Wheat Monthly Research Report

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Market Dynamics: **(Back to Table of Contents)**

Price Trend: *All India average monthly prices for wheat decreased by 0.62 percent from Rs 1828.66 (in April - 2018) to Rs 1817.36 per qtl in May-2018. Average price (May) is higher by 0.90 percent compared to price (Rs 1801.19 per qtl.) registered in May -2017. Prices are expected to trade steady to firm.*

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.*

Export: *At export front, prevailing market conditions are not in favour of Indian exporters due to huge price gap. The difference is around $79-81 per tonne from Black Sea Region. Russia/Ukraine is offering wheat at $200.00/201.50 per tonne on FoB basis while Indian FoB at Kandla port comes to $281.33 per tonne. India exported 4.24 thousand tonne wheat in April. Total export in MY 2017-18 was registered around 211.60 thousand tonne. Exports are likely to be higher in MY 2018-19 compared to MY 2017-18.*

Import: *At import front, government has increased import duty from 20 percent to 30 percent to reduce flow of imports and provide support to domestic prices. No quantity has been imported in the month of March or April. 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. Government has surpassed its procurement target as it has procured 34.19 MMT until 01st June'18. 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 $265.64-297.66 per tonne in May. Against it Russia, Ukraine, France, US and Australia were offering wheat at $203.60, $207.25, Euro 165.03, $226.06 and $232.22 per tonne respectively. Wheat prices in international markets witnessed steady to weak tone in May. 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 good as ample stock is available in the market due to good production and imports. Government is procuring intensively and has already surpassed its procurement target. Demand from south Indian millers is likely to pick up during lean season after application of 30% import duty. Good production and Import, have kept demand for central and north Indian wheat at lower level in MY 2017-18.*

Wheat Third Advance Estimate: *As per third advance estimate, India is likely to produce 98.61 MMT of wheat compared to 98.51 MMT in previous year. The third advance estimate is higher by around 1.5 MMT compared to second advance estimate. The total food grain production is expected at record 279.51 MMT compared to 275.11 MMT last year.*

Weather Update: *India has received 115.7 mm of actual rainfall against 129.1 mm of normal rainfall during 01st March-30th May'18. During this time period, deficient rainfall was recorded in Gujarat, Madhya Maharashtra, Rajasthan, Punjab, Bihar, Haryana etc. IMD has already issued its forecast for normal monsoon during June-September'18 and rainfall is expected to be 97% of the LPA. Good monsoon will help in increasing soil moisture which will in turn lead to good yield and increased grain size.*

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 steady to firm in short to medium term.*

Trade Call: *Stake holders should trade taking care of lower and upper price band of Rs 1670 and 1965 respectively.*

AW Cereals Index:

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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:

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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: (Back to Table of Contents)

As per latest update, wheat stock in central pool as on 1st May'18 stood at 353.45 lakh tonnes up by 167.14% compared to last month. This quantity is higher by around 19.24% compared to last year for the same month. Government has surpassed their procurement target of 32 MMT this year. Government has already applied import duty on wheat to curb imports and provide support to domestic prices The stock position as on 01st May'18 is highest in last four years. Therefore, government has abundant supplies this year to tackle any unexpected rise in wheat prices by selling more quantity in open market.

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 1.0-1.5 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 $36-81 per tonne, lower than India. So, there is no export window available for bulk export from India. India, could export only 2.11 lakh tonnes in 2017-18. Increase in import duty to 30 percent by India has also reduced export opportunities for countries like Australia, Russia and Ukraine.

Domestic Market Highlights:

Government agencies have started procurement since 15th March'18. Until 01st June'18 government has procured around 341.90 lakh tonnes of wheat. Of the total quantity procured, around 126.91 lakh tonnes have been procured from Punjab, 87.39 lakh tonnes from Haryana, 38.41 lakh tonnes from Uttar Pradesh, 72.81 lakh tonnes have been procured from Madhya Pradesh, 14.90 in Rajasthan, 0.97 lakh tonnes from Uttrakhand, 0.14 lakh tonnes from Chandigarh and 0.37 lakh tonnes from Gujarat. In Rabi marketing season 2018-19 government has set procurement target of 32 MMT. Government has abundant supplies this year, which will allow it to control any unexpected price rise.

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 2105-2115 per quintal and Ukrainian wheat at Rs 1910-1920 per quintal. Wheat supplies are likely to tighten this year.

