Wheat Monthly Research Report

Contents

Market Dynamics: (Back to Table of Contents)

Price Trend: *All India average monthly prices for wheat decreased by 0.06 percent from Rs 1852.93 (in May - 2018) to Rs 1851.8 per qtl in June-2018. Average price (June) is lower by 2.51 percent compared to price (Rs 1899.41 per qtl.) registered in June -2017. Prices are expected to trade steady to firm.*

AW Production Estimate: *As per Agriwatch estimate production is likely to be around 94.0 MMT compared to 95.0 MMT last year. Production is slightly lower this year due to lower acreage. Total availability is likely to decrease to 109.62 MMT from 109.83 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 $82-84 per tonne from Black Sea Region. Russia/Ukraine is offering wheat at $191.50/192.50 per tonne on FoB basis while Indian FoB at Kandla port comes to $274.90 per tonne. India exported 2.30 thousand tonne wheat in May. 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, April or May. 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 $269.57-283.57 per tonne in May. Against it Russia, Ukraine, France, US and Australia were offering wheat at $194.43, $198.33, Euro 171.19, $216.19 and $223.50 per tonne respectively. Wheat prices in international markets witnessed steady to weak tone in May. Russia and Australia are likely to harvest 68.50-69.00 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 155.3 mm of actual rainfall against 163.6 mm of normal rainfall during the month of June-18. During this time period, deficient rainfall was recorded in Uttar Pradesh, Bihar, Orissa, Jharkhand, etc. IMD has already issued its forecast for normal monsoon during June-September'18 and rainfall is expected to be 97% of the LPA. Monsoon usually covers entire India by July 15. However this year monsoon has covered entire country around 16 days earlier.*

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.*

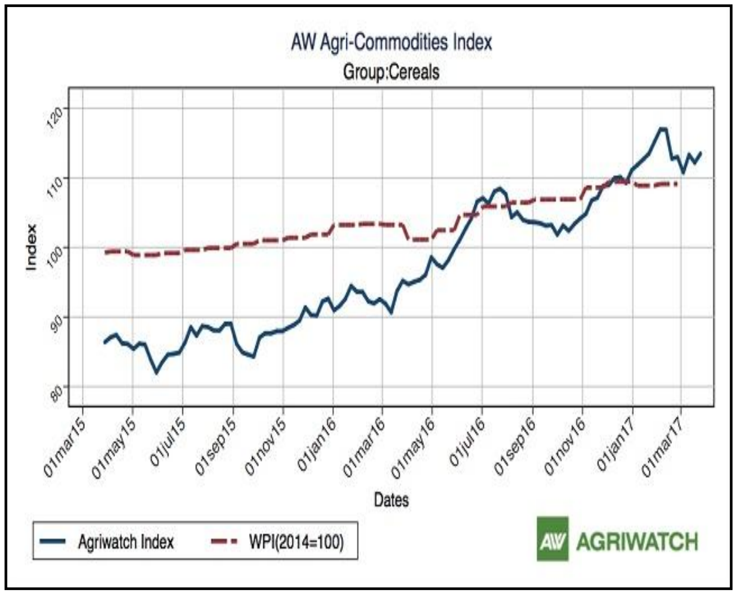
Trade Call: *Stake holders should trade taking care of lower and upper price band of Rs 1750 and 1945 respectively.*

AW Cereals Index:

(Back to Table of Contents)

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:

(Back to Table of Contents)

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**	**84.95**	**61.4**	**37.97**
Production	95	94	94	0	0	0
Imports	1.61	1.0	0.2	0.25	0.35	0.2
Total Availability (A+B+C)	**109.83**	**109.62**	**108.82**	**85.2**	**61.75**	**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**	**84.95**	**61.4**	**37.97**	**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	42.83	31.09	19.23	7.22
Stock to Consumption Ratio	0.02	0.02	1.80	1.31	0.81	0.30

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

Balance Sheet Highlights:

- *Agriwatch expects a production of around 94.00 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 June'18 stood at 437.55 lakh tonnes up by 23.79% compared to last month. This quantity is higher by around 30.85% 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 June'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.

