

Wheat Monthly Research Report

Contents

- ❖ Wheat Market Dynamics
- ❖ AW Cereal Index
- ❖ Wheat Quarterly Balance Sheet
- ❖ Supply Demand & Domestic Market Highlights
- ❖ Acreage and Procurement
- ❖ Wheat Price Trend
- ❖ Export & Import
- ❖ Monthly Stock & Inflation
- ❖ Monthly Average Price
- ❖ Spot Prices
- ❖ Monthly Arrival/MSP Vs Mill Delivery
- ❖ Technical Analysis
- ❖ International Wheat Market Summary
- ❖ Global Wheat Average FoB
- ❖ Indicative Freight Quotes
- ❖ Global Policy Developments & Spot/Forward Prices
- ❖ IGC & USDA Balance Sheet
- ❖ CBOT: Futures/Comparison/Trend
- ❖ FoB Quotes & International Outlook

Market Dynamics:

Price Trend: All India average monthly prices for wheat decreased by 1.33 percent from Rs 1797.65 (in February - 2018) to Rs 1773.66 per qtl in March-2018. Average price (March) is lower by 0.66 percent compared to price (Rs 1762.00 per qtl.) registered in March -2017. Prices are expected to remain steady to weak in coming month due to increasing arrival pressure from central and north India.

Export: At export front, prevailing market conditions are not in favour of Indian exporters due to huge price gap. The difference is around \$56-60 per tonne from Black Sea Region. Russia/Ukraine is offering wheat at \$203.50/204.50 per tonne on FoB basis while Indian FoB at Kandla port comes to \$261.78 per tonne. India exported 21.71 thousand tonne wheat in December. Total export in MY 2016-17 was registered around 201.40 thousand tonne from 1st April'17. 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 December, India imported 1.61 lakh tonne wheat compared to 2.42 lakh tonnes in the month of November. Import quotes for wheat from different origins to Tuticorin port have become weak 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 Uttarakhand.

FoB/CiF Quotes: Indian FoB quote hovered around \$261.78-278.87 per tonne in March. Against it Russia, Ukraine, France, US and Australia were offering wheat at \$202.30, \$201.88, Euro 158.88, \$206.86 and \$215.78 per tonne respectively. Wheat prices in international markets witnessed steady to firm tone. Russia has harvested record wheat crop in 2017-18, whereas Australia is likely to harvest normal crop in 2018-19.

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 Production Estimate: As per Agriwatch preliminary estimate production is likely to be around 93.5 MMT compared to 95.0 MMT last year. Production is likely to fall due to lower acreage this year. Total availability is likely to decrease to 109.97 MMT from 110.22 MMT in 2017-18.

Weather Update: India has received 16.2 mm of actual rainfall against 30.9 mm of normal rainfall in the month of March 2018. In the month of March 2018, deficient rainfall was recorded in Punjab, Uttar Pradesh, Rajasthan, Haryana, Madhya Pradesh, Maharashtra etc. No rain was seen in Gujarat region in the same month. Temperature has remained more than 30 degree Celsius in past weeks during day and more than 15 degree Celsius during night. Higher temperature during day and night has impacted yields slightly in northern states specially Punjab and Haryana.

E-Auction: FCI has offered a total of around 3723350 tonnes of wheat through E-Auction in the month of March'18 compared to 4595300 tonnes in the previous month. FCI has sold 214300 tonnes of wheat in March whereas it has sold 250950 tonnes of wheat in the month of February. Sales through E-Auction of wheat are at lower side this year due to high domestic production and imports.

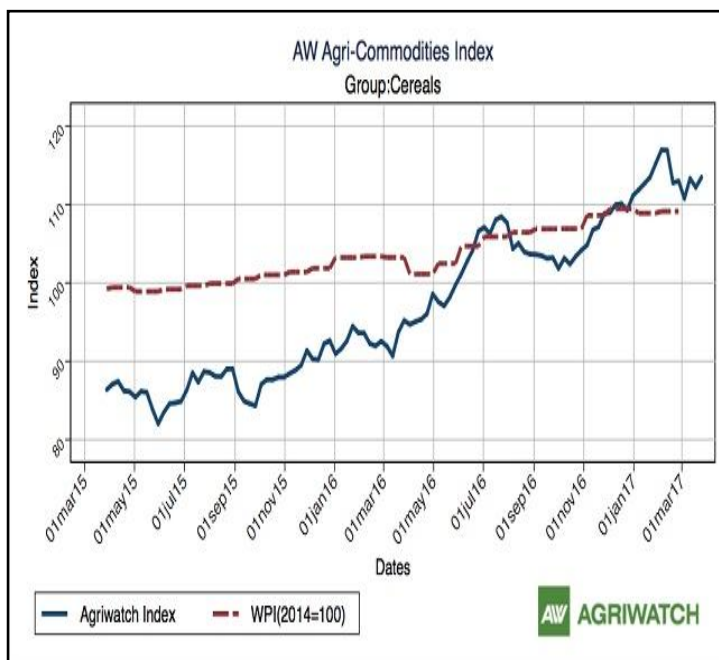
Outlook & Recommendation: Wheat cash market is expected to trade steady to weak in the short to medium term.

