Wheat Monthly Research Report

Contents

Market Dynamics:

Price Trend: *All India average monthly prices for wheat increased by 1.10 percent from Rs 1804.14 (in March - 2018) to Rs 1823.95 per qtl in April-2018. Average price (April) is higher by 1.31 percent compared to price (Rs 1800.32 per qtl.) registered in April -2017. Prices are expected to trade range bound with firm bias.*

Export: *At export front, prevailing market conditions are not in favour of Indian exporters due to huge price gap. The difference is around $59-65 per tonne from Black Sea Region. Russia/Ukraine is offering wheat at $206.50/211.50 per tonne on FoB basis while Indian FoB at Kandla port comes to $270.78 per tonne. India exported 1.84 thousand tonne wheat in March. Total export in MY 2017-18 was registered around 211.60 thousand tonne. 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 February, India imported 0.30 lakh tonne wheat compared to 0.31 lakh tonnes in the month of January. 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 $256.58-270.78 per tonne in April. Against it Russia, Ukraine, France, US and Australia were offering wheat at $205.19, $209.60, Euro 161.43, $211.04 and $220.56 per tonne respectively. Wheat prices in international markets witnessed steady to firm tone. Russia and Australia are likely to harvest 74-75 MMT and 24-25 MMT respectively 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 is procuring intensively and is likely to achieve its procurement target. 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 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 38.4 mm of actual rainfall against 38.3 mm of normal rainfall in the month of April 2018. In the month of April 2018, deficient rainfall was recorded in Gujarat, Madhya Maharashtra, Rayalseema, Tamil Nadu, etc. Temperature has remained more than 30 degree Celsius in past weeks during day and more than 19.5 degree Celsius during night. Harvesting has been completed or near completion in all major producing states except Uttar Pradesh.*

E-Auction: *FCI has offered a total of 42719512 tonnes of wheat through E-Auction since June'17 until fifth tender in March'18. FCI was able to sell 1421800 tonnes in the tenders issued. Sales through E-Auction of wheat are at lower side this year due to high domestic production and imports. Government sold wheat through e-auction at Rs 1790 per quintal in 2017-18. Reserve price for sales through e-auction in 2018-19 is likely to be higher compared to last year.*

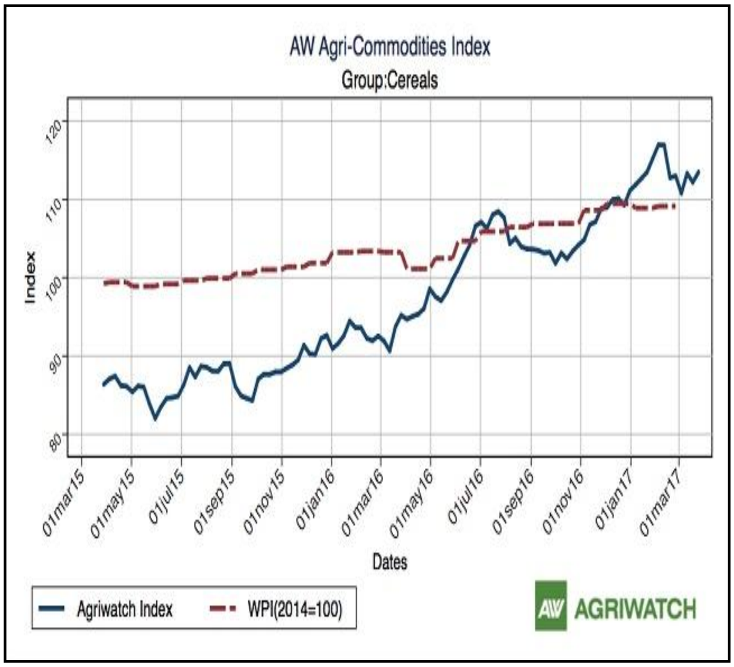
Outlook & Recommendation: *Wheat cash market is expected to trade range bound with firm bias in short to medium term.*

Trade Call: *Stake holders should trade taking care of lower and upper price band of Rs 1600 and 1890 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 (Figures in MMT)	2017-18	2018-19*	Apr-Jun	July-Sep	Oct-Dec	Jan-Mar
Carry in	13.22	14.62	14.62	84.55	61.2	37.92
Production	95	93.5	93.5	0	0	0
Imports	1.61	1.5	0.3	0.45	0.5	0.25
Total Availability (A+B+C)	109.83	109.62	108.42	85	61.7	38.17
Consumption	95	95	23.8	23.7	23.7	23.8
Exports	0.21	0.3	0.07	0.1	0.08	0.05
Total Usage (E+F)	95.21	95.3	23.87	23.8	23.78	23.85
Carry out (D-G)	14.62	14.32	84.55	61.2	37.92	14.32
Av Monthly Consumption	7.92	7.92	1.98	1.98	1.98	1.98
Stock to Month Use	1.85	1.81	42.63	30.99	19.20	7.22
Stock to Consumption Ratio	0.02	0.02	1.79	1.31	0.81	0.30

*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 109.62 MMT, slightly lower compared to last year because of lower acreage.
- Carry out is expected to be around 14.32 MMT for 2018-19 compared to 14.62 MMT for 2017-18.

