Wheat Monthly Research Report

Contents

Market Dynamics:

Price Trend: *All India average monthly prices for wheat increased by 0.84 percent from Rs 1750.23 (in January - 2018) to Rs 1764.95 per qtl in February-2018. Average price (February) is lower by 6.73 percent compared to price (Rs 1892.22 per qtl.) registered in February-2017. Government has increased MSP of wheat by Rs 110 per quintal to Rs 1735 per quintal. State government of Madhya Pradesh has decided to give bonus of Rs 200 per quintal over MSP and other state governments might follow suit. Prices are likely to stay steady to firm in upcoming weeks.*

Export: *At export front, prevailing market conditions are not in favour of Indian exporters due to huge price gap. The difference is around $57-59 per tonne from Black Sea Region. Russia/Ukraine is offering wheat at $199.00/197.00 per tonne on FoB basis while Indian FoB at Kandla port comes to $256.82 per tonne. India exported 14.53 thousand tonne wheat in November. Total export in MY 2016-17 was registered around 179.69 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 November, India imported 2.42 lakh tonne wheat compared to 4.97 lakh tonnes in the month of October. Import quotes for wheat from different origins to Tuticorin port have become firm in the past weeks.*

Procurement Target: *Government has fixed wheat procurement target at 32 MMT for 2018-19. Of the total target, around 11.9 MMT will be procured from Punjab, 6.7 MMT from Madhya Pradesh, 7.4 MMT from Haryana, 4 MMT from Uttar Pradesh, 2 MMT from Bihar, 1.6 MMT from Rajasthan and 1 MMT from uttrakhand.*

FoB/CiF Quotes: *Indian FoB quote hovered around $256.82-282.32 per tonne in February. Against it Russia, Ukraine, France, US and Australia were offering wheat at $194.11, $192.74, Euro 158.28, $196.50 and $209.18 per tonne respectively. Wheat prices in international markets witnessed steady to firm 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.*

Wheat Second Advance Estimate: *As per second advance estimate, India is likely to produce 97.11 MMT of wheat compared to 98.51 MMT in previous year. The total food grain production is expected at record 277.49 MMT compared to 275.11 MMT last year. This year overall acreage is lower by around 4.27% compared to last year's acreage of 317.88 lakh hectares.*

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. Total availability is likely to decrease to 105.88 MMT from 107.98 MMT in 2017-18.*

Weather Update: *India has received 12.6 mm of actual rainfall against 22.2 mm of normal rainfall in the month of February 2018.In the month of February 2018, deficient rainfall was recorded in Punjab, Haryana, Uttar Pradesh, Rajasthan, Haryana, West Madhya Pradesh, etc.No rain was seen in Gujarat region in the same month. Temperatures have been increasing in past week impacting growth period of wheat in maturity stage. Moderate rain in upcoming days is likely to benefit standing crop.*

E-Auction: *FCI has offered a total of around 4418600 tonnes of wheat through E-Auction in the month of February'18 compared to 4260160 tonnes in the previous month. FCI has sold 101450 tonnes of wheat in first two tenders whereas it has sold 185500 tonnes of wheat in the month of January. Sales through E-Auction of wheat are at lower side this year due to high domestic production and imports.*

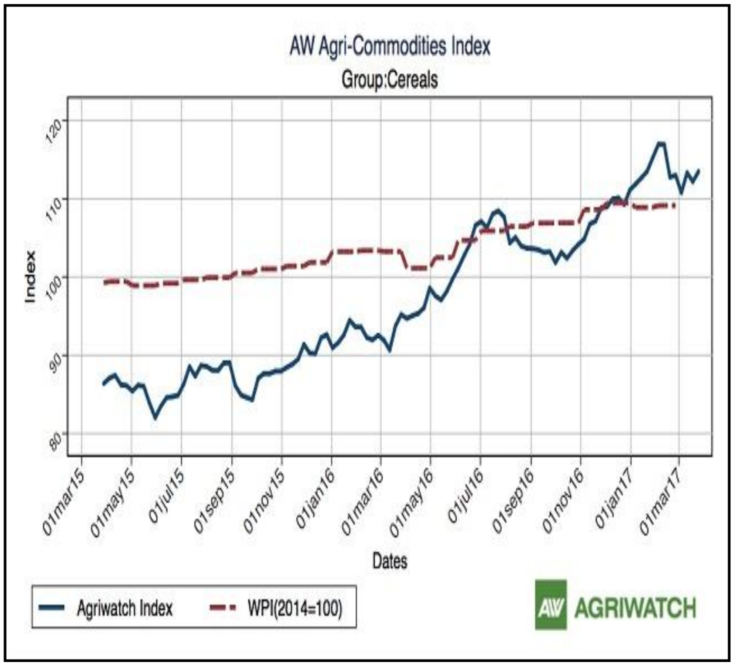
Outlook & Recommendation: *Wheat cash market is expected to trade steady to firm in the short to medium term.*

Trade Call: *Stake holders should trade taking care of lower and upper price band of Rs 1635 & 1925 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 QuarterlyBalance 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 2017-18 crop year (to be marketed in 2018-19) is expected tobe around 91.4MMT, given normal condition. Imports are likely to be around 2 MMT as government has increased import duty. Availability would be 105.88 MMT, higher compared to last year,because of lower production.

