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.

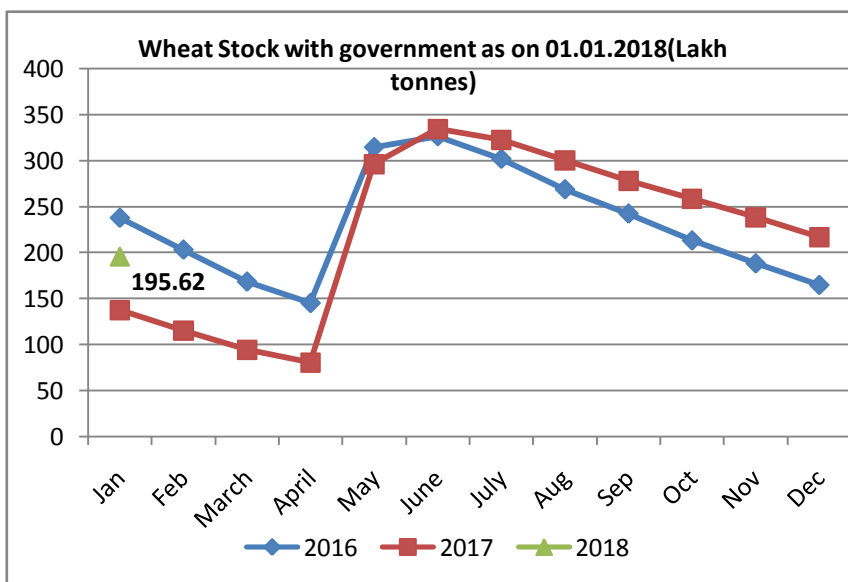
Source: DGCIS, *Provisional data from IBIS

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 01.01.2018 was around 195.62 lakh tonne. It is lower by 9.71 % from December-2017. Central pool stock has been declining from 2013 owing to export and lower production/procurement. Government has procured intensively, 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.



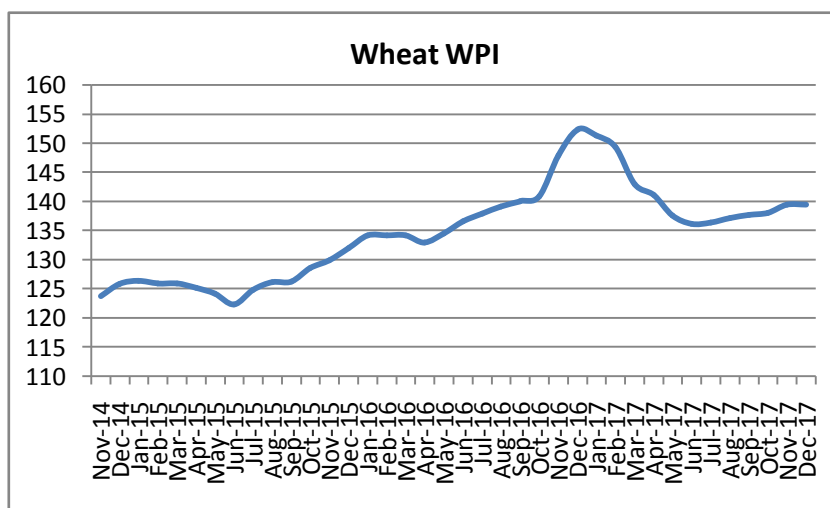
Wheat Inflation:

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	139.4

Wheat WPI has remained same at 139.4 in December-17. As compared to December-2016 wheat WPI has decreased by 8.47 percent and by 5.69 percent compared to December-2015. Overall wheat WPI fell by 7.87 percent since Jan-17 until Dec-17.

Food grains WPI fell by 0.9 in December-17 to 140.8 compared to 141.7 in November-17.