Supply-Demand Highlights:

As per latest update, wheat stock in central pool as on 1st April'18 stood at 132.31 lakh tonnes down by 12.70% compared to last month. This quantity is higher by around 64.18% compared to last year for the same month. For the month of March'18 off take from central pool was around 19.24 lakh tonnes compared to 13.70 lakh tonnes for March'17 and 23.27 lakh tonnes for March'16. FCI has additional 51.72 lakh tonnes of stock as on 01st April'18 compared to last year for the same month.

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 1.5 MMT as government has increased import duty. Availability would be 109.62 MMT, lower compared to last year, because of lower acreage. This season will start with a carryout of 14.62 MMT. Lower production this year will marginally decrease carry out for 2018-19 to 14.32 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 $40-74 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 1.5 million tonnes in 2018-19 Marketing year.

Domestic Market Highlights:

Government agencies have started procurement since 15th March'18. Until 04th May'18 government has procured around 287.78 lakh tonnes of wheat. Of the total quantity procured, around 119.37 lakh tonnes have been procured from Punjab, 82.63 lakh tonnes from Haryana, 21.83 lakh tonnes from Uttar Pradesh, 52.71 lakh tonnes have been procured from Madhya Pradesh, 10.39 in Rajasthan, 0.41 lakh tonnes from Uttrakhand, 0.14 lakh tonnes from Chandigarh and 0.30 lakh tonnes from Gujarat. In Rabi marketing season 2018-19 government has set procurement target of 32 MMT. Government can easily achieve its procurement target this year.

As per trade sources, import quotes for wheat from various origins to Tuticorin port, witnessed firm tone in the week. Traders are not quoting prices for APW due to lower availability. As of now Tuticorin port price ASW at Rs 1930-1940 per quintal and Ukrainian wheat at Rs 1795-1805 per quintal. Ample availability in the market is keeping global 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 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 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**

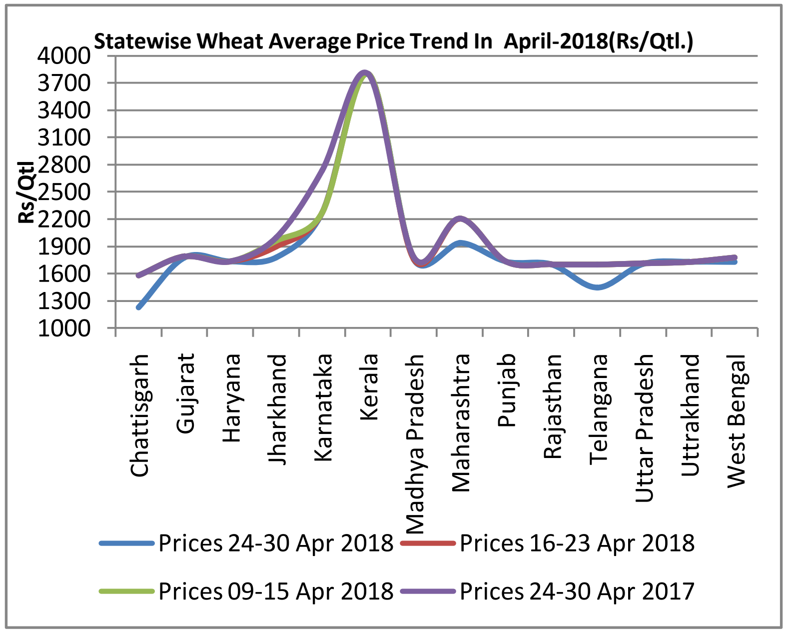
Wheat Procurement Status Till 13th April-2018 (Source: FCI)

State	**Target for Procurement In Marketing Season 2018-19(April To March)**	**Progressive Procurement As on 13.04.2018 (Fig In Lakh Tonne)**		
		In Marketing Season 2018-19	**In Marketing Season 2017-18**	**% Ch Over Previous Year**
Gujarat	*0.50*	*0.14*	*0.01*	***1300.00***
Haryana	*74.00*	*12.49*	*20.99*	***-40.50***
Madhya Pradesh	*67.00*	*21.06*	*22.57*	***-6.69***
Punjab	*119.00*	*0.80*	*5.32*	***-84.96***
Rajasthan	*16.00*	*1.71*	*0.75*	***128.00***
Uttar Pradesh	*40.00*	*2.50*	*0.18*	***1288.89***
Uttrakhand	*1.00*	*0.01*	*0.01*	***0.00***
All-India	***320.00***	***38.73***	***49.85***	***-22.31***

Monthly Average Price Comparison:

All India average monthly prices for wheat increased by 1.10 percent from Rs 1804.14 (in March -2018) to Rs 1823.95 per qtl in April-2018. Average prices moved down in all major states including Uttar Pradesh, Karnataka, Maharashtra, Madhya Pradesh, Telangana, etc.