As per latest update, wheat stock in central pool as on 1st February'18 stood at 175.47 lakh tonnes down by 10.31% compared to last month. This quantity is higher by around 52.25% compared to that of corresponding month last year. For the month of January'18 off take from central pool was around 20.15 lakh tonnes compared to 22.22 lakh tonnes for January'17 and 34.53 lakh tonnes for January'16. 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 12.48 MMT. Higher production this year will increase carry out for 2017-18 to 10.38 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 $57-70 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 andIndia is expected to import 2million tonnes in 2018-19 Marketing year.

Domestic Market Highlights:

According to latest update, area sown until 09th February'18 is 304.29 lakh hectares compared to 317.88 lakh hectares in the previous Rabi season. The normal area is 304.43 lakh hectares. Progressive area was reported lower in Haryana, 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 firm tone in the week. As of now Tuticorin port price for APW is being quoted at Rs 2180-2200 per quintal, ASW at Rs 2020-2030 per quintal and Ukrainian wheat at Rs 1850-1855 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 increased slightly from 139.4 in December-17 to 140.8 in January-2018. Monthly wheat inflation has increased by 1.00 percent in January-2018 compared to previous month. As compared to January-2017 wheat WPI has decreased by around 6.94 percent.

Previous Updates:

According to latest update, area sown until 03 February'17 is 317.81 lakh hectares compared to 297.25 lakh hectares in the previous Rabi season. Among various states the area is down in Jammu & Kashmir and Karnataka, whereas Punjab, Haryana and Uttar Pradesh have seen an increase in area compared to corresponding date last year. The normal area is 304.05 lakh hectares.

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 couldprocure 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 09th February-2018:

State Wise Progressive Wheat Sowing Till 09.02.2018				
State	**Normal area**	**This Year**	**Last Year**	**% Change**
Bihar	21.24	23.27	22.96	**1.35**
Chhattisgarh	1.036	1.85	1.76	**5.11**
Gujarat	11.56	10.76	9.96	**8.03**
Haryana	25.39	25.26	25.38	**-0.47**
Himachal Pra.	3.5	3.6	3.59	**0.28**
J&K	2.955	2.93	2.31	**26.84**
Jharkhand	1.65	2.31	2.11	**9.48**
Karnataka	2.06	2.09	1.57	**33.12**
Madhya Pradesh	54.96	53.16	64.22	**-17.22**
Maharashtra	9.38	9.4	10.57	**-11.07**
Punjab	35.13	35.1	35	**0.29**
Rajasthan	30.472	30.2	30.67	**-1.55**
Uttar Pradesh	97.59	98.67	100.52	**-1.84**
Uttarakhand	3.53	3.58	3.594	**-0.39**
West Bengal	3.28	1.36	3.39	**-59.91**
Others	0.186	0.75	0.26	**185.17**
All-India	**304.43**	**304.29**	**317.88**	**-4.27**

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

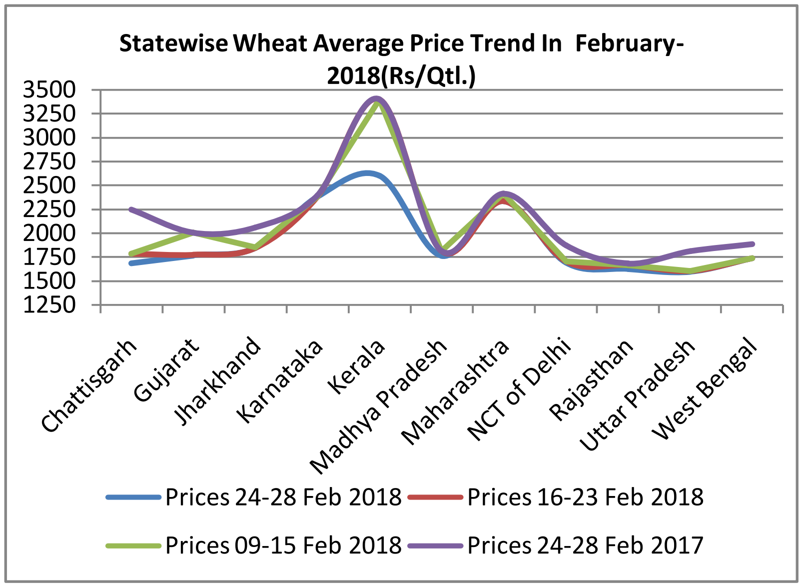
State	**Target for Procurement In Marketing Season 2017-18(April To March)**	**Progressive Procurement As on 21.07.2017 (Fig In Lakh Tonne)**		
		In Marketing Season 2017-18	**In Marketing Season 2016-17**	**% Change Over Previous Year**
Haryana	75.00	74.11	67.52	**9.76%**
Madhya Pradesh	85.00	67.24	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 0.84 percent from Rs 1750.23 (in January -2018) to Rs 1764.95 per qtl in February-2018. Average prices moved down in all major states including Uttar Pradesh, Jharkhand, Maharashtra, Rajasthan, Gujarat, Madhya Pradesh, etc.