As per India's policy imported cargoes of pulses and wheat needs to be fumigated using methyl bromide. India has extended its policy for crop fumigation by six months i.e. until 31st December' 2018. Methyl bromide was once used as a pesticide but is now banned or restricted in most parts of the world. However Indian government has given exemptions to their methyl bromide rule to allow imports.

Government agencies have started procurement since 15th March'18. Until 25th June'18 government has procured around 355.05 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, 50.88 lakh tonnes from Uttar Pradesh, 72.87 lakh tonnes have been procured from Madhya Pradesh, 15.31 in Rajasthan, 1.08 lakh tonnes from Uttrakhand, 0.14 lakh tonnes from Chandigarh, 0.37 lakh tonnes from Gujarat, 0.09 lakh tonnes from Bihar and 0.01 lakh tonnes from Himachal Pradesh. 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.

Domestic Market Highlights:

US submitted a counter notification last month stating that India's MSP for wheat and rice exceeded allowable levels of trade as per WTO agreement on agricultural methodology. India has denied allegations of underreporting MSP on wheat and rice and restated that its methodology is consistent with WTO regulations. US got support from Australia, Canada, Ukraine, New Zealand, Paraguay and EU. Australia has asked India to resubmit its MSP calculations for all products, not just wheat and rice, based on value of production. Furthermore it has also asked India to provide information regarding bonuses and incentives provided by the state.

As per trade sources, import quotes for wheat from various origins to Tuticorin port, witnessed firm tone in the week. As of now Tuticorin port price for APW is Rs 2300-2310 per quintal, ASW is Rs 2140-2160 per quintal and Ukrainian wheat is Rs 1920-1940 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:

(Back to Table of Contents)

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 22nd June-2018 (Source: FCI)

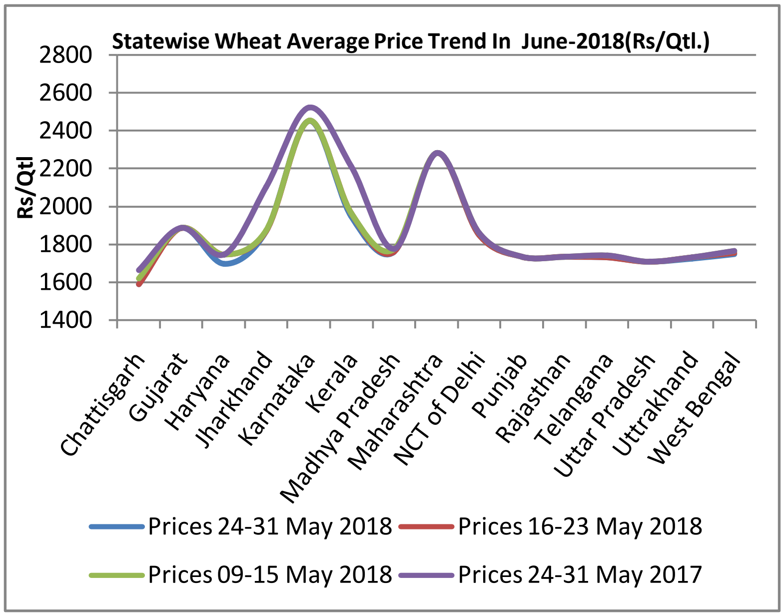
State	Target for Procurement In Marketing Season 2018-19(April To March)	Progressive Procurement As on 22.06.2018 (Fig In Lakh Tonne)		
		In Marketing Season 2018-19	In Marketing Season 2017-18	% Ch Over Previous Year
Gujarat	*0.50*	*0.37*	*0.07*	***428.57***
Haryana	*74.00*	*87.39*	*74.32*	***17.59***
Madhya Pradesh	*67.00*	*72.87*	*67.24*	***8.37***
Punjab	*119.00*	*126.91*	*117.06*	***8.41***
Rajasthan	*16.00*	*15.31*	*12.27*	***24.78***
Uttar Pradesh	*40.00*	*50.88*	*35.62*	***42.84***
Uttrakhand	*1.00*	*1.07*	*0.02*	***5250.00***
All-India	***320.00***	***355.05***	***306.69***	***15.77***

Monthly Average Price Comparison:

(Back to Table of Contents)

All India average monthly prices for wheat decreased by 0.06 percent from Rs 1852.93 (in May -2018) to Rs 1851.8 per qtl in June-2018. Average prices moved steady to weak in all major states including Gujarat, Uttar Pradesh, Karnataka, Maharashtra, Madhya Pradesh, Telangana, etc.