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



Monthly Average Prices At Various Market(Rs/Quintal)					
	Delhi	Indore	Kota	Rajkot	Chennai
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
18-Jan	1801.4	1727.17	1686.46	1777.29	2054.17

Source: Agriwatch

Monthly Price Comparison of Spot Markets

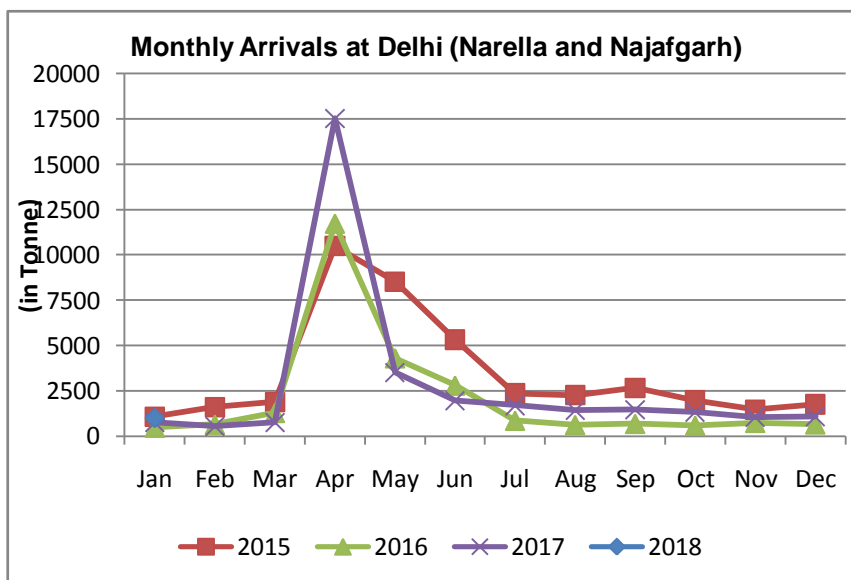
Spot Market Price:							
Centre	Market	Variety	Prices (Rs/Qtl)				
			Today	Yesterday	Week Ago	Month Ago	Year Ago
			2-Feb-18	1-Feb-18	25-Jan-18	2-Jan-18	2-Feb-17
Delhi	Lawrence Road	Mill Delivery	1805	1810	1790	1805	2060
	Narella	Mill Quality Loose	1715	1750	1700	1695	1980
	Nazafgarh	Mill Quality Loose	1700	1700	1720	1715	2000
Gujarat	Rajkot	Mill Delivery	1580	1620	Closed	1660	1770
	Ahmedabad	Mill Delivery	1780	1780	Closed	1830	1910
	Surat	Mill Quality Loose	1810	1810	Closed	1850	1960
	Dhrol	Mill Delivery	1700	1825	1770	1805	NA
M.P.	Indore	Mill Quality Loose	1690	1690	1690	1630	1900
	Bhopal	Mill Delivery	1600	1600	1650	1650	1825
Rajasthan	Kota	Mill Quality Loose	1575	1575	1600	1575	NA
		Mill Delivery	1660	1660	1700	1675	NA
U.P.	Kanpur	Mill Delivery	1715	1735	1730	1640	2000
	Mathura	Mill Quality Loose	1620	1600	1610	Closed	1925
	Kosi	Mill Quality Loose	1610	1610	NR	1625	1915
	Hathras	Mill Quality Loose	1635	1650	1665	1610	1880
	Aligarh	Mill Quality Loose	1590	1580	1610	1600	1920
Punjab	Khanna	Mill Quality Loose	1740	1740	1740	1740	1900
	Ludhiana (Jagraon)	Mill Delivery	NA	NA	NA	NA	NA
Haryana	Sirsa	Mill Delivery loose	1725	1730	1730	1725	1890
	Hodal	Mill Delivery	1760	1760	1770	1795	2000
	Bhiwani	Mill Quality Loose	1760	1750	1760	1760	2000
	Karnal	Mill Quality Loose	1710	1725	1725	1710	NA
	Panipat	Mill Quality Loose	1625	1625	1625	1625	NA
Tamil Nadu	Chennai	Mill Quality	2050	2050	2050	2050	NA
	Madurai	Mill Quality	2107	2107	2107	2107	NA
	Coimbatore	Mill Quality	2107	2107	2107	2107	NA
Bihar	Khagariya	Mill Delivery	1700	1700	1700	1700	2050
	Muzaffarpur	Mill Delivery	1700	1700	1725	1600	1975