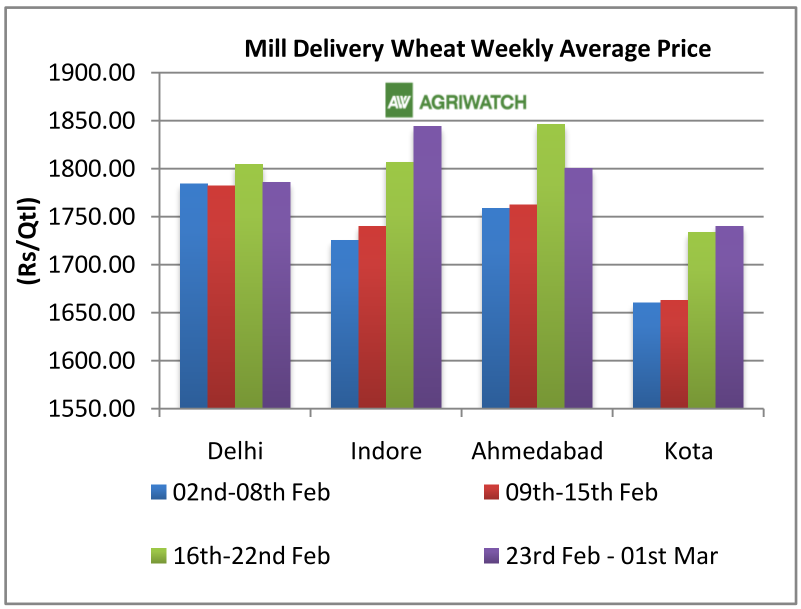
Prices are expected to get some support in Madhya Pradesh as state will provide additional bonus of Rs 200 per quintal over MSP of Rs 1735 per quintal on wheat in marketing year 2018-19. Other states such as Rajasthan, Haryana and Uttar Pradesh are likely to follow suit. Private trade is likely to get low or no quantity in M.P. during procurement, as no farmer will be willing to sell below increased MSP.



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

Average mill delivery prices of Wheat traded firm in Indore and Kota during 23rd February- 01st March. Prices are expected to remain steady to firm.

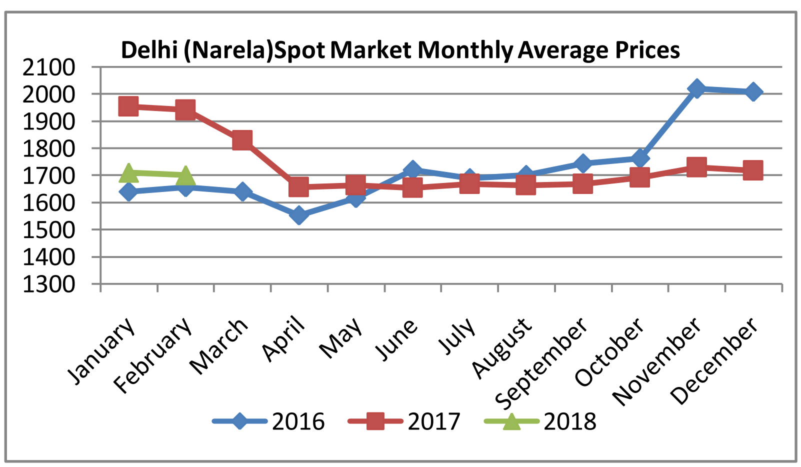
Overall availability of wheat crop is expected to be lower this year due to lower acreage. Government is likely to be left with higher stock this year. Furthermore, government will procure in 2018-19 as well. This will leave government with ample supplies. Therefore, in order to sell in open market government may increase import duty on wheat to 30 or 40 percent from current 20 percent in order to put a complete halt on imports.



WheatDelhi Average Monthly Price:

Wheat spot market Delhi (Narela) average price decreased from Rs 1712.33 in January-17 to Rs 1702.63 per quintal in February-2018.

The prices are weak by 0.70 percent compared to last month andby 12.32 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 14.53 thousand tonne wheat in the month of November-2017.

It is around 22.34 thousand tonnes lower compared to export quantity (36.87thousand tonne) in October-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 ($41 to $70 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	14.53	155.14
17-Dec		
18-Jan		
18-Feb		
18-Mar		
Total 2017-18	179.69	162.19

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 2.5MMT compared to around 6 MMT in last MY 2016-17.In the month of November-2017 India imported around 2.42 lakh tonne wheatfrom Russia, Ukraine and Australia compared to 4.97 lakh tonnes in October-17.

FoB quote in Black Sea region are hovering around $194.11 per tonne in Russia and $192.74 per tonne in Ukraine. Australia and France are also providing wheat at $209.18 per tonne and Euro 158.28 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.