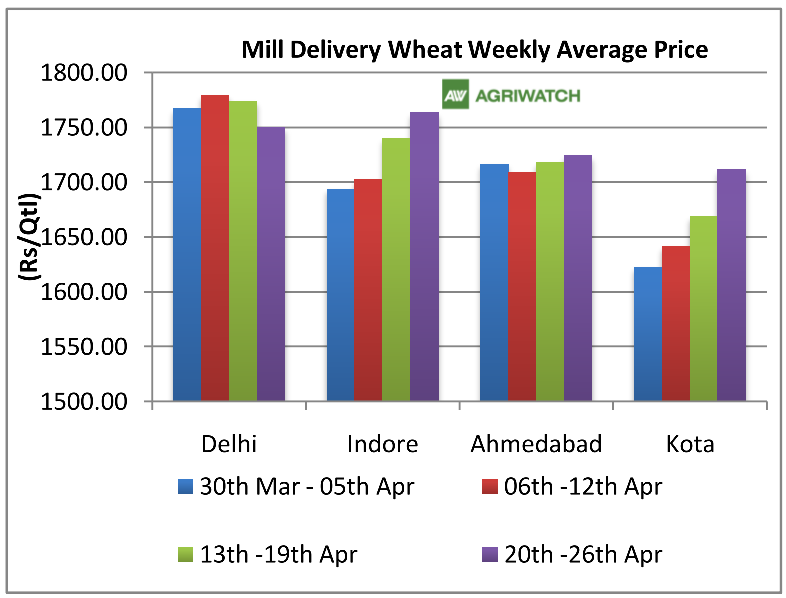
Prices are likely to stay steady to slightly firm due to decrease in arrival pressure from north and central India. As of now, government has decided not to increase import duty to 40 percent from current level of 20 percent due to lower production compared to last year. Private trade is likely to get 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 firm in Ahmedabad, Indore and Kota during 20th -26th April. Prices are expected to remain steady to slightly firm.

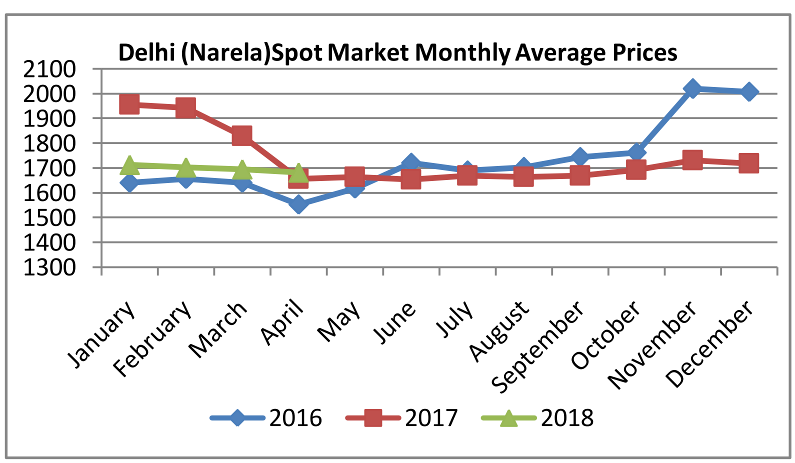
Prices are expected to increase in the coming month. Quality of wheat is not a concern this year as good quality wheat is available at lower prices. As of now Wheat (loose) prices are hovering below MSP in all major producing states except Punjab and Haryana. Increase in reserve price by government for sales in open market is likely to provide support to domestic prices. Progressive procurement is lower compared to last year during the same period



Wheat Delhi Average Monthly Price:

Wheat spot market Delhi (Narela) average price decreased from Rs 1695.95 in March-2018 to Rs 1682.25 per quintal in April-2018.

The prices are weak by 0.81 percent compared to last month and firm by 1.56 percent compared to corresponding month last year. Arrivals in Narela are lower this year as government is focusing on reducing illegal arrival of wheat from neighbouring states.



Wheat Exports:

According to latest update, India exported around 1.84 thousand tonne wheat in the month of March-2018.