Monthly Arrivals at Delhi

Arrivals in Delhi region (Narela and Najafgarh) decreased to 990 tonnes in January-2018 compared to 1088 tonnes in December-2017. Currently wheat is being traded around Rs 1700 per quintal in Narela.

Domestic Outlook:

Wheat cash market is expected to trade steady to firm in January-2018 under normal conditions.

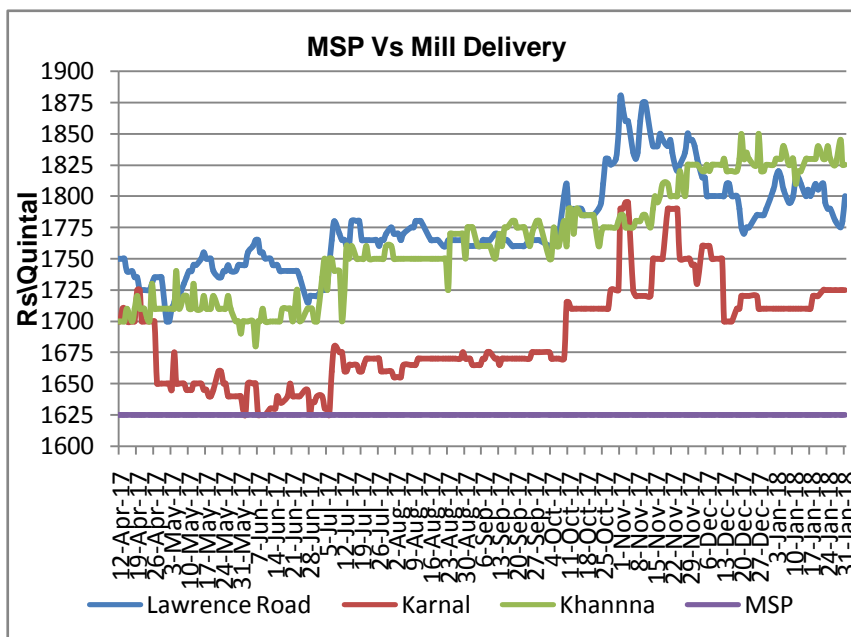


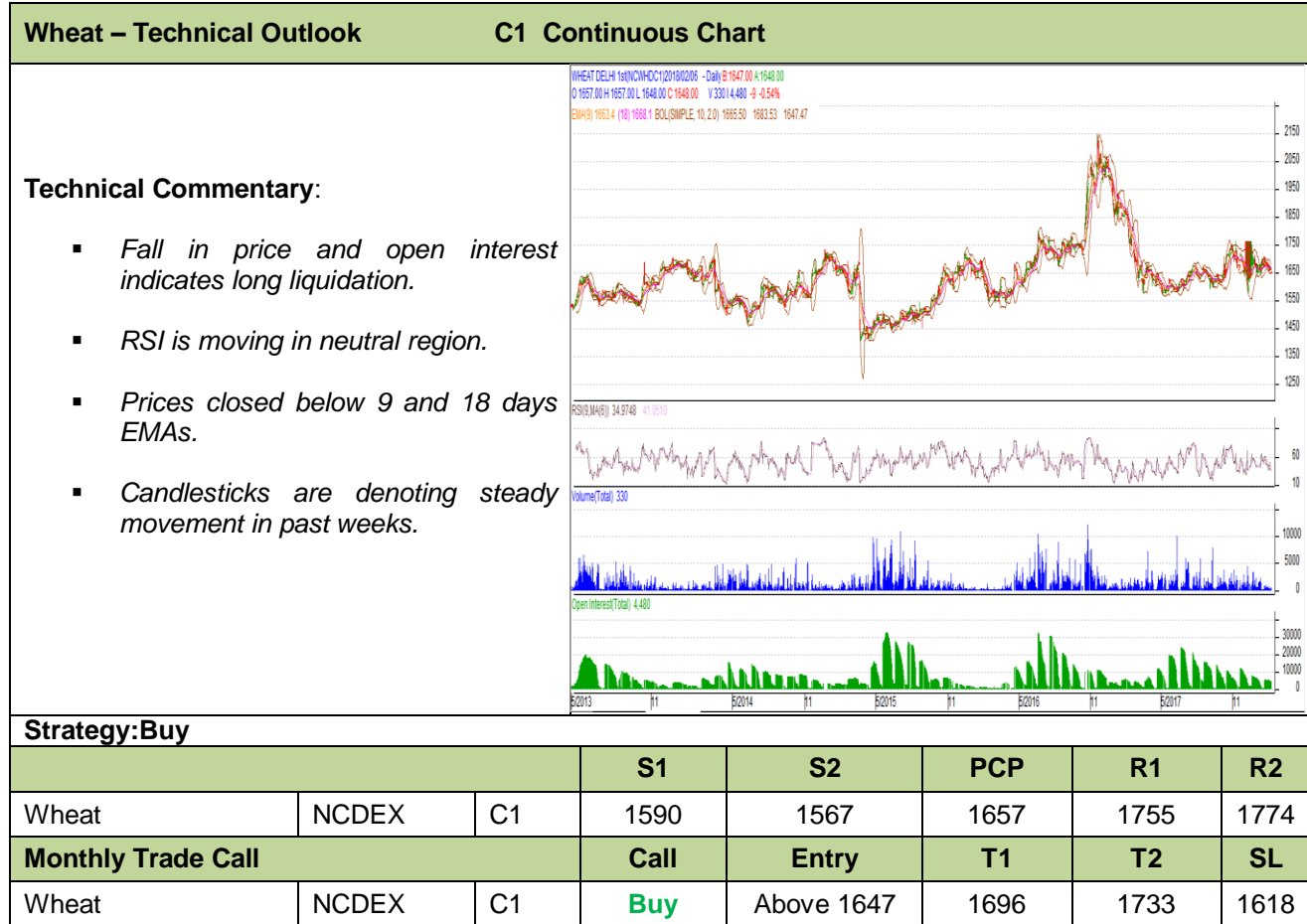
MSP Vs Mill Delivery Prices

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.

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 above MSP for 2018-19.

With the arrival of new crop, prices will be under pressure and are likely to remain slightly above MSP (Rs 1735 per quintal).



Wheat Technical Analysis:


* Do not carry-forward the position next month.

International Market Dynamics

Russian milling wheat prices have become firm by \$1-2 per tonne compared to last week. Weak U.S. dollar and strong export demand especially to Egypt has strengthened price. Demand for Russian wheat is good. Russia has produced around 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 \$195-197/tonne whereas milling wheat with 12.5% protein content at Odessa is being quoted at FoB \$192-195/tonne.

As per latest update, Japan's ministry of agriculture bought 111294 MMT of food quality wheat from United States, Canada and Australia. Around 56286 MMT has been bought from United States; Around 32653 MMT has been bought from Canada and 22355 tonnes of standard white wheat from west Australia. Shipments from United States and Canada will be loaded between March 21 and April 20 whereas shipment from Australia will be loaded between April 01 and April 31.

As per latest update, china has sold 13948 tonnes of wheat for average price of 2347 yuan (\$373.22) per tonne at an auction of state reserves on Wednesday. The quantity sold represents around 1.5 percent of 928855 tonnes wheat available at auction.