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:

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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 25th May-2018 (Source: FCI)

State	**Target for Procurement In Marketing Season 2018-19(April To March)**	**Progressive Procurement As on 25.05.2018 (Fig In Lakh Tonne)**		
		In Marketing Season 2018-19	**In Marketing Season 2017-18**	**% Ch Over Previous Year**
Gujarat	*0.50*	*0.36*	*0.06*	***500.00***
Haryana	*74.00*	*87.37*	*74.32*	***17.56***
Madhya Pradesh	*67.00*	*70.56*	*65.44*	***7.82***
Punjab	*119.00*	*126.56*	*116.64*	***8.50***
Rajasthan	*16.00*	*14.47*	*10.82*	***33.73***
Uttar Pradesh	*40.00*	*38.19*	*24.77*	***54.18***
Uttrakhand	*1.00*	*0.87*	*0.02*	***4250.00***
All-India	***320.00***	***338.53***	***292.16***	***15.87***

Monthly Average Price Comparison:

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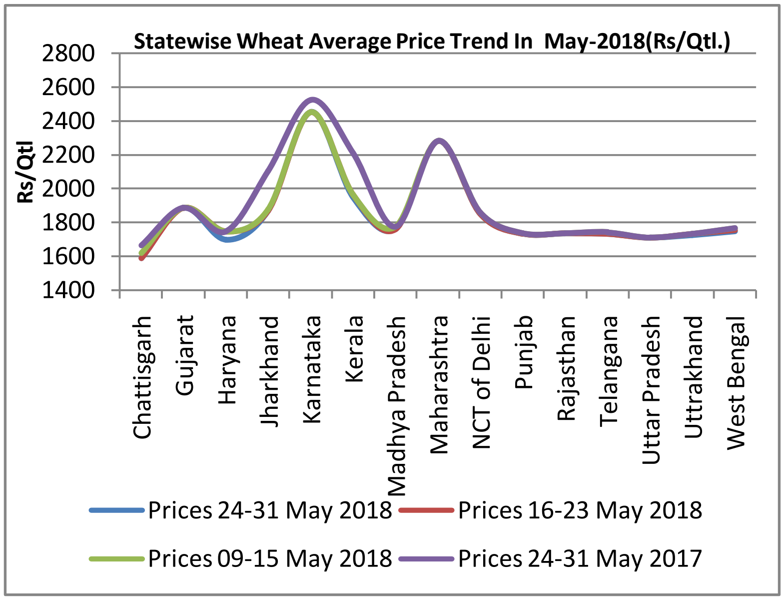
All India average monthly prices for wheat decreased by 0.62 percent from Rs 1828.66 (in April -2018) to Rs 1817.36 per qtl in May-2018. Average prices moved steady to weak in all major states including Uttar Pradesh, Karnataka, Maharashtra, Madhya Pradesh, Telangana, etc.

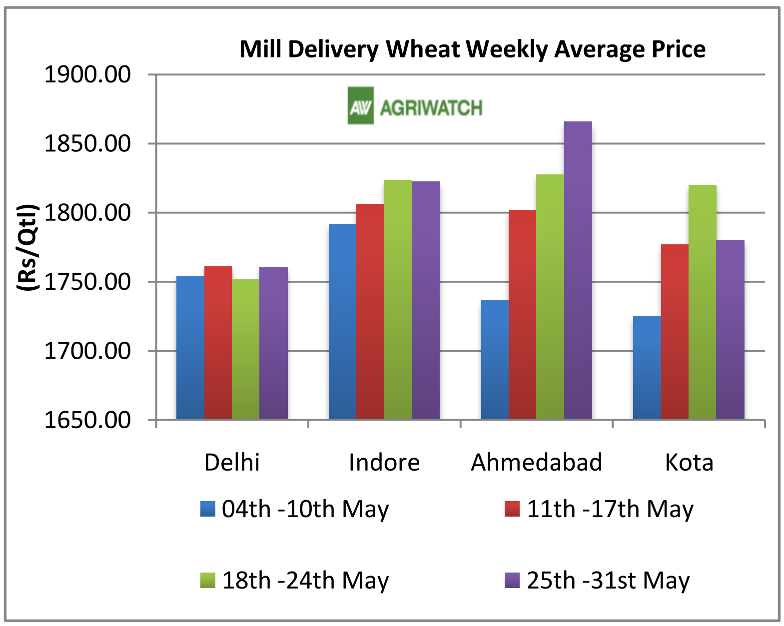
Prices are likely to stay steady to firm due to decrease in arrivals from north and central India. Government has increased import duty from 20 percent to 30 percent to curb imports and provide support to domestic prices. However, domestic market is still under pressure due to good availability and normal monsoon. Government has surpassed its procurement target and can easily tackle any unexpected increase in prices.



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

Average mill delivery prices of Wheat traded firm in Ahmedabad, Delhi and Indore during 25th -31st May. Prices are expected to remain steady to firm in the week.