It is around 0.02 thousand tonnes higher compared to export quantity (1.82 thousand tonne) in February-2018.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 ($40 to $57 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/Trade

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	6.54	158.65
18-Feb	1.82	167.86
18-Mar	1.84	173.41
Total 2017-18	211.6	162.36

Wheat Import:

India imported around 5.02 lakh tonne wheat during MY 2015-16. In 2017-18 MY India imported 1.6 MMT compared to around 6 MMT in last MY 2016-17.In the month of March-2018 India has not imported wheat whereas India imported around 30.78 thousand tonne wheat from Russia, Ukraine and Australia in February-18 compared to 31.08 thousand tonnes in January-18.

FoB quote in Black Sea region are hovering around $206.60 per tonne in Russia and $211.50 per tonne in Ukraine. Australia and France are also providing wheat at $228.08 per tonne and Euro 163.25 per tonne. Added capacity at Ukrainian ports has reduced export cost further. Government has increased import duty from 10% to 20%, in order to curb imports.

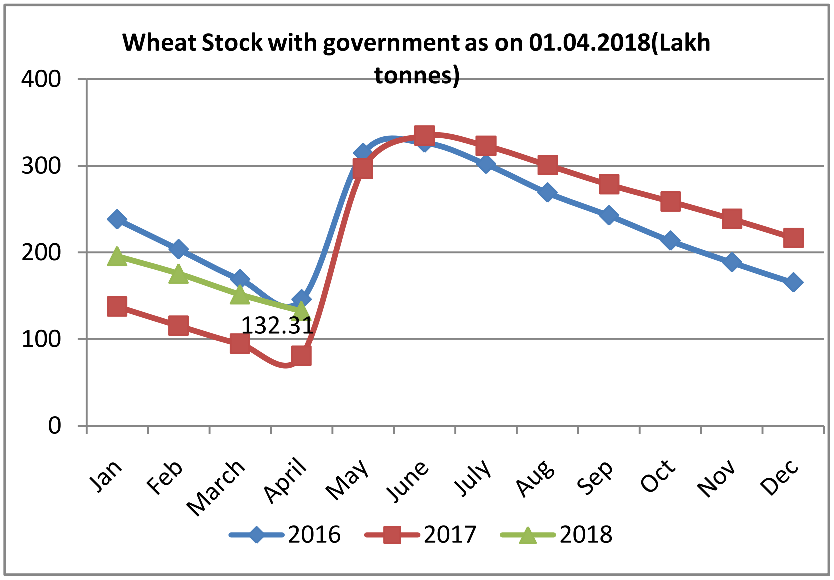
Source: DGCIS/Trade

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	31.08	158.65
18-Feb	30.78	167.86
18-Mar	0.00	173.41
Total 2017-18	1616.97	162.36

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

Wheat stock in government's warehouses on 01.04.2018 was around 132.31 lakh tonne. It is lower by 12.70 % from March-2018. Off take from central pool was around 19.24 Lakh tonnes in the month March'18 compared to 13.70 lakh tonnes in the corresponding month last year. Government is procuring intensively and is likely to achieve or even surpass procurement target.

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.



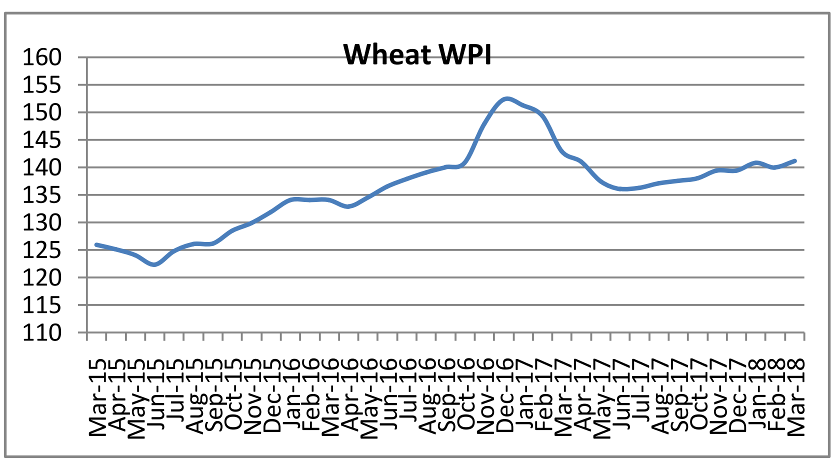
Wheat Inflation:

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	141.2
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 140.0 in February -18 to 141.2 in March-2018. Monthly wheat inflation has increased by 0.86 percent in March -2018 compared to previous month. As compared to February -2017 wheat WPI has decreased by around 1.19 percent.

Food grains WPI increased by 0.4 in March-18 to 140.3 compared to 139.9 in February-18.