Trade Call: Stake holders should trade taking care of lower and upper price band of Rs 1575 & 1760 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	13.22	14.97	14.97	84.9	61.55	38.27
Production	95	93.5	93.5	0	0	0
Imports	2	1.5	0.3	0.45	0.5	0.25
Total Availability (A+B+C)	110.22	109.97	108.77	85.35	62.05	38.52
Consumption	95	95	23.8	23.7	23.7	23.8
Exports	0.25	0.3	0.07	0.1	0.08	0.05
Total Usage (E+F)	95.25	95.3	23.87	23.8	23.78	23.85
Carry out (D-G)	14.97	14.67	84.9	61.55	38.27	14.67
Av Monthly Consumption	7.92	7.92	1.98	1.98	1.98	1.98
Stock to Month Use	1.89	1.85	42.81	31.16	19.38	7.40
Stock to Consumption Ratio	0.02	0.02	1.80	1.31	0.82	0.31

*Agriwatch Wheat Production Estimate for Marketing Year 2018-19

Balance Sheet Highlights:

- Agriwatch expects a production of around 93.50 MMT for 2018-19 under normal weather and crop condition.
- Total availability is likely to be around 109.97 MMT, lower compared to last year because of lower acreage.
- Carry out is expected to be around 14.67 MMT for 2018-19 compared to 14.97 MMT for 2017-18.

Supply-Demand Highlights:

Wheat production in India for 2017-18 crop year (to be marketed in 2018-19) is expected to be around 93.50 MMT, given normal condition. Imports are likely to be around 2 MMT as government has increased import duty. Availability would be 109.97 MMT, lower compared to last year, because of lower acreage. This season will start with a carryout of 14.97 MMT. Lower production this year will marginally decrease carry out for 2018-19 to 14.67 MMT

As per latest update, wheat stock in central pool as on 1st March'18 stood at 151.55 lakh tonnes down by 13.63% compared to last month. This quantity is higher by around 60.73% compared to last year for the same month. For the month of February'18 off take from central pool was around 23.92 lakh tonnes compared to 20.96 lakh tonnes for February'17 and 34.70 lakh tonnes for February'16. FCI is currently selling wheat through E-Auction at a reserve price of Rs. 1790 per quintal.

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 \$31-66 per tonne, lower than India. So, there is no export window available for bulk export from India. India, could export only 265.60 thousand tonnes in 2016-17 that too in neighbouring countries. Import window is still open and India is expected to import 2 million tonnes in 2018-19 Marketing year.

Domestic Market Highlights:

Government agencies have started procurement since 15th March'18. Until 04th April'18 government has procured around 7.87 lakh tonnes of wheat. Of the total quantity procured, around 6.96 lakh tonnes have been procured from Madhya Pradesh, 0.06 lakh tonnes from Gujarat, 0.60 lakh tonnes from Haryana and 0.25 in Rajasthan. In Rabi marketing season 2018-19 government has set procurement target of 32 MMT.

As per latest update, Uttar Pradesh government has set a procurement target of 50 LMT at MSP of Rs 1735 per quintal. For this purpose the state government will set up around 5500 procurement centres. The regional food controller, S K Singh, said, "The permitted moisture level in wheat has been fixed at 12 %. If it exceeds up to 14%, the value of wheat will be deducted by 2% accordingly. Crops where moisture level is above 14 % will be rejected."

As per trade sources, import quotes for wheat from various origins to Tuticorin port, witnessed steady weak tone in the week. Traders are not quoting prices for APW due to lower availability. As of now Tuticorin port price ASW at Rs 1965-1980 per quintal and Ukrainian wheat at Rs 1780-1790 per quintal. Ample availability in the global market is keeping wheat prices under pressure.

Previous Updates:

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.

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 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 04th April-2018 (Source: FCI)

State	Target for Procurement In Marketing Season 2017-18(April To March)	Progressive Procurement As on 04.04.2018 (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 decreased by 1.33 percent from Rs 1797.65 (in February -2018) to Rs 1773.66 per qtl in March-2018. Average prices moved down in all major states including Uttar Pradesh, Karnataka, Chhattisgarh, Madhya Pradesh, etc.

Prices are likely to stay steady to slightly weak as pressure of arrivals will increase in coming weeks from north and central India. As of now, government has decided not to increase import duty to 40 percent from current level of 20 percent due to lower production compared to last year. 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:

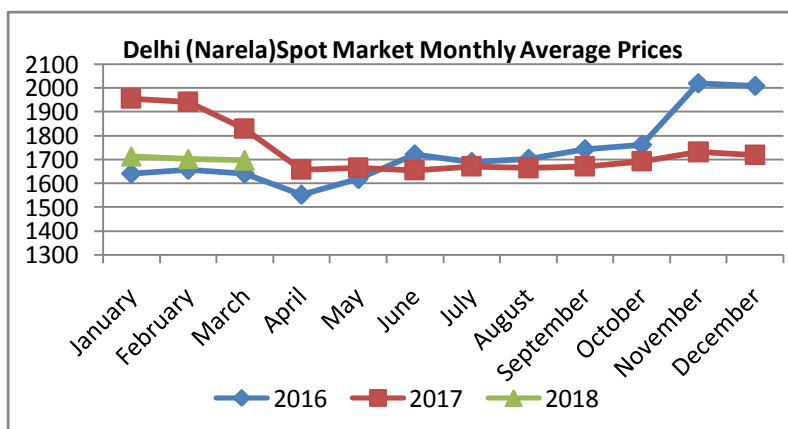
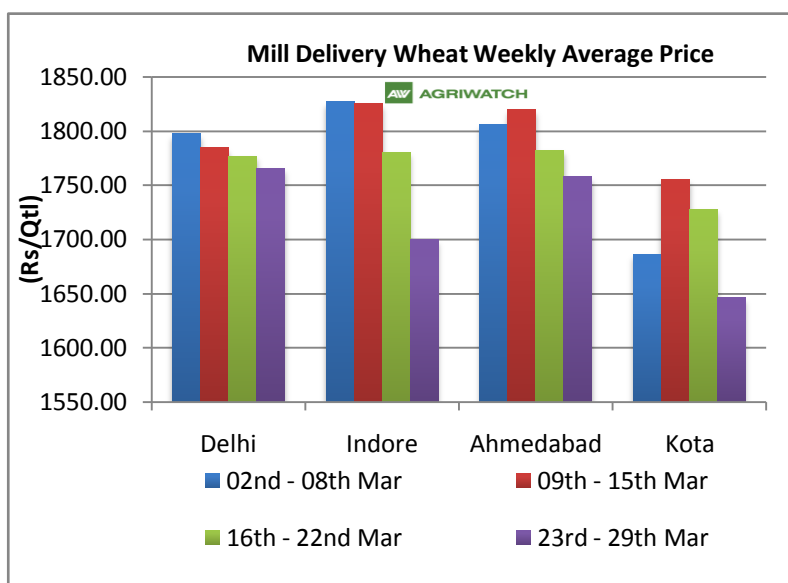
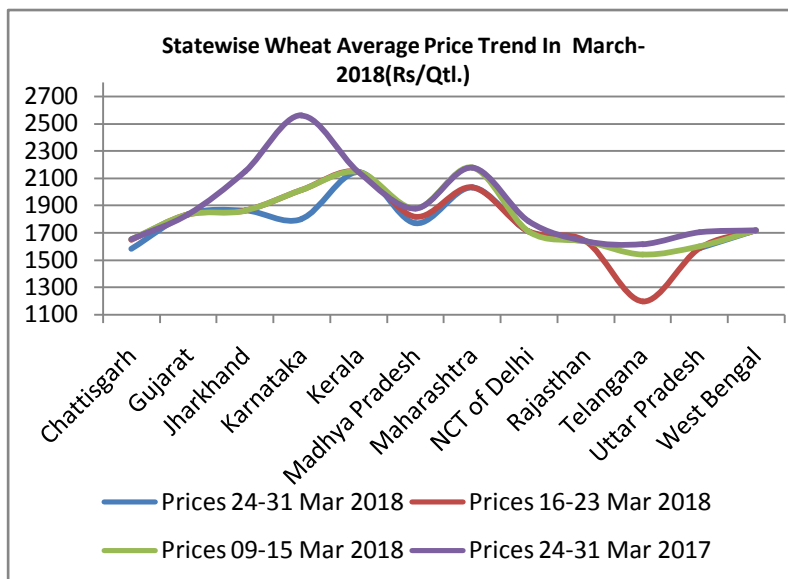
Average mill delivery prices of Wheat traded weak in Delhi, Indore, Ahmedabad and Kota during 23rd -29th March. Prices are expected to remain steady to weak.

Prices are expected to decrease in the coming week due to ample availability in the market. Stock position is likely to be higher compared to last year. Arrival pressure will increase in coming days as arrivals will start from Punjab, Haryana and Uttar Pradesh. As of now government has started procuring from Madhya Pradesh, Rajasthan and Gujarat. Furthermore, procurement in Punjab and Haryana is likely to start within first week of April.

Wheat Delhi Average Monthly Price:

Wheat spot market Delhi (Narela) average price decreased from Rs 1702.63 in February-17 to Rs 1695.95 per quintal in March-2018.

The prices are weak by 0.39 percent compared to last month and by 7.30 percent compared to corresponding month last year, due to increasing arrival pressure.



Wheat Exports:

According to latest update, India exported around 21.71 thousand tonne wheat in the month of December-2017.

It is around 7.18 thousand tonnes higher compared to export quantity (14.53 thousand tonne) in November-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 (\$31 to \$66 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	21.71	150.93
18-Jan		
18-Feb		
18-Mar		
Total 2017-18	201.40	160.94

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 2.5 MMT compared to around 6 MMT in last MY 2016-17. In the month of December-2017 India imported around 1.61 lakh tonne wheat from Russia, Ukraine and Australia compared to 2.42 lakh tonnes in October-17.

FoB quote in Black Sea region are hovering around \$202.30 per tonne in Russia and \$201.88 per tonne in Ukraine. Australia and France are also providing wheat at \$215.78 per tonne and Euro 158.88 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.

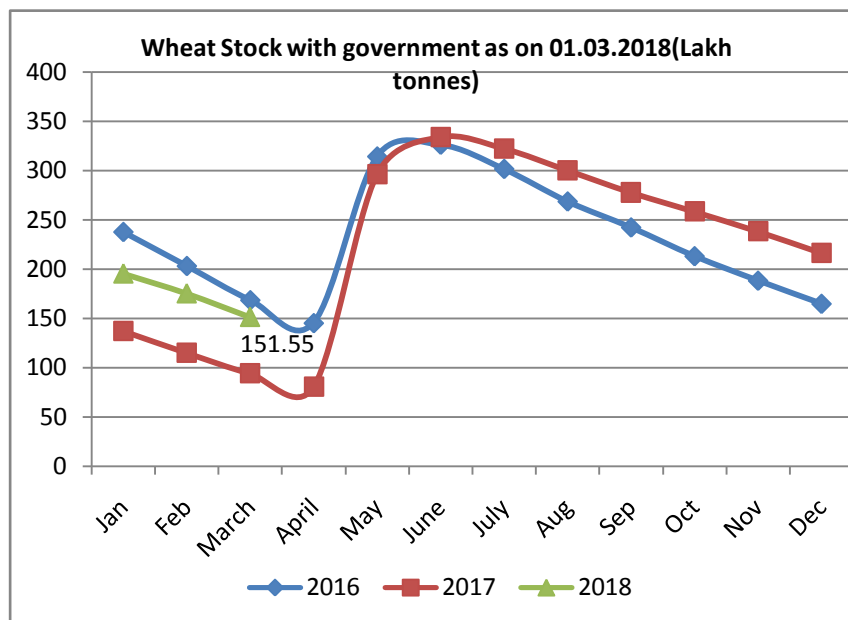
Source: DGCIS, *Provisional data from IBIS