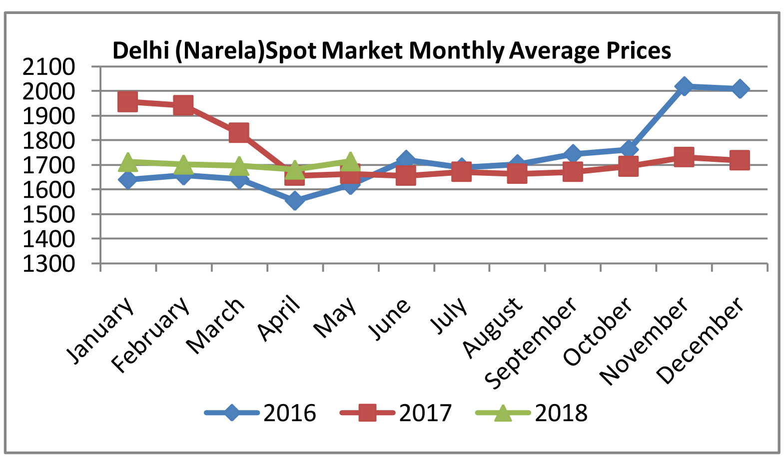
Prices are getting support from decision of government to increase import duty for curbing imports. However, ample stocks and forecast for good monsoon rains is weighing on prices of wheat. Good monsoon will help in increasing soil moisture which will in turn lead to good yield and increased grain size. As of now traders are waiting for government to announce its reserve price for selling wheat in open market.



Wheat Delhi Average Monthly Price:

Wheat spot market Delhi (Narela) average price increased from Rs 1682.25 in April-2018 to Rs 1715.00 per quintal in May-2018.

The prices are firm by 1.95 percent compared to last month and firm by 3.06 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:

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According to latest update, India exported around 4.24 thousand tonne wheat in the month of April-2018.

It is around 2.4 thousand tonnes higher compared to export quantity (1.84 thousand tonne) in March-2018.Overall condition for Indian wheat export is not favourable and export volume would remain low in coming months.

Export volume would increase but not much as prices in domestic market still rule higher and other exporting countries are offering wheat at cheaper price ($36 to $81 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 (Lakh Tonnes)	Average FoB ($/T)	CBOT Average Quotes ($/MT)
Apr 13 to Mar 14	*55.59*	*282.82*	*241.6*
Apr-14 to Mar-15	*27.5*	*279.96*	*230.37*
Apr-15 to Mar-16	*2.01*	*294.88*	*179.9*
Apr-16 to Mar-17	*2.65*	*338.38*	*157.04*
Apr-17 to Mar-18	*2.11*	*NA*	*162.36*
18-Apr	4.24	374.35	174.48
18-May			
18-Jun			
18-Jul			
18-Aug			
18-Sep			
18-Oct			
18-Nov			
18-Dec			
19-Jan			
19-Feb			
19-Mar			
Total 2018-19(000T)	4.24	374.35	174.48

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 April and March-2018 India has not imported wheat. 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 $200.00 per tonne in Russia and $201.50 per tonne in Ukraine. Australia and France are also providing wheat at $225.00 per tonne and Euro 170.50 per tonne. Added capacity at Ukrainian ports has reduced export cost further. Government has increased import duty from 20% to 30% in order to curb imports and provide support to domestic prices.

Source: DGCIS/Trade

Year/Month	Wheat Import (In Thousand Tonne)	Average CiF ($/T)	CBOT Average Quotes ($/MT)
Apr-17 to Mar-18	*1616.97*	*NA*	*162.36*
18-Apr	0.00	NA	174.48
18-May			
18-Jun			
18-Jul			
18-Aug			
18-Sep			
18-Oct			
18-Nov			
18-Dec			
19-Jan			
19-Feb			
19-Mar			
Total 2018-19	0.00	0.00	174.48

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

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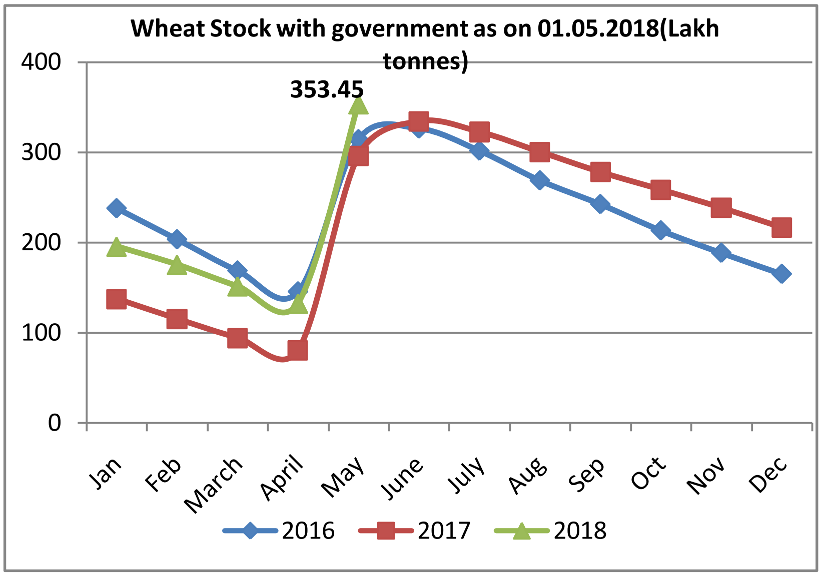
Wheat stock in government's warehouses on 01.05.2018 was around 353.45 lakh tonne. It is higher by 167.14 % from April-2018. Stock in central as on 01st May'18 is highest in last four years. Government has procured intensively and has surpassed its procurement target. Furthermore, government is yet to decide the reserve price at which it will sell wheat in open market. Reserve price for MY 2017-18 was Rs 1790 per quintal.