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



Monthly Average Prices At Various Market(Rs/Quintal)					
	Delhi	**Indore**	**Kota**	**Rajkot**	**Chennai**
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	1779.40	1777.04	1707.04	1685.00	2084.55
18-Apr	1764.20	1731.88	1674.57	1636.80	2011.30

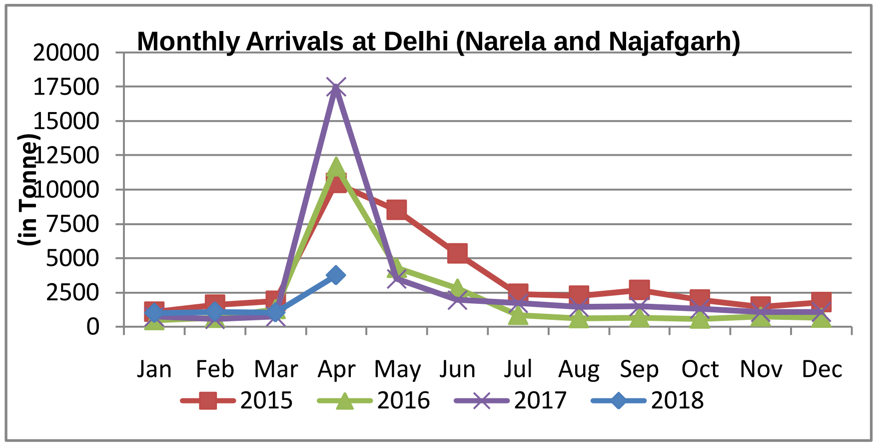
Source: Agriwatch

Monthly Price Comparison of Spot Markets

Spot Market Price:							
Centre	Market	Variety	Prices (Rs/Qtl)				
			Today	Yesterday	Week Ago	Month Ago	Year Ago
			3-May-18	2-May-18	26-Apr-18	3-Apr-18	3-May-17
Delhi	Lawrence Road	Mill Delivery	1740	1720	1750	1755	1710
	Narella	Mill Quality Loose	1670	Closed	1670	1700	1635
	Nazafgarh	Mill Quality Loose	1650	Closed	1650	1670	1630
Gujarat	Rajkot	Mill Delivery	1600	1600	1570	1505	1475
	Ahmedabad	Mill Delivery	1720	1720	1730	1725	1670
	Surat	Mill Quality Loose	1780	1780	1760	1750	1700
	Dhrol	Mill Delivery	1760	1600	1800	2025	1665
M.P.	Indore	Mill Quality Loose	1700	1700	1700	1675	1600
	Bhopal	Mill Delivery	1650	1650	1650	1650	1600
Rajasthan	Kota	Mill Quality Loose	1630	1630	1600	1525	1500
		Mill Delivery	1750	1750	1730	1605	1600
U.P.	Kanpur	Mill Delivery	1725	1720	1715	1715	1710
	Mathura	Mill Quality Loose	1565	1565	1560	Closed	1550
	Kosi	Mill Quality Loose	1580	1572	1550	1605	1565
	Hathras	Mill Quality Loose	1660	1680	1640	NR	1635
	Aligarh	Mill Quality Loose	1585	Closed	1580	1600	1625
Punjab	Khanna	Mill Quality Loose	1735	1735	1735	1730	1620
	Ludhiana (Jagraon)	Mill Delivery	1760	1760	1760	NA	1725
Haryana	Sirsa	Mill Delivery loose	1735	1735	1735	1715	1625
	Hodal	Mill Delivery	1750	1750	1750	1700	1690
	Bhiwani	Mill Quality Loose	1725	1725	1725	1700	1650
	Karnal	Mill Quality Loose	NA	NA	NA	1700	1645
	Panipat	Mill Quality Loose	1735	1735	1735	1625	1625
Tamil Nadu	Chennai	Mill Quality	2050	2050	2050	2000	1950
	Madurai	Mill Quality	2107	2200	2250	2200	2150
	Coimbatore	Mill Quality	2107	2250	2300	2250	2200
Bihar	Khagariya	Mill Delivery	1550	1550	1550	1700	1650
	Muzaffarpur	Mill Delivery	1550	1550	1600	1625	1575

Monthly Arrivals at Delhi

Arrivals in Delhi region (Narela and Najafgarh) increased to 3750 tonnes in April-2018 compared to 1029 tonnes in March-2018. Currently wheat is being traded around Rs 1660-1670 per quintal in Narela.