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	161.02	150.93
18-Jan		
18-Feb		
18-Mar		
Total 2017-18	1555.11	160.94

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

Wheat stock in government's warehouses on 01.03.2018 was around 151.55 lakh tonne. It is lower by 13.63 % from February-2018. Off take from central pool was around 23.92 Lakh tonnes in the month February'18 compared to 20.96 lakh tonnes in the corresponding month last year. Stock in central pool is likely to be around 135 lakh tonnes on 01st April'18.

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.



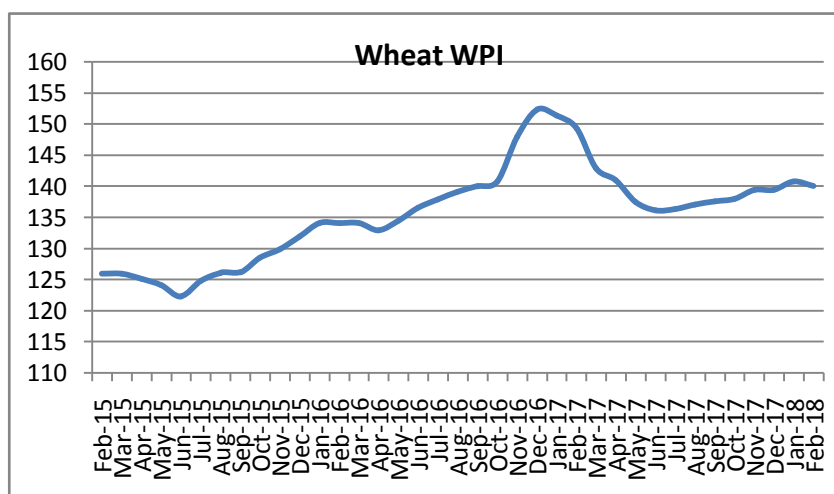
Wheat Inflation:

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	140.0
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 decreased slightly from 140.8 in January-18 to 140.0 in February-2018. Monthly wheat inflation has decreased by 0.57 percent in February -2018 compared to previous month. As compared to February -2017 wheat WPI has decreased by around 6.23 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-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
18-Mar	1779.4	1777.045	1707.045	1685.00	2084.55

Source: Agriwatch

Monthly Price Comparison of Spot Markets

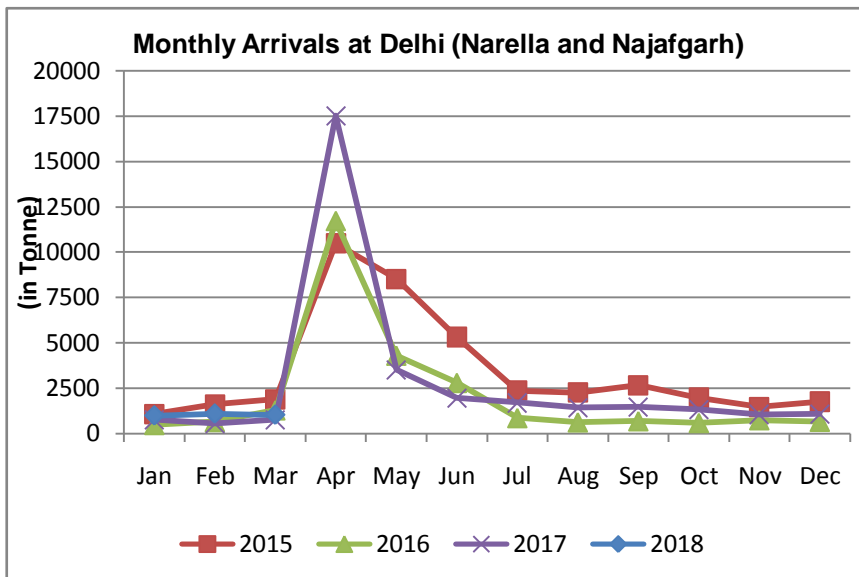
Spot Market Price:							
Centre	Market	Variety	Prices (Rs/Qtl)				
			Today	Yesterday	Week Ago	Month Ago	Year Ago
			3-Apr-18	2-Apr-18	27-Mar-18	3-Mar-18	3-Apr-17
Delhi	Lawrence Road	Mill Delivery	1755	1765	1770	1790	1790
	Narella	Mill Quality Loose	1700	1700	1710	1700	1700
	Nazafgarh	Mill Quality Loose	1670	1670	1700	NA	1675
Gujarat	Rajkot	Mill Delivery	1505	1510	Closed	1565	1540
	Ahmedabad	Mill Delivery	1725	NA	Closed	1800	1710
	Surat	Mill Quality Loose	1750	1800	Closed	1850	1740
	Dhrol	Mill Delivery	2025	Closed	Closed	1560	NR
M.P.	Indore	Mill Quality Loose	1675	1600	1675	1775	1600
	Bhopal	Mill Delivery	1650	1700	1700	Closed	1650
Rajasthan	Kota	Mill Quality Loose	1525	1540	1540	1640	1530
		Mill Delivery	1605	1630	1630	1700	1625
U.P.	Kanpur	Mill Delivery	1715	1715	1715	Closed	1715
	Mathura	Mill Quality Loose	Closed	1600	1610	Closed	1650
	Kosi	Mill Quality Loose	1605	1600	1615	Closed	1565
	Hathras	Mill Quality Loose	NR	1605	1610	Closed	1625
	Aligarh	Mill Quality Loose	1600	1600	1580	1645	1670
Punjab	Khanna	Mill Quality Loose	1730	Closed	1750	1740	1630
	Ludhiana (Jagraon)	Mill Delivery	NA	Closed	NA	NR	1800
Haryana	Sirsa	Mill Delivery loose	1715	1715	1715	1730	1715
	Hodal	Mill Delivery	1700	1700	1700	1750	1740
	Bhiwani	Mill Quality Loose	1700	1700	1700	1740	1650
	Karnal	Mill Quality Loose	1700	1700	1700	1725	1725
	Panipat	Mill Quality Loose	1625	1625	1625	1625	NA
Tamil Nadu	Chennai	Mill Quality	2000	2000	2000	2115	2000
	Madurai	Mill Quality	2057	2200	2200	2215	2150
	Coimbatore	Mill Quality	2057	2250	2250	2265	2200
Bihar	Khagariya	Mill Delivery	1700	1700	1700	1700	1600
	Muzaffarpur	Mill Delivery	1625	1625	1625	Closed	1650