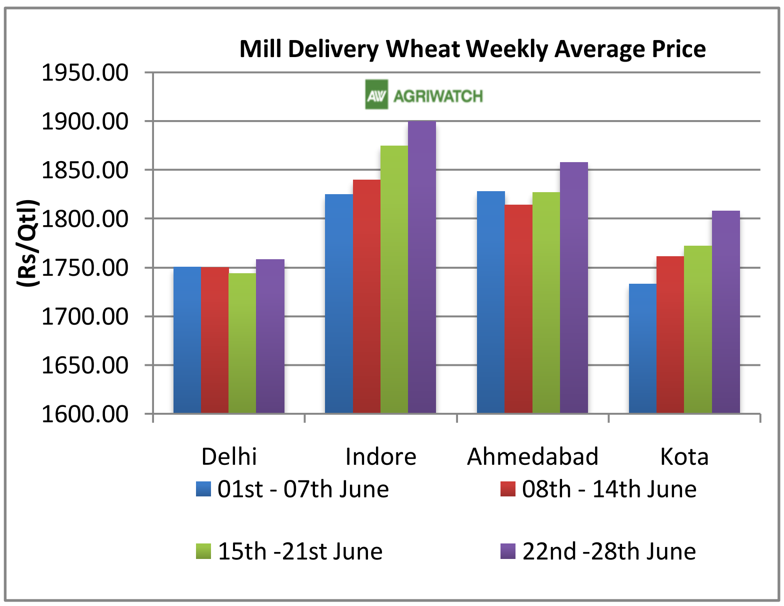
Prices are likely to stay steady to firm due to decrease in arrivals from north and central India. Government has increased import duty from 20 percent to 30 percent to curb imports and provide support to domestic prices. However, domestic market is still under pressure due to good availability and normal 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:

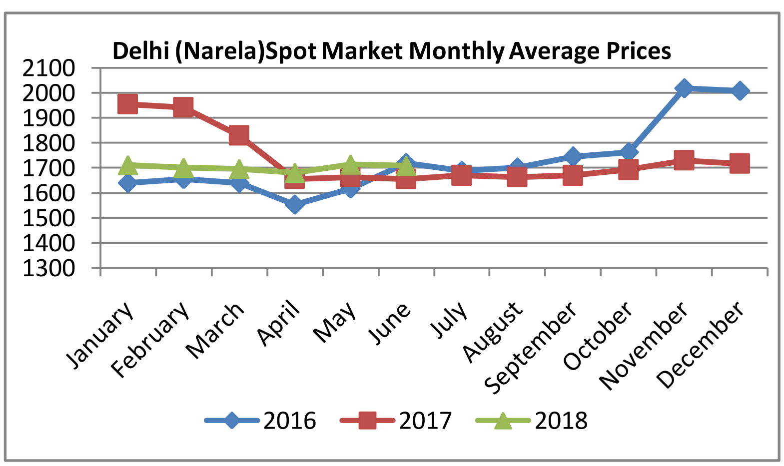
Average mill delivery prices of Wheat traded firm in Delhi, Indore, Ahmedabad and Kota during 22nd -28th June. Prices are expected to remain steady to firm in the week.

Firm sentiments were witnessed last week in various states. Government has procured 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. Abundant supplies this year will allow government to control any unexpected price rise.



Wheat Delhi Average Monthly Price:

Wheat spot market Delhi (Narela) average price decreased from Rs 1715.00 in May-2018 to Rs 1710.24 per quintal in June-2018.
The prices are weak by 0.28 percent compared to last month and firm by 3.34 percent compared to corresponding month last year. Arrivals in Narela have been lower this year since the beginning of MY 2018-19 as government focused on reducing illegal arrival of wheat from neighbouring states.



Wheat Exports:

(Back to Table of Contents)

According to latest update, India exported around 2.30 thousand tonne wheat in the month of May-2018.