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:

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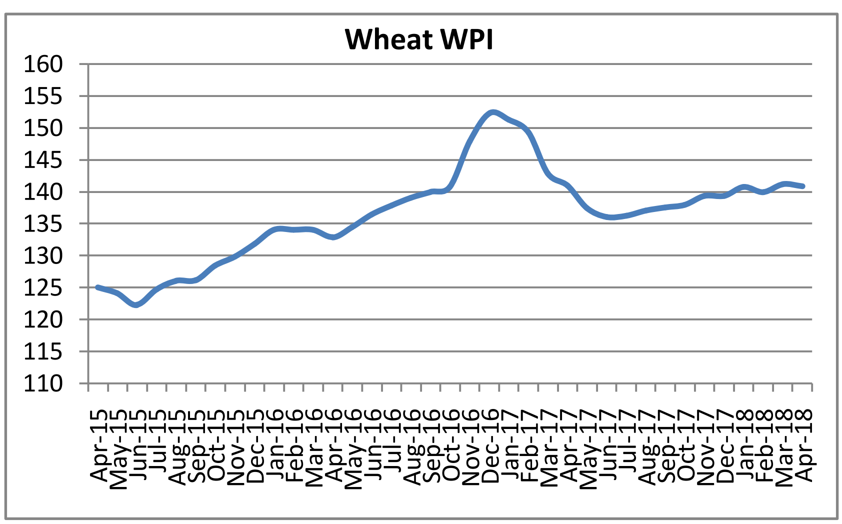
Month/Year	2014	2015	2016	2017	2018
Jan	130	126.3	134.1	151.3	140.8
Feb	128.8	125.9	134.1	149.3	140.0
Mar	127.5	125.9	134.1	142.9	141.2
Apr	123.5	125.1	132.9	141.0	140.9
May	120.9	124.1	134.5	137.5	
Jun	120.4	122.3	136.5	136.1	
Jul	121.9	124.8	137.9	136.3	
Aug	122.5	126.1	139.1	137.1	
Sep	121.8	126.2	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 141.2 in March-2018 to 140.9 in April-2018. Monthly wheat inflation has decreased by 0.21 percent in March - 2018 compared to previous month. As compared to March -2017 wheat WPI has decreased by around 0.07 percent.

Food grains WPI increased by 0.1 in April-18 to 140.4 compared to 140.3 in March-18.

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



Monthly Average Spot Prices

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Monthly Average Prices At Various Market(Rs/Quintal)					
	Delhi	Indore	Kota	Rajkot	Chennai
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
18-May	1753.52	1808.6	1773.46	1753.89	2100.77

Source: Agriwatch

Monthly Price Comparison of Spot Markets

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Spot Market Price:							
Centre	Market	Variety	Prices (Rs/Qtl)				
			Today	Yesterday	Week Ago	Month Ago	Year Ago
			1-Jun-18	31-May-18	25-May-18	1-May-18	1-Jun-17
Delhi	Lawrence Road	Mill Delivery	1760	1760	1760	1720	1745
	Narella	Mill Quality Loose	1725	1730	1735	1660	1665
	Nazafgarh	Mill Quality Loose	1700	1700	1700	1650	1630
Gujarat	Rajkot	Mill Delivery	1720	1740	1665	1610	1480
	Ahmedabad	Mill Delivery	1820	1870	1840	1725	1635
	Surat	Mill Quality Loose	1900	1930	1900	1790	1665
	Dhrol	Mill Delivery	1750	1765	1675	1710	1850
M.P.	Indore	Mill Quality Loose	1725	1725	1750	1700	NA
	Bhopal	Mill Delivery	1900	1900	1750	1650	NA
Rajasthan	Kota	Mill Quality Loose	1700	1700	1680	1630	1480
		Mill Delivery	1780	1780	1780	1750	1570
U.P.	Kanpur	Mill Delivery	1715	1725	1725	1715	1740
	Mathura	Mill Quality Loose	1610	1610	1650	1560	1565
	Kosi	Mill Quality Loose	1580	1580	1650	1580	1575
	Hathras	Mill Quality Loose	1745	1745	NA	1660	1580
	Aligarh	Mill Quality Loose	1740	NR	1590	1580	1570
Punjab	Khanna	Mill Quality Loose	1735	1710	1735	1735	1600
	Ludhiana (Jagraon)	Mill Delivery	NA	NA	NA	1760	1750
Haryana	Sirsa	Mill Delivery loose	1745	1735	1740	1735	1625
	Hodal	Mill Delivery	1710	1715	1715	1750	1700
	Bhiwani	Mill Quality Loose	1740	1740	1735	1720	1610
	Karnal	Mill Quality Loose	NA	NA	NA	NA	1630
	Panipat	Mill Quality Loose	NA	1735	1735	1735	1625
Tamil Nadu	Chennai	Mill Quality	2175	2175	2175	2050	1950
	Madurai	Mill Quality	2232	2300	2300	2107	2100
	Coimbatore	Mill Quality	2232	2350	2350	2107	2150
Bihar	Khagariya	Mill Delivery	1550	1500	1550	1550	1650
	Muzaffarpur	Mill Delivery	1475	1475	1480	1550	1550