Monthly Arrivals at Delhi

Arrivals in Delhi region (Narela and Najafgarh) increased to 1029 tonnes in March-2018 compared to 1092 tonnes in February-2018. Currently wheat is being traded around Rs 1690-1710 per quintal in Narela.

Domestic Outlook:

Wheat cash market is expected to trade steady to weak in March-2018 under normal conditions.

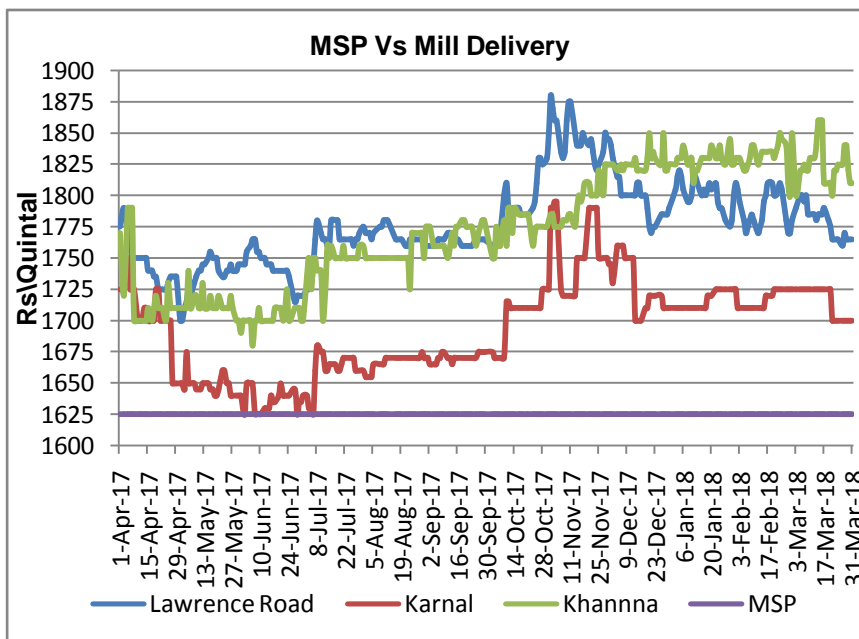


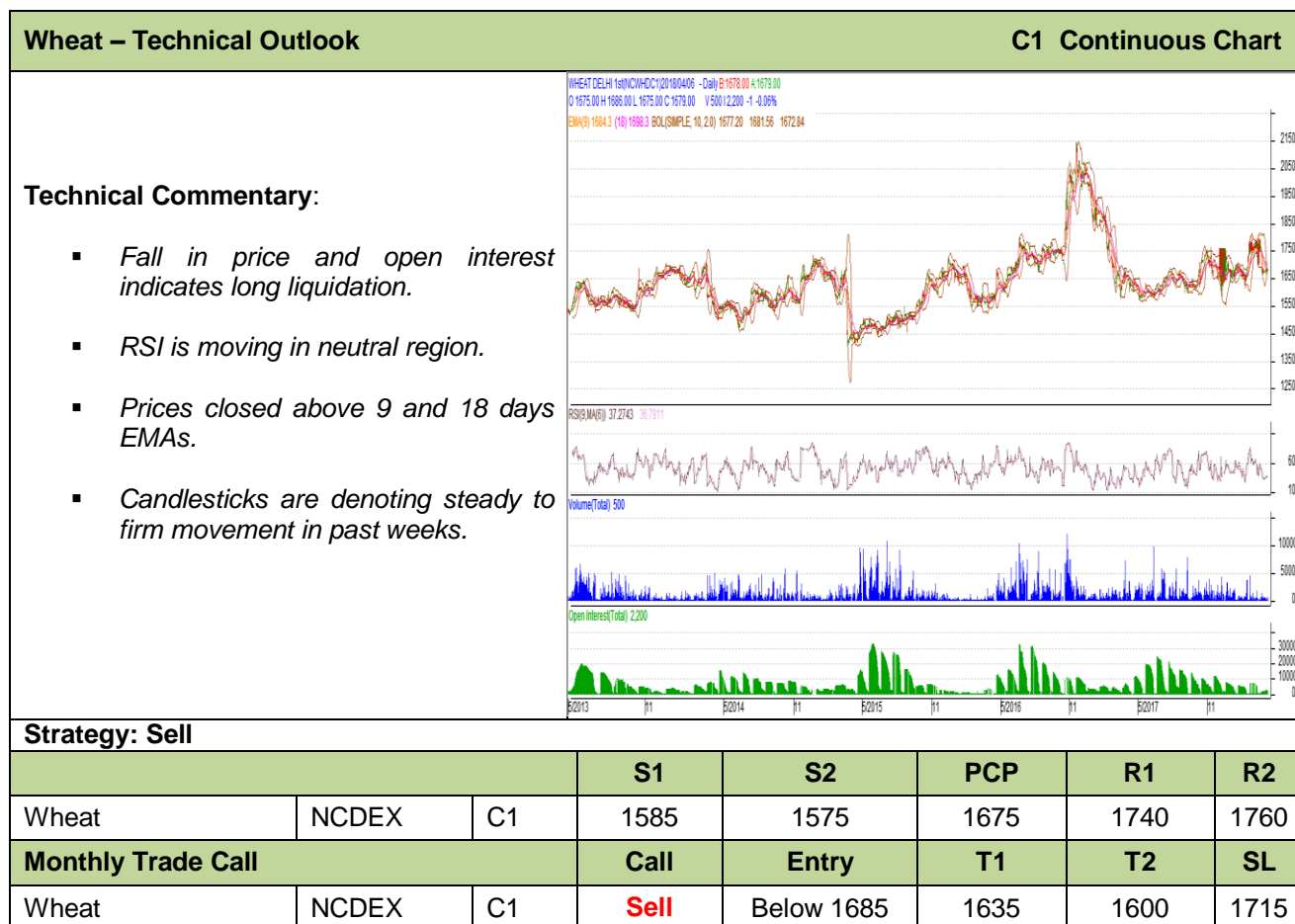
MSP Vs Mill Delivery Prices

As of now prices are moving above MSP and are likely to move steady to weak 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 near MSP (Rs 1735 per quintal).



Wheat Technical Analysis:


* Do not carry-forward the position next month.

International Market Dynamics

Algeria state grains agency OAIC has bought around 330000 tonnes of milling wheat in a tender that closed on Tuesday. The price paid was around \$229.00 per tonne (Cost and Freight). The quantity to be shipped is due in June. The milling wheat can be sourced from various origins but most of it is likely to be purchased from France.

GASC has purchased 475000 tonnes of Russian and Romanian wheat through tender. Of the total quantity 355000 tonnes has been sourced from Russia and remaining 120000 tonnes from Romania. GTCS offered 55000 tonnes of Russian wheat at FoB \$217.00 per tonne; GTCS offered 60000 tonnes of Russian wheat at FoB \$218.00 per tonne, Daewoo offered 60000 tonnes of Russian wheat at FoB \$218.40 per tonne, ADM offered 60000 tonnes of Romanian wheat at FoB \$219.30 per tonne, Aston offered 60000 tonnes of Russian wheat at FoB \$219.30 per tonne, GTCS offered 60000 tonnes of Russian wheat at FoB \$219.90 per tonne, Cargill offered 60000 tonnes of Romanian wheat at FoB \$219.90 per tonne and Ameropa offered 60000 tonnes of Romanian wheat at FoB \$219.65 per tonne.

Iraq's state grain board has purchased around 100000 tonnes of hard wheat in a tender. Of the total quantity around 50000 tonnes was bought from U.S. at \$332.17 per tonne C&F and 50000 tonnes was bought from Australia at \$309.95 per tonne C&F.

Russian milling wheat prices remained steady. Record export shipments accompanied with increase in purchase and transportation costs is supporting prices. 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 \$206.00-210.00/tonne whereas milling wheat whereas wheat with 11.5% protein content is being quoted at FoB \$202.00-205.00/tonne.

As per latest update, Japan's ministry of agriculture bought 127338 MMT of food quality wheat from United States and Canada. Around 91942 MMT has been bought from United States and around 35396 MMT with minimum 13.5 percent protein content has been bought from Canada. Shipments from United States and Canada will be loaded between April 21 and May 20, 2018.

Japan is likely to raise imported wheat price for domestic millers by 3.5 percent. As of now the average price is around 54370 yen (\$513) per tonne. This move was taken due to higher to higher price quotes by supplier, increase in shipping rates and a weaker yen. Japan buys most of its milling wheat through import tenders from Australia, Canada and the United States.

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 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.

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.