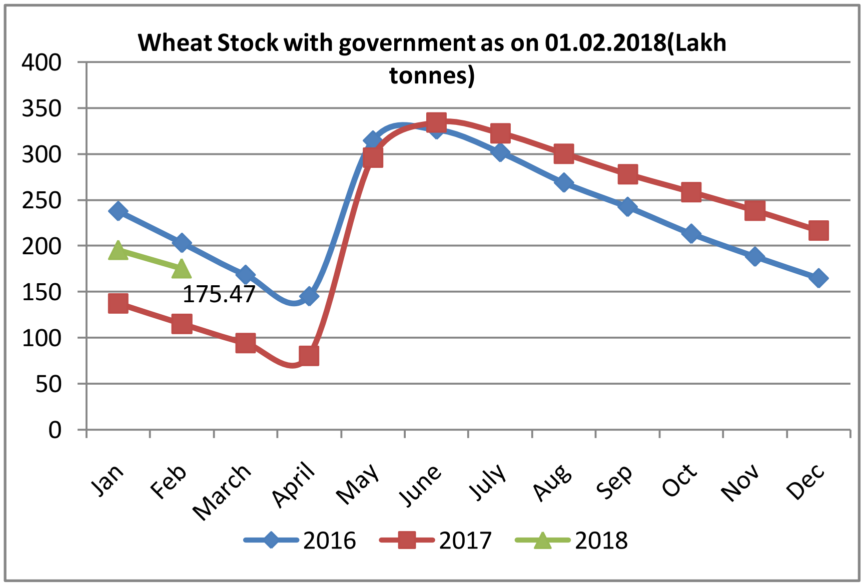
Source: DGCIS, *Provisional data from IBIS

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	242.12	155.14
17-Dec		
18-Jan		
18-Feb		
18-Mar		
Total 2017-18	1394.09	162.19

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

Wheat stock in government's warehouses on 01.02.2018 was around 175.47 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 decreased its procurement target to 32 MMT from last year's 33 MMT. Government has procured 30.82 MMT in RMS 2017-18.

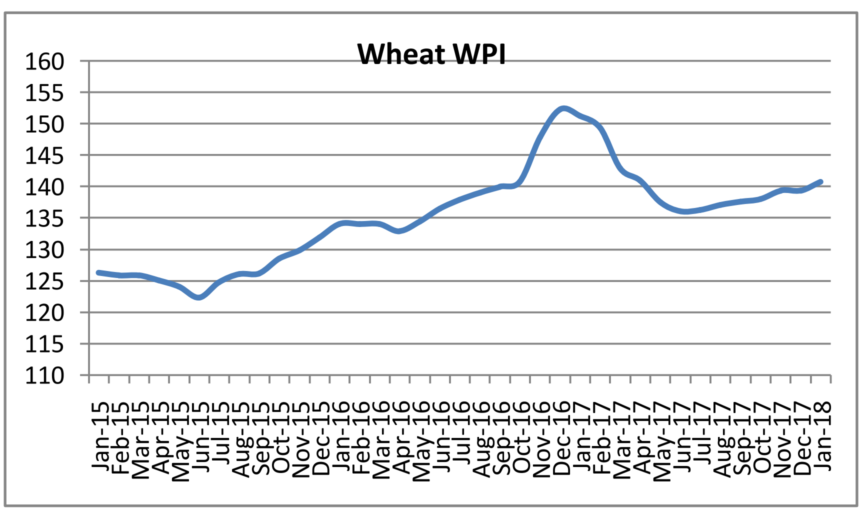


Wheat Inflation:

Month/Year	2014	2015	2016	2017	2018
Jan	130	126.3	134.1	151.3	140.8
Feb	128.8	125.9	134.1	149.3	
Mar	127.5	125.9	134.1	142.9	
Apr	123.5	125.1	132.9	141.0	
May	120.9	124.1	134.5	137.5	
Jun	120.4	122.3	136.5	136.1	
Jul	121.9	124.8	137.9	136.3	
Aug	122.5	126.1	139.1	137.1	
Sep	121.8	126.2	140	137.6	
Oct	122.3	128.5	140.8	138.0	
Nov	123.7	129.9	147.9	139.4	
Dec	125.8	131.9	152.3	139.4	

Wheat WPI has increased slightly from 139.4 in December-17 to 140.8 in January-2018. Monthly wheat inflation has increased by 1.00 percent in January-2018 compared to previous month. As compared to January-2017 wheat WPI has decreased by around 6.94 percent.

Food grains WPI decreased by 0.4 in January-18 to 140.4 compared to 140.8 in December-17.
Weight: 1.02823, base year-2011-12=100



Monthly Average Prices At Various Market(Rs/Quintal)					
	Delhi	Indore	Kota	Rajkot	Chennai
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
18-Feb	1790.65	1773.41	1694.55	1685.45	2057.95