Monthly Arrivals at Delhi

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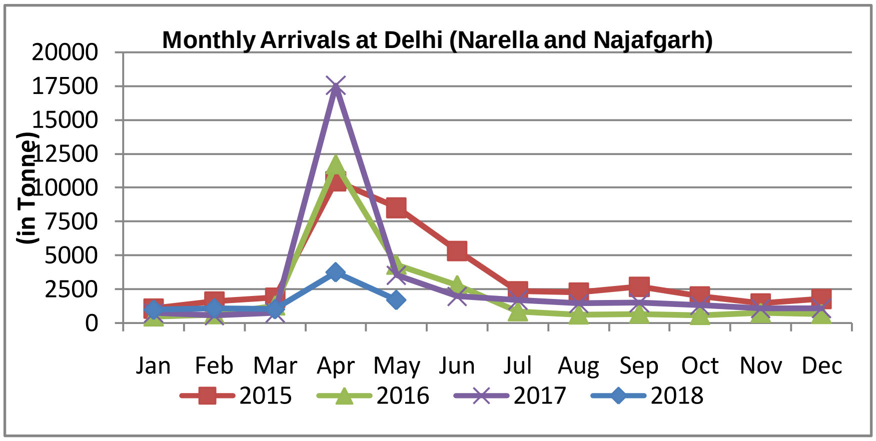
Arrivals in Delhi region (Narela and Najafgarh) decreased to 1710 tonnes in May-2018 compared to 3750 tonnes in April-2018. Currently wheat is being traded around Rs 1715-1725 per quintal in Narela.



Domestic Outlook:

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

MSP Vs Mill Delivery Prices

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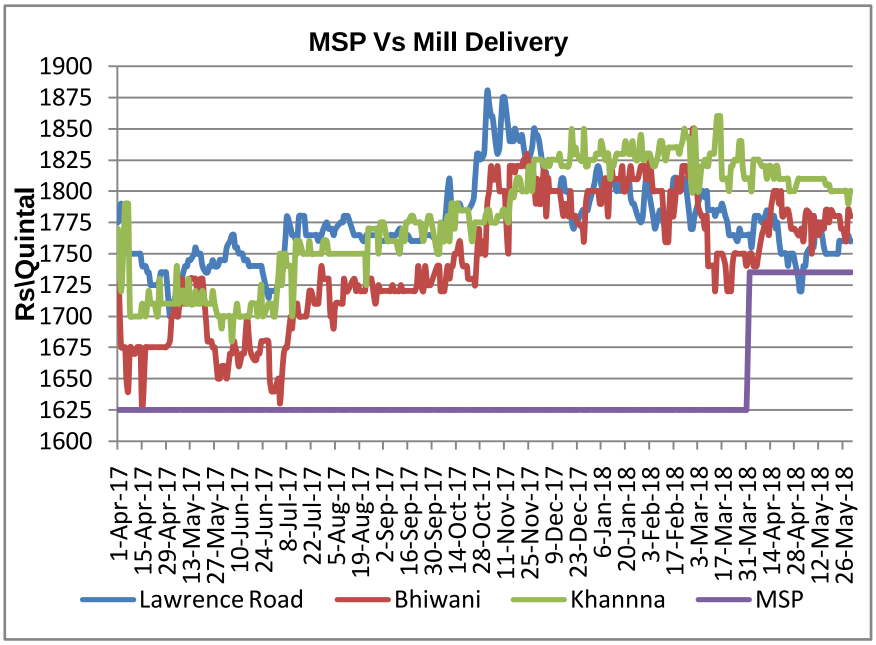
Procurement season is coming to end and government has already surpassed its procurement target. Prices in major procurement states have already started showing a slight downfall due to end of procurement season.

As of now prices are moving above MSP and are likely to move steady to firm in coming weeks.

Government increased minimum support price (MSP) of wheat from Rs1625 per quintal in 2017-18 to Rs1735 per quintal in 2018-19. Madhya Pradesh provided additional bonus of Rs 200 per quintal over MSP of Rs 1735 per quintal.



Wheat Technical Analysis:

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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 below 9 and 18 days EMAs.*
- *Candlesticks are denoting steady to weak movement in past weeks.*

Strategy: Buy

			S1	**S2**	**PCP**	**R1**	**R2**
Wheat	NCDEX	C1	1695	1670	1781	1935	1965
Monthly Trade Call			**Call**	**Entry**	**T1**	**T2**	**SL**
Wheat	NCDEX	C1	Buy	Above 1770	1845	1900	1725

* Do not carry-forward the position next month.