Global Wheat Average FoB

Month	US SRW2*	US HRW2*	Argentina P1*	Ukraine 12.5%*	Russia 12.5%*	Rouen 11%**	Australia ASW1***	Australia APW2***
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
Mar-18	207.81	262.21	230.00	206.43	207.43	159.13	269.62	279.62

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)
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
02.03.2018	10.42	20.97	43.81	38.08
09.03.2018	10.85	21.39	44.63	38.84
16.03.2018	10.74	21.47	45.96	40.06
23.03.2018	10.46	21.55	45.91	39.88
29.03.2018	9.99	21.08	43.69	37.89
Vessel Class: Panamax	PoL: Novorossiysk, PoD: Damietta	PoL: Novorossiysk, PoD: Jeddah	PoL: Odessa, PoD: Japan	PoL: Odessa, PoD: Chittagong

Source: Reuters

Global Policy Developments

USA: On 1 March, the US notified the WTO of new or revised tolerance levels for quizalofop ethyl residues in wheat germ, milled by-products and wheat forage.

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 Federation and 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	28.02.2018	07.03.2018	14.03.2018	21.03.2018	28.03.2018
Odessa, FOB(\$/tonnes)					
Milling wheat 12.5%	203.0-205.0	205.0-208.0	205.0-209.0	204.0-209.0	206.0-209.0
Milling wheat 11.5%	197.0-200.0	198.0-202.0	202.0-205.0	200.0-203.0	203.0-205.0
Feed wheat	190.0-195.0	191.0-195.0	195.0-198.0	195.0-198.0	198.0-200.0
Novorossiysk, FOB(\$/tonnes)					
Milling wheat 12.5%	203.0-206.0	206.0-209.0	206.0-209.0	207.0-210.0	206.0-210.0
Milling wheat 11.5%	198.0-200.0	200.0-202.0	202.0-205.0	202.0-204.0	202.0-205.0
Feed wheat	190.0-195.0	191.0-196.0	195.0-199.0	195.0-199.0	197.0-200.0

Source: Reuters

Forward Prices for 2017 Crop Black Sea Region

Origin	Commodity	Delivery period	Price (USD/MT)	
			21.03.2018	28.03.2018
Russia	Wheat, 12.5% protein	May-June	207-211	206-212
Ukraine	Wheat, 11.5% protein	May-June	NA	NA
Ukraine/Russia	Feed wheat	May-June	NA	NA

Source: Reuters

IGC Wheat Balance Sheet(Quantity in MMT)

IGC Forecast(Fig-In MMT)	2015-16	2016-17	2017-18 (Forecast)		2018-19
		(Estimate)	22.02.2018	22.03.2018	(Projected)
Production	737	754	757	758	741
Trade	166	176	174	174	179
Consumptions	720	738	743	742	744
Carryover stocks	224	240	254	256	253
Y-O-Y change	17	16	-	16	-3
Major Export	66	75	76	78	66

IGC Balance Sheet Highlight:

- IGC has projected global wheat production to be 741 MMT for 2018-19. According to forecast by IGC for 2017-18, global wheat production was around 758 MMT against 754 MMT for 2016-17. The projection for global production is lower by 17 MMT compared to forecast for 2017-18. IGC has projected lower production for 2018-19 however; carryover stocks are still at higher side.
- Trade projection for 2018-19 has been increased to 179 MMT. It is 5 MMT higher compared to forecast for last year and higher by 3 MMT compared to 2016-17.
- Consumption has been increased by 2 MMT to 744 MMT for 2018-19. The projection is higher by 6 MMT compared to 2016-17.
- Carryout for 2018-19 is projected at 253 MMT compared to forecast of 256 MMT last year. 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 01.04.2018)							
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	245	18,000	5,500	10	12,500	255	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	129,770	117,000	4,000	1,000	126,819	128,845
EU	10,772	151,600	128,750	5,500	25,000	14,122	145,248
India	9,800	98,510	98,000	1,500	500	11,310	87,000
Pakistan	4,351	26,500	25,000	30	1200	4,681	25,633
Russia	10,830	84,992	45,000	500	37,500	13,822	72,529
Ukraine	1,773	26,981	9,900	25	17,200	1,679	26,791
U S	32,131	47,371	30,400	4,218	25,174	28,146	62,833
Others	60,451	123,565	267,169	165,316	23,459	58,704	121,135
World total	252,604	758,789	742,219	181,749	182,033	268,890	750,506

Source: USDA

CBOT Futures May-18 Chart:

1st Support: 156.00
2nd Support: 153.00
1st Resistant: 180.00
2nd Resistant: 183.00
(\$ per tonne)

Wheat touched month low at \$ 4.41 a bushel on 29th Mar'18. U.S. export sales in the month of March (02nd-22nd Mar) are 781800 tonnes compared 831000 tonnes in February'18. As per report released by USDA on March 29, U.S. total spring planted area is expected to be around 14.1 million acres up by around 12 percent compared to 2017-18.



CBOT comparison over period of time:

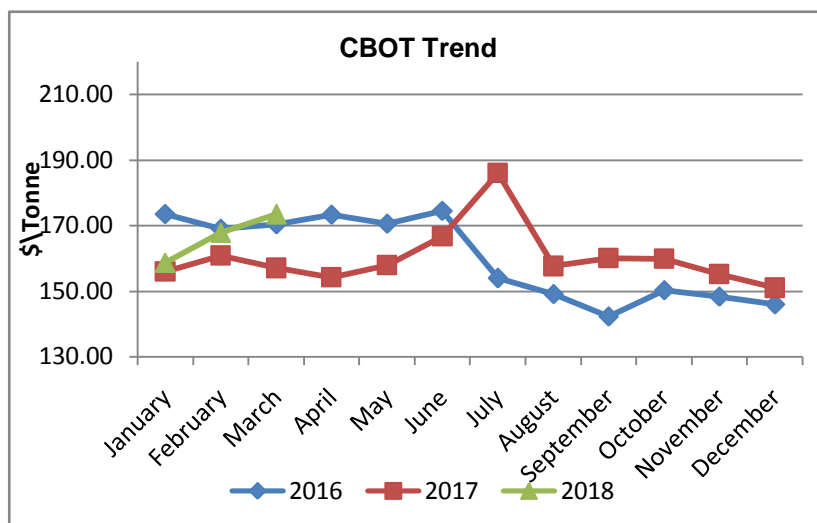
CBOT Futures Prices:(USD/T)