Domestic Outlook:

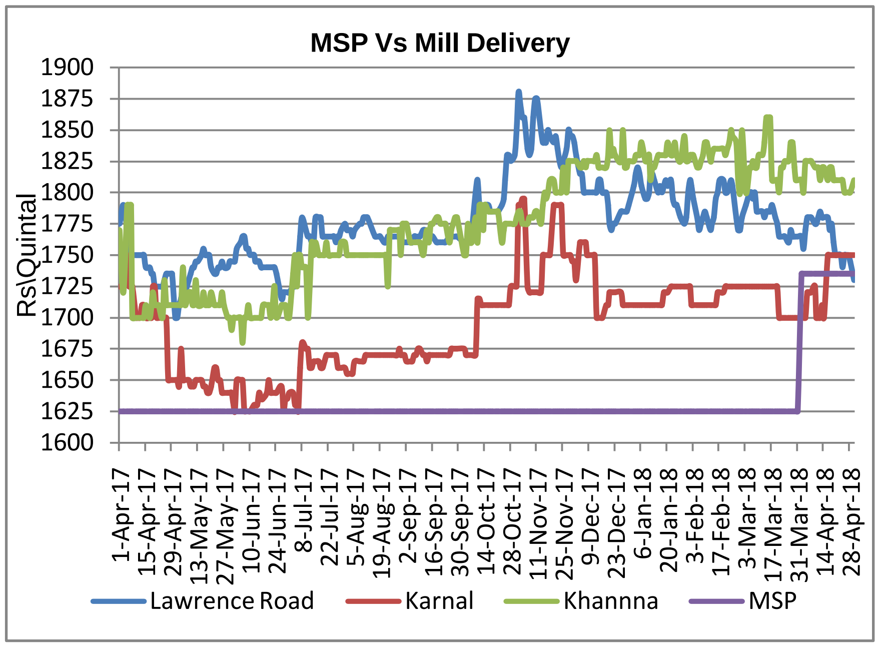
Wheat cash market is expected to trade range bound with firm bias in May-2018 under normal conditions.

MSP Vs Mill Delivery Prices

As of now prices are moving above MSP and are likely to move range bound with firm bias.

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 Karnal and Khanna market are ruling above MSP whereas prices for Lawrence road are moving below MSP for 2018-19.

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:

Wheat – Technical Outlook	C1 Continuous Chart

Technical Commentary:

- *Rise in price and open interest indicates long buildup.*
- *RSI is moving in overbought 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	1625	1600	1712	1865	1890
Monthly Trade Call			**Call**	**Entry**	**T1**	**T2**	**SL**
Wheat	NCDEX	C1	**Buy**	Above 1700	1775	1830	1655

* Do not carry-forward the position next month.

International Market Dynamics

As per latest update, *farmers in Kansas are expecting to harvest lowest crop in last three decades due to ongoing drought. Kansas is likely to harvest 243.3 million bushels in the season. Furthermore only 37 percent was rated as fair, while 12 percent was rated good and 1 percent was rated excellent. Just 2 percent of the crop has headed, down by 41 percent compared to last year.*

Russian milling wheat prices remained steady to weak by $0-1 per tonne compared to last week. *Traders are focusing on new crop trading as grain season is coming to an end. 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 $210.00-216.00/tonne whereas milling wheat whereas wheat with 12.5% protein content at Odessa is being quoted at FoB $210.00-213.00/tonne.*

Algeria state grains agency OAIC has bought around 420000 tonnes of milling wheat in a tender that closed on Thursday. *The prices paid were in the range of $224-225 per tonne (Cost and Freight). Origin of wheat is likely to be French. The country does not disclose the results of its tenders and purchase reports are based on trade assessments.*

As per latest update, Russia's winter wheat growth has been delayed by two to three weeks due to cold weather in central areas and Volga valley. *IKAR is expecting a production of 72-78 MMT down by around 9% compared to last year. India fulfils its import requirement of wheat from Black sea and Australia. Lower production in black sea region along with good demand from importing countries may lead to increase in prices.*

As per latest update, Japan's ministry of agriculture bought 101902 MMT of food quality wheat from United States and Canada. *Around 68786 MMT has been bought from United States and around 33116 MMT with minimum 13.5 percent protein content has been bought from Canada. Shipments from United States and Canada will be loaded between May 21 and June 20, 2018.*

As per latest update, NOFI has bought 63000 tonnes of feed wheat. *The prices are likely to be around $220 per tonne (Cost and Freight). The origin is optional and the said quantity is likely to arrive by September 25th.*

In financial year 2018-19, Egypt has decided to import 7 MMT of wheat *at an average price of $220 per tonne (Cost and Freight). Furthermore, Egypt has set a price of $32-34 per ardeb (150 kg) for procuring in local market during financial year 2018-19.*

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.*

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.*

Global Wheat Average FoB

Month	US SRW2*	US HRW2*	Argentina P1*	Ukraine 12.5%*	Russia 12.5%*	Rouen 11%**	Australia ASW1***	Australia APW2***
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
Apr-18	211.06	250.57	230.00	210.58	211.74	161.69	276.08	281.05