International Market Dynamics **(Back to Table of Contents)**

Russian milling wheat prices remained weak by $1-2 per tonne in Novorossiysk and $10-11 per tonne at Odessa compared to last week. *Trading activity is low as traders are waiting for new crop that is likely to approach market soon. Russia is expected to produce around 74 MMT of wheat in 2018-19. As of now Russian milling wheat with 12.5% protein content at Novorossiysk port is being quoted at FoB $208.00-211.00/tonne whereas milling wheat whereas wheat with 12.5% protein content at Odessa is being quoted at FoB $197.00-202.00/tonne.*

Algeria state grains agency OAIC has bought around 90000-120000 tonnes of milling wheat *in a tender. The prices paid were in the range of $229.00-230.00 per tonne (Cost and Freight). Origin of wheat is optional but most of it likely to be from France. The country does not disclose the results of its tenders and purchase reports are based on trade assessments.*

As per latest update, Egypt's top administrative court has decided to freeze the order of lower court for banning ergot completely. *Furthermore it has also allowed import of wheat with marginal levels. Egypt is the largest importer of wheat and receives almost 33 percent of Russian Wheat.*

Wheat prices are gaining around the globe in major producing countries due to unfavourable weather conditions. *Extreme heat in US HRW (Hard Red Winter) areas, Dry weather in Australia, enhancement in dry conditions in Southern Russia and Canadian prairies is threatening yields. Russia has already reduced its total grain crop by 5 MMT. Therefore new crop prices are likely to remain firm given; no improvement in current condition is seen.*

As per latest update, Japan's ministry of agriculture bought 96870 MMT of food quality wheat from United States and Canada. *Around 63735 MMT has been bought from United States and around 33135 MMT with minimum 13.5 percent protein content has been bought from Canada. Shipments from United States and Canada will be loaded between June 21 and July 20, 2018.*

As per latest Update, Iraq's state grains board has purchased around 100000 tonnes of hard wheat in a tender. *Of the total quantity 50000 tonnes will be sourced from United States and rest from Australia. In previous tender, Iraq bought 100000 tonnes of Australian wheat at $298 per tonne C&F. Iraq has stepped up its local wheat purchase as well due to drought conditions.*

GASC has purchased 60000 tonnes of Ukrainian wheat *through tender. Louis Dreyfus offered 60000 tonnes at FOB $219.90/tonne. The wheat is to be shipped between June 15-25.*

As per latest update, Moroccan government has decided to give subsidy to wheat millers for using locally harvested wheat. *The subsidy would be 10 dirham's per 100kg of soft wheat. The government has also raised its import duty to 135 percent from 30 percent to reduce imports. Morocco imported around 4.2 MMT of soft wheat and 8.5 LMT of durum wheat.*

A flour mill in Indonesia has bought around 60000 tonnes of wheat at $220-222 per tonne *from black sea due for shipment in August. Indonesia usually imports from Australia. However as prices are ruling higher, black sea is taking advantage of this situation and capturing market share of Australia by providing the required quantity at lower prices.*

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.*

Global Wheat Average FoB

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Month	US SRW2*	US HRW2*	Argentina P1*	Ukraine 12.5%*	Russia 12.5%*	Rouen 11%**	Australia ASW1***	Australia APW2***
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
May-18	226.06	261.00	203.42	208.48	211.78	165.17	291.61	296.13

Source: Reuters

**Figures in $/Tonne*

*** Figures in Euro/Tonne*

**** Figures in AUD/Tonne*

Indicative Freight Quotes

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Date	Freight($/T)	Freight($/T)	Freight($/T)	Freight($/T)
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
04.05.2018	8.87	19.91	42.74	36.90
11.05.2018	8.72	19.85	43.20	37.14
18.05.2018	8.62	19.82	43.30	37.20
25.05.2018	8.41	19.71	43.39	37.18
Vessel Class: Panamax	*PoL: Novorossiysk, PoD: Damietta*	*PoL: Novorossiysk, PoD: Jeddah*	*PoL: Odessa, PoD: Japan*	*PoL: Odessa, PoD: Chittagong*

Source: Reuters

Global Policy Developments

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India: On 23rd May, Import duty on Wheat has been increased from 20% to 30% vide Notification No. 46/2018-Customs.

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.
Source: AMIS

Spot Prices Black Sea Region

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Date	03.05.2018	10.05.2018	16.05.2018	23.05.2018	30.05.2018
Odessa, FOB($/tonnes)					
Milling wheat 12.5%	210.0-213.0	210.0-213.0	210.0-213.0	208.0-212.0	197.0-202.0
Milling wheat 11.5%	205.0-208.0	203.0-205.0	202.0-205.0	199.0-202.0	196.0-198.0
Feed wheat	199.0-202.0	199.0-202.0	199.0-202.0	195.0-200.0	193.0-195.0
Novorossiysk, FOB($/tonnes)					
Milling wheat 12.5%	211.0-216.0	210.0-215.0	210.0-214.0	209.0-213.0	208.0-211.0
Milling wheat 11.5%	204.0-208.0	203.0-207.0	202.0-206.0	199.0-204.0	198.0-202.0
Feed wheat	198.0-202.0	198.0-202.0	198.0-202.0	197.0-202.0	195.0-197.0