CONTRACT MONTH	Today	Week Ago	Month Ago	3 Month Ago	6 Month Ago	Year Ago	% Change over prev. year
	30-Mar-18	24-Mar-18	28-Feb-18	30-Dec-17	30-Sep-17	30-Mar-17	
18-May	165.70	169.10	181.86	161.75	184.71	181.59	-8.75
18-Jul	172.13	175.07	186.36	166.52	183.24	183.33	-6.11
18-Sep	178.28	180.94	191.51	171.12	188.57	187.19	-4.76
18-Dec	186.09	188.75	198.67	177.09	195.18	193.07	-3.62
19-Mar	191.87	195.00	203.72	181.22	199.68	196.56	-2.38
19-May	195.09	198.21	204.73	183.79	201.24	197.20	-1.07

CBOT Trend

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

CBOT average monthly price for March'18 is higher by \$ 16.43 per tonne compared to last year for the same month and by \$ 5.55 per tonne compared to February'18. CBOT is likely to stay at higher side in April'18 as recent dry weather has negatively impacted crop and only 32 percent of the crop is in excellent condition down from 51 percent from last year.



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

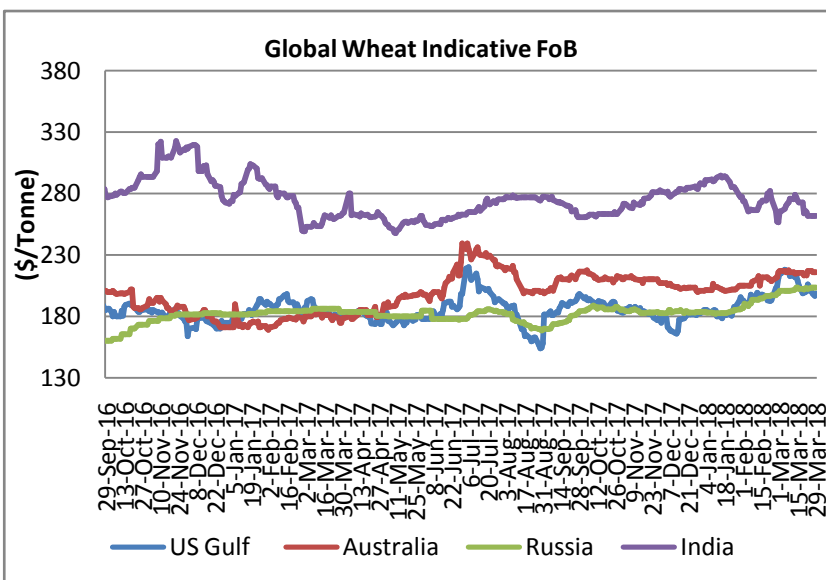
All prices are for SRW/milling grade	1st Oct-17	1st Nov-17	1st Dec-17	1st Jan-18	1st Feb-18	1st Mar-18	1st Apr-18
USA	194.60	183.00	179.80	185.00	193.17	211.24	198.75
France	161.00	160.25	158.25	156.25	157.00	162.25	159.75
Australia	216.64	210.40	207.20	201.60	204.80	216.00	216.80
Russia	184.50	185.00	182.50	183.50	187.00	199.00	203.50
India	260.80	272.01	281.48	287.44	277.47	256.82	261.78

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 \$261.78-265.14 per tonne.

US and Russian quotes are hovering in the range of \$199.87 and \$203.25 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 \$230 in coming week.



International Outlook:

Global wheat market is expected to trade steady to weak due to ample availability. EU is likely to produce around 148.3 MMT in 2018-19 compared to 151.2 MMT in 2017-18. Russia and Ukraine are likely to harvest 74.50 MMT and 26.7 MMT of wheat in 2018-19 respectively. Production in US is likely to be around 48.30 MMT compared to last year's 47.40 MMT due to fall in area sowed. Australia is likely to produce 24.20 MMT in 2018-19 compared to 21.20 MMT in 2017-18 as acreage is likely to return to normal level. Argentina is expecting to harvest around 17.1 MMT in 2018-19 compared to 18.5 MMT in 2017-18. Furthermore, Canada is likely to harvest around 29.9 MMT in 2018-19 compared to 30.0 MMT in 2017-18.

Disclaimer

The information and opinions contained in the document have been compiled from sources believed to be reliable. The company does not warrant its accuracy, completeness and correctness. Use of data and information contained in this report is at your own risk. This document is not, and should not be construed as, an offer to sell or solicitation to buy any commodities. This document may not be reproduced, distributed or published, in whole or in part, by any recipient hereof for any purpose without prior permission from the Company. IASL and its affiliates and/or their officers, directors and employees may have positions in any commodities mentioned in this document (or in any related investment) and may from time to time add to or dispose of any such commodities (or investment). Please see the detailed disclaimer at © 2018 Indian Agribusiness Systems Pvt. Ltd.