Source: Reuters

**Figures in $/Tonne*
*** Figures in Euro/Tonne*
**** Figures in AUD/Tonne*

Indicative Freight Quotes

Date	Freight($/T)	Freight($/T)	Freight($/T)	Freight($/T)
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
06.04.2018	9.31	20.20	42.43	36.78
13.04.2018	9.52	20.66	42.03	36.32
22.04.2018	9.29	20.49	42.36	36.57
27.04.2018	9.10	20.08	42.82	37.00
Vessel Class: Panamax	*PoL: Novorossiysk, PoD: Damietta*	*PoL: Novorossiysk, PoD: Jeddah*	*PoL: Odessa, PoD: Japan*	*PoL: Odessa, PoD: Chittagong*

Source: Reuters

Global Policy Developments

Canada: *On 3 April, Canada revised the maximum residue levels of Propiconazole in wheat from 0.05 ppm to 0.09 ppm. The final date for comments on the proposed measure is 19 June2018 (WTO notification G/SPS/N/CAN/1165).*

South Africa: *On 6 April, South Africa reduced the import tariff on wheat by 45 percent from ZAR 716.3 (USD 59.3) to ZAR 394.9(USD 32.7) per tonne.*

China: *On 9 April, China announced that, starting from 18 April, the price of state wheat sales will be adjusted. Floor prices for wheat harvested from 2014 to 2016 will be set at CNY 2 350(USD 372.22) a tonne, down from CNY 2 410 (USD 381.72) currently.*

Egypt: *On 11 April, the Ministry of Supply and Internal Trading in Egypt announced new wheat crop procurement prices for2018, to be harvested from mid-April. Prices range from USD215 to USD 226 per tonne depending on crop quality.*

Brazil: *On 4 April, the Ministry of Agriculture in Brazil decreased the minimum price of bread type wheat for the Southern Region from BRL 37.26to BRL 36.17 per 60 kilogram bag(from USD 183.10 to 177.74 per tonne). Wheat seed price has also been readjusted downward from BRL 1.48 to 1.44 per kilogram (from USD436.4 to 424.58 per tonne). The prices are effective from July 2018 to June 2019 (official gazette Nº 64).*

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

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.*

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 2018 Crop Black Sea Region

Origin	Commodity	Delivery period	Price (USD/MT)	
			18.04.2018	24.04.2018
Russia	Wheat, 12.5% protein	Aug-Sept	196-200	195-198
Ukraine	Wheat, 11.5% protein	Aug-Sept	188-192	188-194
Ukraine/Russia	Feed wheat	Aug-Sept	186-190	184-188

Source: Reuters

IGC Wheat Balance Sheet (Quantity in MMT)

IGC Forecast(Fig-In MMT)	2015-16	2016-17 (Estimate)	2017-18 (Forecast)	2018-19(Projected) 22.03.2018	2018-19(Projected) 26.04.2018
Production	737	754	758	741	739
Trade	166	175	175	179	179
Consumptions	719	736	740	744	745
Carryover stocks	226	244	263	253	257
Y-O-Y change	18	18	18	-	-6
Major Export	67	80	84	66	72

IGC Balance Sheet Highlight:

- *IGC has projected global wheat production to be 739 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 19 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 4 MMT higher compared to forecast for last year and higher by 13 MMT compared to 2015-16.*
- *Consumption has been increased by 1 MMT to 745 MMT for 2018-19. The projection is higher by 9 MMT compared to 2016-17.*
- *Carryout for 2018-19 is projected at 257 MMT compared to forecast of 263 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 01.05.2018)

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	5,200	10	12,800	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	130,900	5,500	24,000	14,122	145,248
India	9,800	98,510	97,310	1,500	500	11,310	87,000
Pakistan	4,351	26,600	25,000	30	1200	4,681	25,633
Russia	10,830	84,992	45,000	400	38,500	13,822	72,529
Ukraine	1,773	26,981	9,900	25	17,200	1,679	26,791
U S	32,131	47,371	29,584	4,218	25,174	28,146	62,833
Others	62,442	124,427	267,534	165,481	23,139	58,704	121,311
World total	254,595	759,751	742,928	181,814	182,013	268,890	750,682

Source: USDA

CBOT Futures May-18 Chart:

1st Support: 175.00
2nd Support: 173.00
1st Resistant: 200.00
2nd Resistant: 202.00
($ per tonne)

Wheat touched month low at $ 4.63 a bushel on 02nd Apr'18. U.S. export sales during 23rd March- 19th April was 593755 tonnes compared 781800 tonnes during 02nd-22nd March. On April 23, USDA rated 31% of the winter wheat crop in good to excellent condition, unchanged from last week, and 37% of winter wheat is in poor or very poor condition