It is around 1.94 thousand tonnes lower compared to export quantity (4.24 thousand tonne) in April-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 ruling higher and other exporting countries are offering wheat at cheaper price ($53 to $84 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	2.30	357.87	190.47
18-Jun			
18-Jul			
18-Aug			
18-Sep			
18-Oct			
18-Nov			
18-Dec			
19-Jan			
19-Feb			
19-Mar			
Total 2018-19(000T)	6.54	366.11	182.48

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 $191.50 per tonne in Russia and $192.50 per tonne in Ukraine. Australia and France are also providing wheat at $221.25 per tonne and Euro 179.00 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

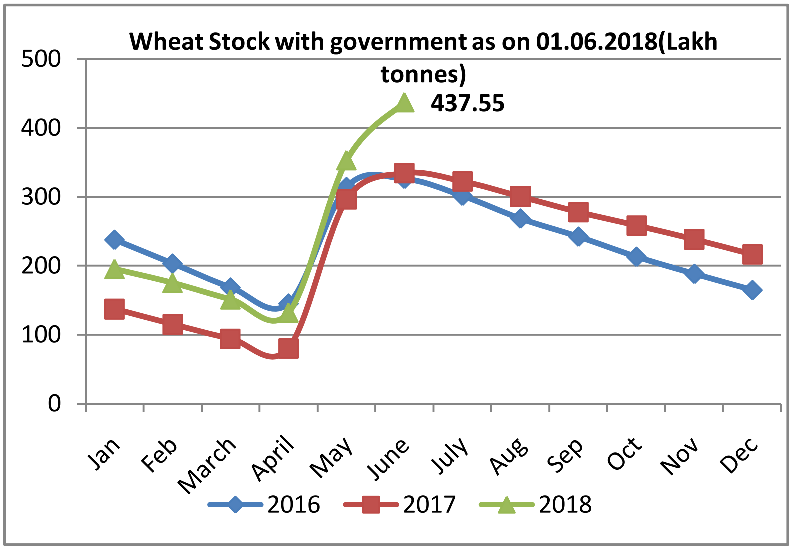
Year/Month	Wheat Import (In Thousand Tonne)	Average CiF ($/T)	CBOT Average Quotes ($/MT)
Apr-17 to Mar-18	*1616.97*	*NA*	*162.36*
18-Apr	0.00	NA	174.48
18-May	0.00	NA	190.47
18-Jun			
18-Jul			
18-Aug			
18-Sep			
18-Oct			
18-Nov			
18-Dec			
19-Jan			
19-Feb			
19-Mar			
Total 2018-19	0.00	0.00	182.48

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

(Back to Table of Contents)

Wheat stock in government's warehouses on 01.06.2018 was around 437.55 lakh tonne. It is higher by 23.79 % from May-2018. Stock in central as on 01st June'18 is highest in last four years. Government has procured intensively and has surpassed its procurement target. Government is yet to decide the reserve price at which it will sell wheat in open market. Reserve price will be set on quarterly basis this year. Furthermore higher reserve price will also provide support to domestic market

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:

(Back to Table of Contents)

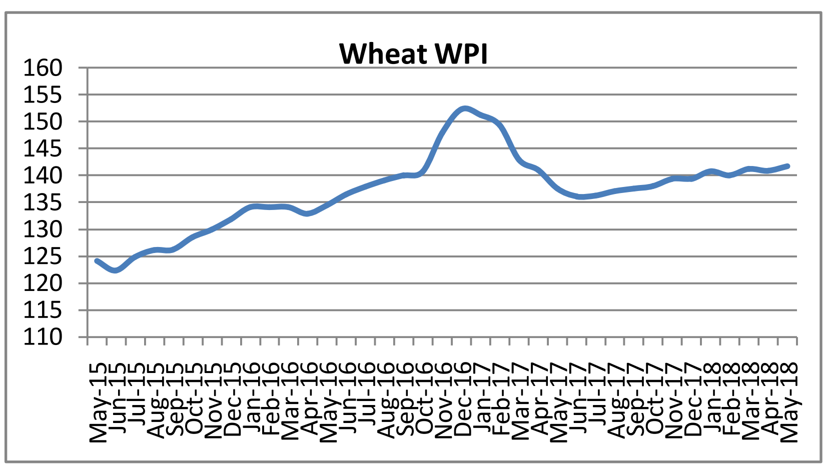
Month/Year	2014	2015	2016	2017	2018
Jan	130	126.3	134.1	151.3	140.8
Feb	128.8	125.9	134.1	149.3	140.0
Mar	127.5	125.9	134.1	142.9	141.2
Apr	123.5	125.1	132.9	141.0	140.9
May	120.9	124.1	134.5	137.5	141.7
Jun	120.4	122.3	136.5	136.1	
Jul	121.9	124.8	137.9	136.3	
Aug	122.5	126.1	139.1	137.1	
Sep	121.8	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 140.9 in April-2018 to 141.7 in May-2018.