IGC has increased its forecast for wheat to 757 MMT as on 18th January-2018 for 2017-18. According to estimate by IGC for 2016-17, global wheat production was around 755 MMT against 737 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. Trade forecast have been kept unchanged at 174 MMT. Consumption has been increased by 2 MMT to 744 MMT for 2017-18. Carryout has been increased by 5 MMT to 254 MMT for 2017-18.

GASC has purchased 295000 tonnes of Russian wheat through tender. GTCS offered 55000 tonnes of Russian wheat at FoB \$197.00 per tonne, AOS offered 60000 tonnes of Russian wheat at FoB \$197.45 per tonne, Garant Logistics offered 60000 tonnes of Russian wheat at FoB \$197.45 per tonne, Daewoo offered 60000 tonnes of Russian wheat at FoB \$198.00 per tonne and Aston offered 60000 tonnes of Russian wheat at FoB \$198.00 per tonne.

As per latest update, Russia has exported around 28.8 MMT of wheat in the first eleven months of 2017 compared to 22.9 MMT during the corresponding period in 2016. Of the total quantity exported in 2017, around 27.4 MMT was exported to Non-CIS countries and the rest to CIS countries.

As per France customs department, India has imported no wheat since July'17 until November'17 compared to 107910 tonnes during the corresponding period in 2016. India fulfilled its import requirement by buying from Black sea region and Australia.

Taiwan flour mills association has bought 73635 tonnes of milling wheat from united states. The shipment will be done in two consignments. The first consignment is to be shipped between Feb 19 and Mar 05 with 36995 tonnes and second consignment will be shipped between Mar 08 and Mar 22 with 36680 tonnes.

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, 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.

Global Wheat Average FoB

Month	US SRW2*	US HRW2*	Argentina P1*	Ukraine 12.5%*	Russia 12.5%*	Rouen 11%**	Australia ASW1***	Australia APW2***
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
Jan-18	184.85	248.87	179.03	190.76	193.10	154.65	253.60	263.90

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)
01.12.2017	10.78	20.91	40.80	35.36
08.12.2017	11.50	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
05.01.2018	10.07	20.88	40.82	35.31
23.01.2018	9.67	20.86	40.67	35.11
19.01.2018	9.70	20.71	40.94	35.37
26.01.2018	10.71	21.46	41.17	35.54
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 29 December 2017, India decided to extend the relaxation in fumigation regulations regarding the use of methyl bromide until 30 June 2018 (Memo 8-131/2016-PP.II).

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 12 December 2017, Egypt issued a decree to authorize wheat imports with ergot content below 0.05 percent subject to further treatment.

Brazil: On 13 December 2017, Brazil issued Regulatory Instruction No. 47 with immediate effect, which describes the procedural requirements for pest risk mitigation applicable to Russian wheat imports. The policy enables access of Russian wheat imports to the northern states of Brazil.

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.

Source: AMIS

Spot Prices Black Sea Region

Date	27.12.2017	10.01.2018	17.01.2018	24.01.2018	31.01.2018
Odessa, FOB(\$/tonnes)					
Milling wheat 12.5%	188.0-191.0	188.0-191.0	188.0-192.0	191.0-193.0	192.0-195.0
Milling wheat 11.5%	181.0-184.0	181.0-183.0	181.0-183.0	183.0-185.0	186.0-188.0
Feed wheat	177.0-180.0	180.0-182.0	180.0-182.0	180.0-183.0	184.0-187.0
Novorossiysk, FOB(\$/tonnes)					
Milling wheat 12.5%	190.0-193.0	191.0-193.0	192.0-194.0	193.0-195.0	195.0-197.0
Milling wheat 11.5%	181.0-186.0	181.0-184.0	181.0-184.0	182.0-186.0	186.0-188.0
Feed wheat	178.0-181.0	178.0-182.0	179.0-182.0	180.0-183.0	184.0-186.0