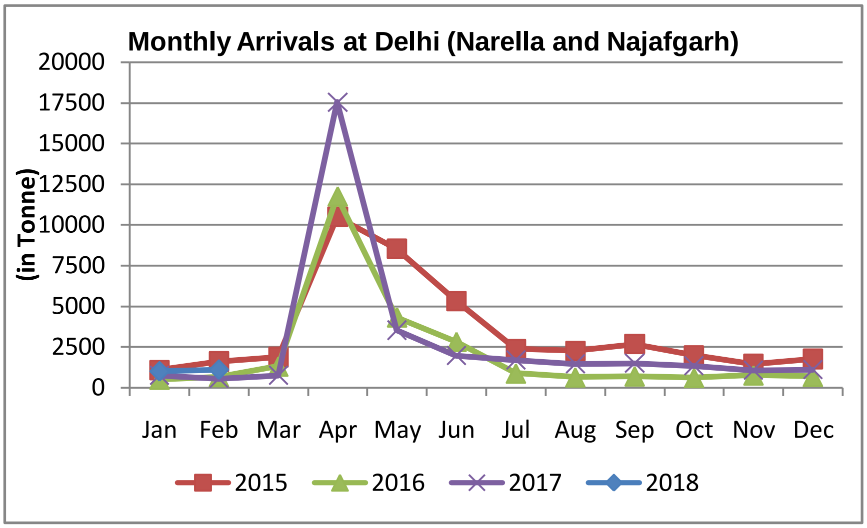
Source: Agriwatch

Monthly Price Comparison of Spot Markets

Spot Market Price:							
Centre	**Market**	**Variety**	**Prices (Rs/Qtl)**				
			Today	**Yesterday**	**Week Ago**	**Month Ago**	**Year Ago**
			3-Mar-18	**1-Mar-18**	**24-Feb-18**	**31-Jan-18**	**3-Mar-17**
Delhi	Lawrence Road	Mill Delivery	1790	1780	1805	1800	1830
	Narella	Mill Quality Loose	1700	1700	1700	Closed	1800
	Nazafgarh	Mill Quality Loose	NA	1690	1690	Closed	1800
Gujarat	Rajkot	Mill Delivery	1565	1550	1625	1625	1525
	Ahmedabad	Mill Delivery	1800	1780	1800	1780	1700
	Surat	Mill Quality Loose	1850	1830	1850	1820	1725
	Dhrol	Mill Delivery	7800	NA	NR	NR	1860
M.P.	Indore	Mill Quality Loose	1775	1750	1750	1690	1625
	Bhopal	Mill Delivery	Closed	1710	1800	1650	1640
Rajasthan	Kota	Mill Quality Loose	1640	Closed	1650	1575	1575
		Mill Delivery	1700	Closed	1740	1660	1650
U.P.	Kanpur	Mill Delivery	Closed	Closed	1745	1735	1915
	Mathura	Mill Quality Loose	Closed	Closed	1650	1600	1715
	Kosi	Mill Quality Loose	Closed	Closed	1620	1605	1700
	Hathras	Mill Quality Loose	Closed	NR	1670	1645	1825
	Aligarh	Mill Quality Loose	1645	NR	1640	Closed	1700
Punjab	Khanna	Mill Quality Loose	1740	1710	NA	1740	1820
	Ludhiana (Jagraon)	Mill Delivery	NR	NR	NA	NA	NA
Haryana	Sirsa	Mill Delivery loose	1730	1730	1730	1725	1715
	Hodal	Mill Delivery	1750	1750	1760	1760	1900
	Bhiwani	Mill Quality Loose	1740	Closed	1780	1770	1825
	Karnal	Mill Quality Loose	1725	1725	1725	1725	NA
	Panipat	Mill Quality Loose	1625	1625	1625	1625	NA
Tamil Nadu	Chennai	Mill Quality	2115	Closed	2115	2050	2150
	Madurai	Mill Quality	2172	Closed	2172	2107	2207
	Coimbatore	Mill Quality	2172	Closed	2172	2107	2207
Bihar	Khagariya	Mill Delivery	1700	1700	1700	1700	1750
	Muzaffarpur	Mill Delivery	Closed	Closed	1650	1725	1800

Monthly Arrivals at Delhi

Arrivals in Delhi region (Narela and Najafgarh) increased to 1092 tonnes in February-2018 compared to 990 tonnes in January-2018. Currently wheat is being traded around Rs 1700 per quintal in Narela.

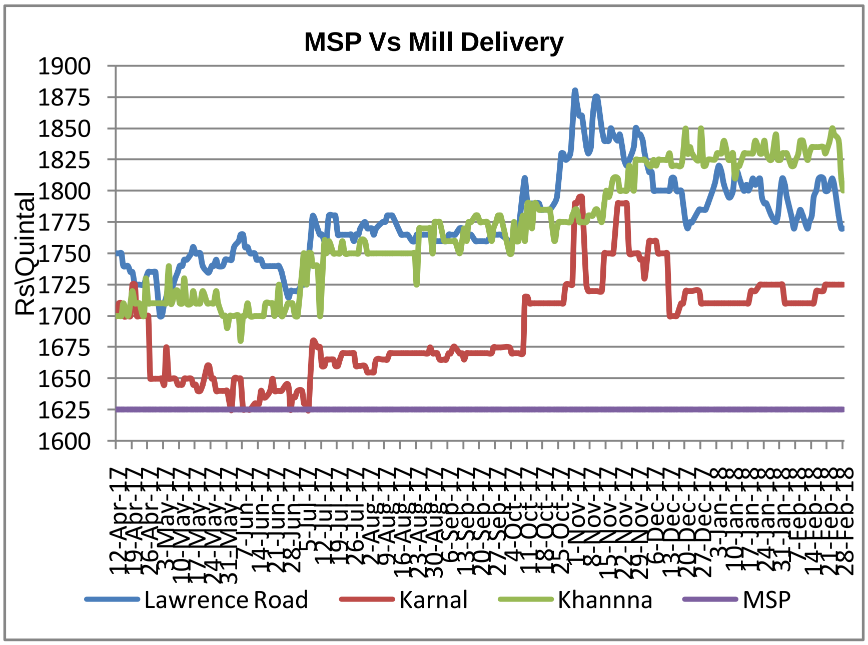


Domestic Outlook:

Wheat cash market is expected to trade steady to firm in February-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.