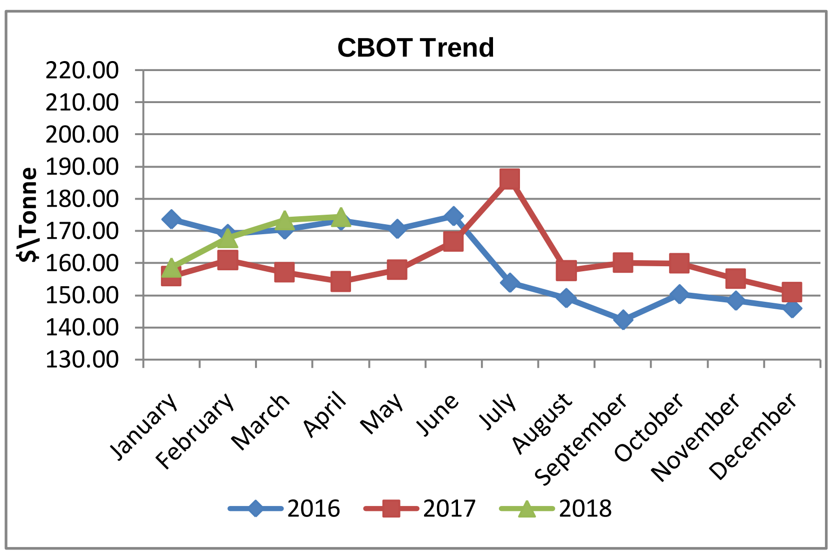
CBOT comparison over period of time:

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-Apr-18	23-Apr-18	2-Apr-18	30-Jan-18	31-Oct-17	30-Apr-17	
18-May	188.29	178.65	167.44	170.57	168.18	189.30	**-0.53**
18-Jul	187.56	183.33	173.78	175.62	173.41	190.41	**-1.50**
18-Sep	193.34	189.30	180.03	180.58	179.29	193.80	**-0.24**
18-Dec	201.06	197.75	188.20	187.37	186.64	179.75	**11.86**
19-Mar	206.94	204.37	194.35	192.89	191.78	185.90	**11.32**
19-May	209.42	207.49	197.75	194.72	194.08	189.30	**10.63**

CBOT Trend

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

CBOT average monthly price for April'18 is higher by $ 20.30 per tonne compared to last year for the same month and by $ 1.07 per tonne compared to March'18. CBOT is likely to stay at higher side in May'18 as the largest producer of wheat in United States i.e. Kansas is facing warm weather and needs rain in order to offset shortfall in crop after farmers planted the fewest acres in past hundred years.



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

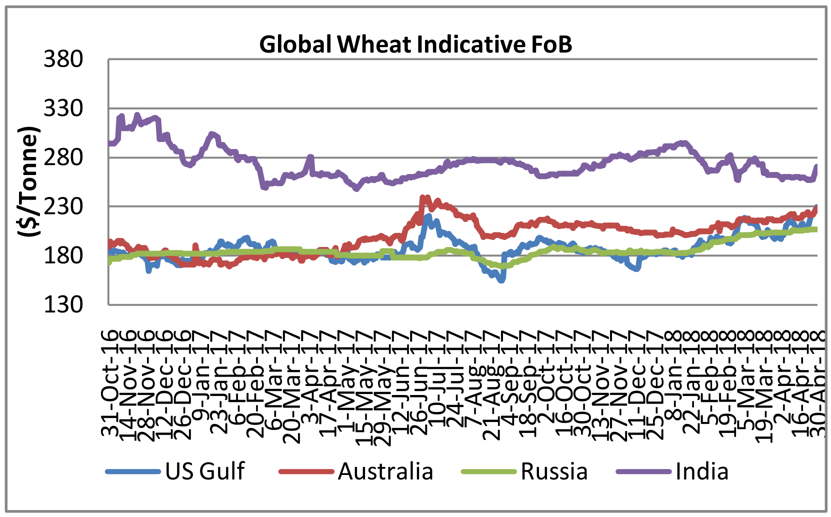
All prices are for SRW/milling grade	1st Nov-17	1st Dec-17	1st Jan-18	1st Feb-18	1st Mar-18	1st Apr-18	1st May-18
USA	183.00	179.80	185.00	193.17	211.24	198.75	229.28
France	160.25	158.25	156.25	157.00	162.25	159.75	163.25
Australia	210.40	207.20	201.60	204.80	216.00	216.80	228.08
Russia	185.00	182.50	183.50	187.00	199.00	203.50	206.50
India	272.01	281.48	287.44	277.47	256.82	261.78	270.78

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 $256.58-270.78 per tonne.

US and Russian quotes are hovering in the range of $211.04 and $205.19 per tonne respectively. Wheat prices in international markets witnessed steady to slightly firm tone last week.

Wheat quotes are expected to trade steady to firm and hover in the range of $185 to $240 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 148.5 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 47.50 MMT compared to last year's 47.40 MMT. Australia is likely to produce 24.30 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.