Source: Reuters

Forward Prices for 2017 Crop Black Sea Region

Origin	Commodity	Delivery period	Price (USD/MT)	
			24.01.2018	31.01.2018
Russia	Wheat, 12.5% protein	Jan-Feb	192-195	196-198
Ukraine	Wheat, 11.5% protein	Jan-Feb	181-186	186-190
Ukraine/Russia	Feed wheat	Jan-Feb	NA	NA

Source: Reuters

IGC Wheat Balance Sheet(Quantity in MMT)

IGC Forecast(Fig-In MMT)	2014-15	2015-16	2016-2017	2017-18 (Forecast)	
			(Estimate)	23.11.2017	18.01.2018
Production	730	737	755	749	757
Trade	153	166	176	174	174
Consumptions	714	721	738	742	744
Carryover stocks	207	224	241	249	254
Y-O-Y change	16	17	17	-	14
Major Export	66	66	76	71	76

IGC Balance Sheet Highlight:

- IGC has increased its forecast for wheat to 757 MMT as on 18th January-2018 for 2017-18. According to estimate by IGC for 2016-17, global wheat production was around 755 MMT against 737 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 2 MMT to 744 MMT for 2017-18. The forecast is higher by 6 MMT compared to 2016-17.
- Carryout has been increased by 5 MMT to 254 MMT for 2017-18. It is higher by around 13 MMT compared to estimate of 2016-17.

USDA Global Wheat Balance Sheet: 2017-18 Fig. In Thousand Tonne (As on 01.02.2018)							
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	221	17,500	5,500	10	11,900	331	18,400
Australia	4,367	21,500	6,800	150	16,000	3,217	30,363
Canada	6,835	30,000	8,700	500	22,000	6,635	31,729
China	111,049	130,000	116,000	4,000	800	128,249	128,845
EU	10,772	151,600	128,750	6,000	27,000	12,622	145,248
India	9,800	98,380	100,000	2,500	500	10,180	87,000
Pakistan	4,332	26,500	25,000	30	600	5,262	25,600
Russia	10,830	85,000	45,000	500	35,000	16,330	72,529
Ukraine	1,782	26,500	9,800	25	17,000	1,507	26,800
U S	32,131	47,371	30,264	4,218	26,535	26,921	62,833
Others	60,597	122,655	265,229	162,256	23,514	56,765	121,095
World total	252,716	757,006	741,043	180,189	180,849	268,019	750,442

Source:USDA

CBOT Futures Mar-18 Chart:

1st Support:146.00
2nd Support:144.00
1st Resistant:180.00
2nd Resistant:182.00
(\$ per tonne)

Wheat touched month high at \$ 4.58 a bushel on 31st Jan'18. U.S. export sales in the month of January'18 are 940923 tonnes compared 198503 tonnes in December'17. Tentative weather concerns in the past weeks kept prices higher but now actual beneficial weather was witnessed in various regions. Furthermore storm is expected in upcoming week that can add to soil moisture in winter wheat areas. Wheat prices are expected to remain under pressure as favourable weather in the form of snow in Midwest and rain in southeast is expected to support U.S. wheat crop.



CBOT comparison over period of time:

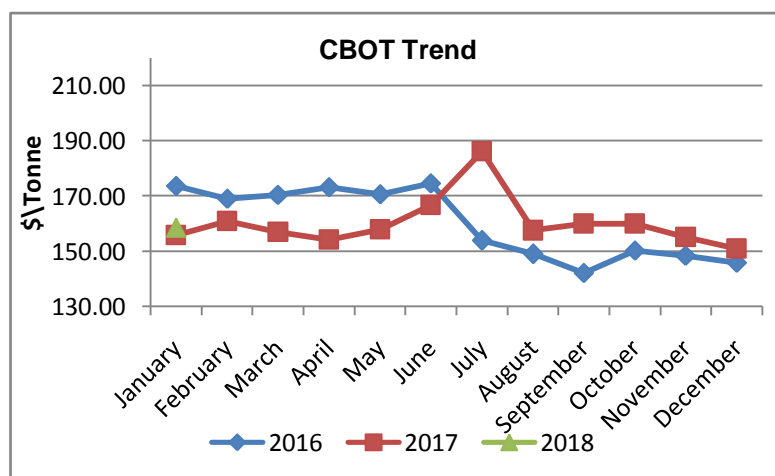
CBOT Futures Prices:(USD/T)