Government increased minimum support price (MSP) of wheat from Rs1625 per quintal in 2017-18 to Rs1735 per quintal in 2018-19.Madhya Pradesh has decided to provide additional bonus of Rs 200 per quintal over MSP of Rs 1735 per quintal. As of now mill delivery wheat prices in Lawrence road, Karnal and Khanna market are ruling above MSP for 2017-18.

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:

Wheat – Technical Outlook	**C1 Continuous Chart**

Technical Commentary:

- *Fall in price and open interest indicates long liquidation.*
- *RSI is moving in neutral region.*
- *Prices closed above 9 and 18 days EMAs.*
- *Candlesticks are denoting steady to firm movement in past weeks.*

Strategy: Buy

			S1	S2	PCP	R1	R2
Wheat	NCDEX	C1	1670	1635	1759	1895	1925
Monthly Trade Call			**Call**	**Entry**	**T1**	**T2**	**SL**
Wheat	NCDEX	C1	**Buy**	Above 1750	1815	1850	1711

* Do not carry-forward the position next month.

International Market Dynamics

As per latest update, China has lifted embargo on import of wheat from Russia's Amur and Chelyabinsk region. *In 2016, China lifted embargo from Russia's Novosibirsk, Novosibirsk, Krasnoyarsk and Altai regions. China bought 0.4 percent (17966 tonnes) of its total wheat from Russia in 2017.*

Russian milling wheat prices have become firm by $3-5 per tonne compared to last week. *Strengthening ruble, higher domestic prices and strong export demand especially to Egypt has strengthened price. Russia has produced around 85-86 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 $202-205/tonne whereas milling wheat whereas wheat with 12.5% protein content at Odessa is being quoted at FoB $201-203/tonne.*

Russian agriculture consultancy, SovEcon has estimated Russia is likely to export 3.2 MMT and 2.7 MMT of wheat in the month of February'18 and January'18. *Russia has exported around 21.32 MMT of wheat in July-December'17. Russia could capture export share of Australia in international market. Russia produced record crop of wheat, and could sell at more competitive prices compared to Australia.*

The state grains agency of Tunisia has purchased around 25000 tonnes of durum wheat in a tender which closed on Friday. *The durum wheat can be sourced from optional origins and has been purchased at $288.25 a tonne (Cost and Freight). The said quantity must be shipped between August and September.*

As per latest update, Japan's ministry of agriculture bought 84683 MMT of food quality wheat *from United States and Canada. Around 60463 MMT has been bought from United States and around 24220 MMT has been bought from Canada. Shipments from United States and Canada will be loaded between March 21 and April 20.*

Wheat growers in black sea region have captured share of Australia in south-east Asian market. *Since 2012, Australia has lost around 20 percent of its market share to black sea region. Traders in black sea region are still able to make profit despite wheat glut, due to lower production cost. Furthermore, they are able to increase wheat yields per hectare at a faster rate than Australia.*

GASC has purchased 360000 tonnes of Russian and Romanian wheat through tender. *Of the total quantity 240000 tonnes has been sourced from Russia and remaining 120000 tonnes from Romania. AOS offered 60000 tonnes of Russian wheat at FoB $206.60 per tonne; Daewoo offered 60000 tonnes of Russian wheat at FoB $207.95 per tonne, GTCS offered 60000 tonnes of Russian wheat at FoB $207.95 per tonne, CHS offered 60000 tonnes of Romanian wheat at FoB $208.43 per tonne, Union offered 60000 tonnes of Russian wheat at FoB $208.43 per tonne and Cerealcom offered 60000 tonnes of Romanian wheat at FoB $208.43 per tonne. Egypt's wheat reserves stand at four months after this purchase.*

As per latest update, flour mill in Indonesia has bought 50000 tonnes of wheat from black sea with 11.5 percent protein *content at CFR $225 per tonne for shipment in March-April. Currently black sea, is an economical and good source for supply around the globe.*

Algeria state grains agency OAIC has bought around 150000 tonnes of durum wheat in a tender that closed on Thursday. *The prices paid were in the range of $292.00 - $295.00 per tonne (Cost and Freight). The quantity to be shipped is due in April and the origin is optional but major part of the quantity is likely to be sourced from Canada.*

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.*

Global Wheat Average FoB

Month	US SRW2*	US HRW2*	Argentina P1*	Ukraine 12.5%*	Russia 12.5%*	Rouen 11%**	Australia ASW1***	Australia APW2***
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
Feb-18	196.45	257.73	187.58	198.73	200.43	158.15	262.23	273.23

Source: Reuters

****Figures in $/Tonne***

***** Figures in Euro/Tonne***

****** Figures in AUD/Tonne***

Indicative Freight Quotes

Date	*Freight($/T)*	*Freight($/T)*	*Freight($/T)*	*Freight($/T)*
29.12.2017	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
02.02.2018	9.97	20.68	41.53	35.90
09.02.2018	9.16	19.99	40.87	35.36
16.02.2018	9.25	19.96	40.70	35.24
23.02.2018	10.47	20.99	42.15	36.54
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 15 February, India fixed the wheat procurement target at 32 million tonnes for the 2018/19 marketing year starting in April.*