Source: Reuters

Forward Prices for 2018 Crop Black Sea Region

Origin	Commodity	Delivery period	Price (USD/MT)	
			23.05.18	30.05.18
Russia	Wheat, 12.5% protein	Aug-Sept	198-205	203-207
Ukraine	Wheat, 11.5% protein	Aug-Sept	194-197	196-198
Ukraine/Russia	Feed wheat	Aug-Sept	185-192	187-192

Source: Reuters

IGC Wheat Balance Sheet (Quantity in MMT)

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IGC Forecast(Fig-In MMT)	2015-16	2016-17 (Estimate)	2017-18 (Forecast)	2018-19(Projected)	
				26.04.2018	24.05.2018
Production	737	754	758	739	742
Trade	166	177	176	179	177
Consumptions	719	737	740	745	746
Carryover stocks	226	244	262	257	258
Y-O-Y change	18	18	18	-	-3
Major Export	67	80	83	72	75

IGC Balance Sheet Highlight:

- *IGC has projected global wheat production to be 742 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 16 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 177 MMT. It is 1 MMT higher compared to forecast for last year and higher by 11 MMT compared to 2015-16.*
- *Consumption has been increased by 1 MMT to 746 MMT for 2018-19. The projection is higher by 9 MMT compared to 2016-17.*
- *Carryout for 2018-19 is projected at 258 MMT compared to forecast of 262 MMT last year. It is higher by around 14 MMT compared to estimate of 2016-17.*

USDA Balance Sheet

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USDA Global Wheat Balance Sheet: 2018-19 Fig. In Thousand Tonne (As on 01.06.2018)							
Country	**Opening Stock 2018-19**	**Production projected 2018-19**	**Domestic Consumption 2018-19**	**Import 2018-19**	**Export 2018-19**	**Ending Stock 2018-19**	**Production 2017-18**
Argentina	250	19,500	5,300	10	14,200	260	18,000
Australia	4,217	24,000	7,200	150	17,000	4,167	21,500
Canada	5,335	32,500	9,600	500	23,500	5,235	30,000
China	126,819	129,000	120,000	4,000	1,200	138,619	129,770
EU	13,074	150,400	129,500	5,500	29,000	10,474	151,581
India	11,754	95,000	98,000	2,000	400	10,354	98,510
Pakistan	4,855	25,500	25,300	30	1000	4,085	26,674
Russia	11,722	72,000	42,000	500	36,500	5,722	84,992
Ukraine	1,704	26,500	9,600	25	17,000	1,629	26,981
U S	29,126	49,568	31,217	3,674	25,174	25,977	47,371
Others	61,608	123,788	272,596	168,466	23,458	57,808	123,002
World total	270,464	747,756	750,313	184,855	188,432	264,330	758,381

Source: USDA

CBOT Futures July-18 Chart:

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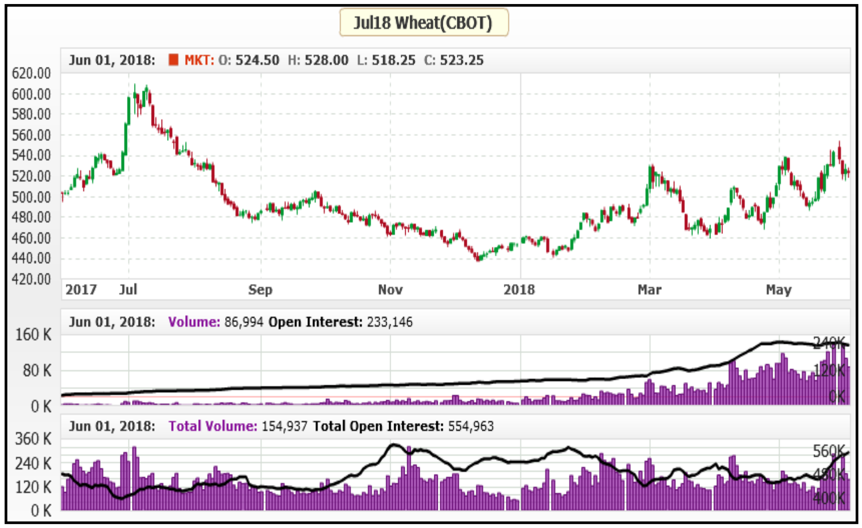
1st Support: 174.00
2nd Support: 172.00
1st Resistant: 214.00
2nd Resistant: 212.00
($ per tonne)



Wheat CBOT closed at $5.23 per bushel. U.S. export sales during 27th April- 24th May was 240100 tonnes compared 593755 tonnes during 23rd March-19th April. On May 30, USDA rated 38% of the winter wheat crop in good to excellent condition, unchanged from last week, and 35% of the winter wheat is in poor or very poor condition.