CONTRACT MONTH	Today	Week Ago	Month Ago	3 Month Ago	6 Month Ago	Year Ago	% Change over prev. year
	30-Jan-18	23-Jan-18	30-Dec-17	30-Oct-17	30-Jul-17	30-Jan-17	
Mar-18	167.99	154.86	156.88	162.76	191.32	179.75	-6.54
May-18	172.95	159.54	161.75	167.72	195.73	182.97	-5.47
Jul-18	177.64	164.60	166.52	172.95	198.58	183.52	-3.20
Sep-18	182.51	170.20	171.12	178.92	202.99	187.65	-2.74
Dec-18	189.49	177.27	177.09	186.27	208.50	193.16	-1.90
Mar-19	195.18	182.32	181.22	191.23	211.71	196.65	-0.75

CBOT Trend

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

CBOT average monthly price for January'18 is higher by \$ 2.80 per tonne compared to last year for the same month. CBOT is likely to stay at lower side in February'18 as favourable weather conditions can provide support to yields thereby increasing the overall crop size.



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

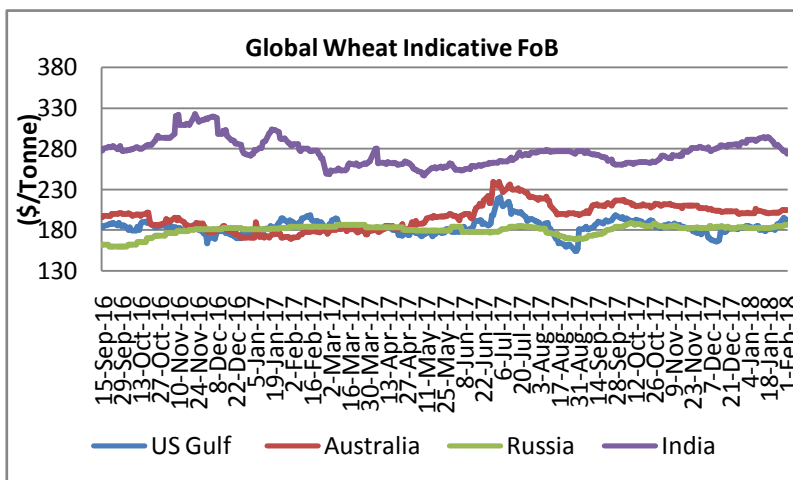
All prices are for SRW/milling grade	1st Aug-17	1st Sep-17	1st Oct-17	1st Nov-17	1st Dec-17	1st Jan-18	1st Feb-18
USA	191.59	181.40	194.60	183.00	179.80	185.00	193.17
France	167.50	156.75	161.00	160.25	158.25	156.25	157.00
Australia	218.99	198.66	216.64	210.40	207.20	201.60	204.80
Russia	183.50	170.00	184.50	185.00	182.50	183.50	187.00
India	257.52	277.43	260.80	272.01	281.48	287.44	277.47

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 \$273.92-294.76 per tonne.

US and Russian quotes are hovering in the range of \$185.17 and \$183.64 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 \$170 to \$210 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 152.1 MMT in 2017-18 compared to 144.2 MMT in 2016-17. Russia and Ukraine are likely to harvest 84.9 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 22.0 MMT in 2017 compared to 35 MMT in 2016 due to lower acreage and unfavourable weather conditions. Argentina is expecting to harvest around 16.9 MMT in 2017-18 compared to 18.4 MMT in 2016-17. Furthermore, Canada is likely to harvest around 30 MMT in 2017-18 due to lower acreage compared to 31.7 MMT in 2016-17.

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