China: *On 26 February, China's General Administration for Quality Supervision and Inspection and Quarantine (GAQSIQ) lifted a ban that was imposed in 2016 on wheat imports from six regions of the Russia Federation.*

Egypt: *On 2 February, Egypt's General Authority for Supply Commodities (GASC) amended regulations to establish a cap on demurrage fees at USD 12000 per day for a maximum of 12 days. In addition, sieving fees were increased from USD 2 to USD 3 per tonne.*
On 2 February, Egypt relaxed the protein content requirements on wheat imports from key trading partners. The minimum protein content requirement was reduced from 12 to 11.5 percent for Russian, Romanian and Ukrainian wheat; from 11.5 to 11 percent for French wheat and US soft wheat; and from 12.5 to 12 percent for US hard red wheat.

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

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.*

Source: AMIS

Spot Prices Black Sea Region

Date	31.01.2018	07.02.2018	14.02.2018	21.02.2018	28.02.2018
Odessa, FOB($/tonnes)					
Milling wheat 12.5%	192.0-195.0	194.0-197.0	196.0-198.0	201.0-203.0	203.0-205.0
Milling wheat 11.5%	186.0-188.0	190.0-192.0	190.0-192.0	195.0-197.0	197.0-200.0
Feed wheat	184.0-187.0	185.0-188.0	184.0-187.0	188.0-194.0	190.0-195.0
Novorossiysk, FOB($/tonnes)					
Milling wheat 12.5%	195.0-197.0	196.0-198.0	198.0-200.0	202.0-205.0	203.0-206.0
Milling wheat 11.5%	186.0-188.0	189.0-192.0	192.0-195.0	195.0-198.0	198.0-200.0
Feed wheat	184.0-186.0	185.0-189.0	186.0-190.0	189.0-194.0	190.0-195.0

Source: Reuters

Forward Prices for 2017 Crop Black Sea Region

Origin	Commodity	Delivery period	Price (USD/MT)	
			21.02.2018	28.02.2018
Russia	Wheat, 12.5% protein	April-May	199-206	204-208
Ukraine	Wheat, 11.5% protein	April-May	195-198	NA
Ukraine/Russia	Feed wheat	April-May	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)	18.01.2018	22.02.2018
Production	730	737	754	757	757
Trade	153	166	176	174	174
Consumptions	714	720	738	744	743
Carryover stocks	207	224	240	254	254
Y-O-Y change	16	17	16	-	14
Major Export	67	66	75	76	76

IGC Balance Sheet Highlight:

- *IGC has increased its forecast for wheat to 757 MMT as on 22nd February-2018 for 2017-18. According to estimate by IGC for 2016-17, global wheat production was around 754 MMT against 737 MMT for 2015-16. The difference is around 17 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 by 1 MMT to 743 MMT for 2017-18. The forecast is higher by 5 MMT compared to 2016-17.*
- *Carryout has been kept unchanged at 254 MMT for 2017-18. It is higher by around 14 MMT compared to estimate of 2016-17.*

USDA Global Wheat Balance Sheet: 2017-18 Fig. In Thousand Tonne (As on 01.03.2018)							
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	246	18,000	5,500	10	12,500	256	18,400
Australia	4,367	21,500	6,800	150	16,000	3,217	30,363
Canada	6,835	30,000	8,700	500	22,500	6,135	31,729
China	111,049	130,000	117,000	4,000	1,000	127,049	128,845
EU	10,772	151,600	128,750	5,500	26,000	13,122	145,248
India	9,800	98,380	100,000	2,000	500	9,680	87,000
Pakistan	4,332	26,500	25,000	30	1000	4,862	25,600
Russia	10,830	85,000	45,000	500	36,000	15,330	72,529
Ukraine	1,773	26,981	9,900	25	17,000	1,879	26,791
U S	32,131	47,371	30,400	4,218	25,855	27,465	62,833
Others	60,503	122,915	266,354	163,376	23,339	57,101	121,097
World total	252,638	758,247	743,404	180,309	181,694	266,096	750,435

Source:USDA

CBOT Futures Mar-18 Chart:

1st Support:152.00
2nd Support:150.00
1st Resistant:205.00
2nd Resistant:207.00
($ per tonne)

Wheat touched month high at $ 4.84 a bushel on 28th Feb'18. U.S. export sales in the month of February (02nd-22nd Feb) are 831000 tonnes compared 940923 tonnes in January'18. Winter wheat crop conditions, ongoing drought across the U.S. Southern Plains, and technical buying supported sharp increase in wheat futures in past week.