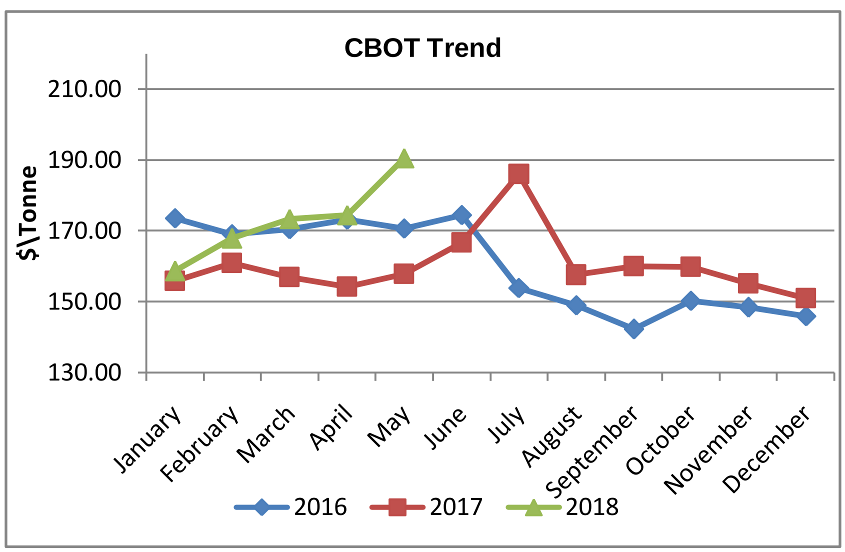
CBOT comparison over period of time:

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-May-18	23-May-18	30-Apr-18	2-Mar-18	30-Nov-17	30-May-17	
Jul-18	191.78	195.09	187.56	189.03	168.36	184.89	3.73
Sep-18	198.03	201.24	193.34	194.26	173.69	188.94	4.81
Dec-18	205.10	208.78	201.06	200.97	180.21	193.99	5.73
Mar-19	211.35	215.11	206.94	206.02	185.17	198.86	6.28
May-19	214.56	218.51	209.42	207.58	188.02	197.94	8.40
Jul-19	215.39	219.52	210.15	207.95	207.58	197.02	9.32

CBOT Trend

CBOT moves within a range from January to June under normal conditions as shown in the chart. However, this year CBOT is not following its usual trend due to lower acreage and weather aberrations.

CBOT average monthly price for May'18 is higher by $ 32.57 per tonne compared to last year for the same month and by $ 15.99 per tonne compared to April'18. As of now, wheat market is facing seasonal pressure due to beginning of harvest in southern plains.



Comparative Month on Month FOB quotes: (Fig in USD/MT) ***(Back to Table of Contents)***

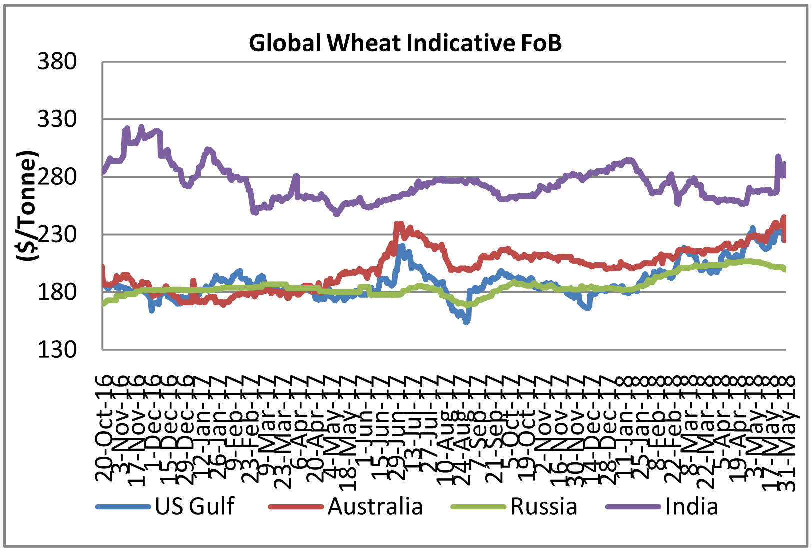
All prices are for SRW/milling grade	1st Dec-17	1st Jan-18	1st Feb-18	1st Mar-18	1st Apr-18	1st May-18	1st June-18
USA	179.80	185.00	193.17	211.24	198.75	229.28	226.41
France	158.25	156.25	157.00	162.25	159.75	163.25	170.50
Australia	207.20	201.60	204.80	216.00	216.80	228.08	225.00
Russia	182.50	183.50	187.00	199.00	203.50	206.50	199.50
India	281.48	287.44	277.47	256.82	261.78	270.78	291.33

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 $265.64-297.66 per tonne.

US and Russian quotes are hovering in the range of $226.06 and $203.60 per tonne respectively. Wheat prices in international markets remained range bound to slightly firm.

Wheat quotes are expected to trade steady to slightly weak and hover in the range of $195 to $260 in coming week.



International Outlook:

Global wheat market is expected to trade steady to slightly weak due to good 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.