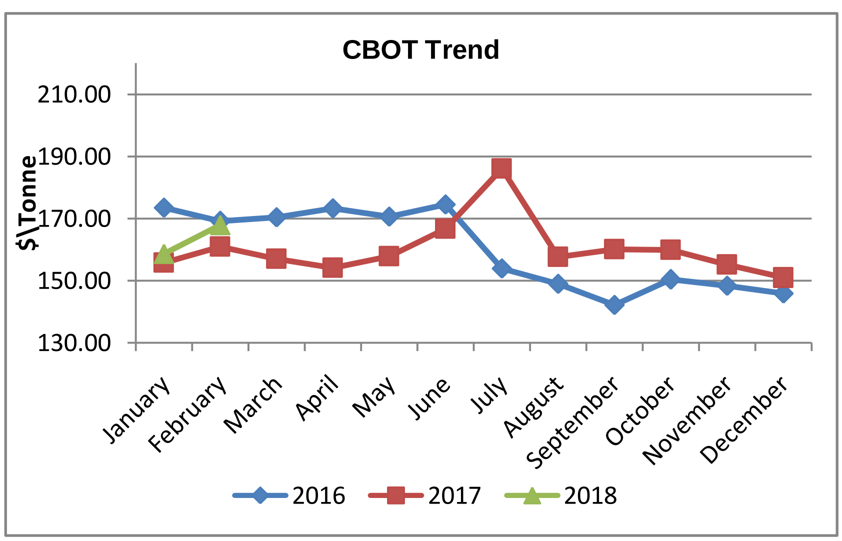
CBOT comparison over period of time:

CBOT Futures Prices:(USD/T)							
CONTRACT MONTH	Today	Week Ago	Month Ago	3 Month Ago	6 Month Ago	Year Ago	% Change over prev. year
	28-Feb-18	21-Feb-18	28-Jan-18	28-Nov-17	28-Aug-17	28-Feb-17	
17-Mar	178.01	164.32	165.05	157.71	165.88	185.72	-4.15
17-May	181.86	168.82	169.74	161.93	171.21	188.11	-3.32
16-Jul	186.36	174.42	174.33	166.89	176.17	187.93	-0.83
19-Sep	191.51	180.49	179.38	172.31	181.95	191.23	0.14
19-Dec	198.67	188.29	186.27	179.02	188.75	196.19	1.26
19-Mar	203.72	194.08	191.60	183.98	193.07	199.59	2.07

CBOT Trend

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

CBOT average monthly price for February'18 is higher by $ 6.99 per tonne compared to last year for the same month and by $9.21 per tonne compared to January'18. CBOT is likely to stay at higher side in March'18 as unfavourable weather conditions are posing a threat to wheat cropand thereby increasing the possibility of reduction in total availability of the crop in the country.



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

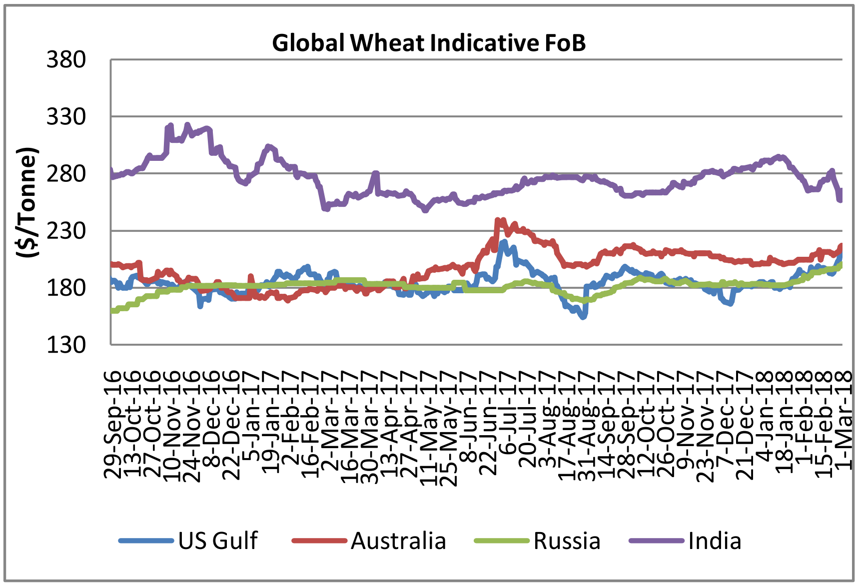
All prices are for SRW/milling grade	1st Sep-17	1st Oct-17	1st Nov-17	1st Dec-17	1st Jan-18	1st Feb-18	1st Mar-18
USA	181.40	194.60	183.00	179.80	185.00	193.17	211.24
France	156.75	161.00	160.25	158.25	156.25	157.00	162.25
Australia	198.66	216.64	210.40	207.20	201.60	204.80	216.00
Russia	170.00	184.50	185.00	182.50	183.50	187.00	199.00
India	277.43	260.80	272.01	281.48	287.44	277.47	256.82

Global Indicative FoB Quotes:

Indian FoB quote is based on local price. There is no export in bulk currently. Indian FoB quote is hovering between $ 256.82-282.32 per tonne.

US and Russian quotes are hovering around of $ 196.50 and $194.11 per tonne respectively. Wheat prices in international markets witnessed steady to slightly firm tone last week.

Wheat quotes are expected to trade steady to weak and hover in the range of $180 to $235 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 150.7 MMT in 2017-18 compared to 144.2 MMT in 2016-17. Russia and Ukraine are likely to harvest 84.9 MMT and 27.0 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 21.2 MMT in 2017 compared to 35 MMT in 2016 due to lower acreage and unfavourable weather conditions. Argentina is expecting to harvest around 17.9MMT 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.