Monthly wheat inflation has increased by 0.57 percent in May -2018 compared to previous month. As compared to May-2017 wheat WPI has increased by around 3.05 percent. Wheat WPI is expected to stay steady to slightly firm in coming months.

Food grains WPI increased by 0.4 in May-18 to 140.8 compared to 140.4 in April-18.

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



Monthly Average Spot Prices (Back to Table of Contents)

Monthly Average Prices At Various Market(Rs/Quintal)					
	Delhi	**Indore**	**Kota**	**Rajkot**	**Chennai**
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
18-Jun	1752.60	1857.14	1782.80	1802.50	2146.00

Source: Agriwatch

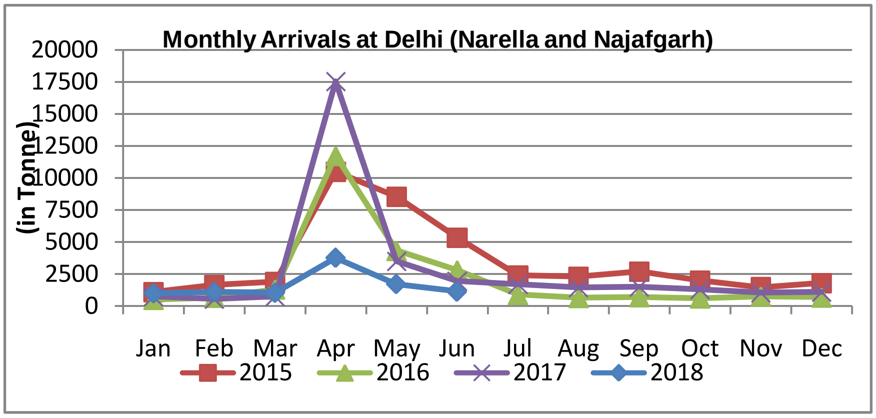
Monthly Price Comparison of Spot Markets (Back to Table of Contents)

Spot Market Price:							
Centre	Market	Variety	Prices (Rs/Qtl)				
			Today	Yesterday	Week Ago	Month Ago	Year Ago
			3-Jul-18	2-Jul-18	26-Jun-18	3-Jun-18	3-Jul-17
Delhi	Lawrence Road	Mill Delivery	1770	1765	1760	1755	1725
	Narella	Mill Quality Loose	1710	1715	1715	1715	1630
	Nazafgarh	Mill Quality Loose	1725	1725	1755	1700	1635
Gujarat	Rajkot	Mill Delivery	1735	1730	1725	1740	NA
	Ahmedabad	Mill Delivery	1870	1865	1865	1835	NA
	Surat	Mill Quality Loose	1925	1920	1900	1900	NA
	Dhrol	Mill Delivery	1730	1925	1815	1785	NA
M.P.	Indore	Mill Quality Loose	1750	1775	1800	1725	1625
	Bhopal	Mill Delivery	1945	1970	2100	1900	1600
Rajasthan	Kota	Mill Quality Loose	1725	1725	1715	1700	NA
		Mill Delivery	1825	1825	1800	1780	NA
U.P.	Kanpur	Mill Delivery	1740	1740	1735	1715	1740
	Mathura	Mill Quality Loose	1610	1610	1640	1610	NA
	Kosi	Mill Quality Loose	1580	1570	1575	1580	1500
	Hathras	Mill Quality Loose	1630	1620	1625	1745	1515
	Aligarh	Mill Quality Loose	1610	1600	1600	1610	1525
Punjab	Khanna	Mill Quality Loose	1690	1690	1700	1725	1625
	Ludhiana (Jagraon)	Mill Delivery	NA	NA	NA	NA	NA
Haryana	Sirsa	Mill Delivery loose	1750	1745	1730	1745	1630
	Hodal	Mill Delivery	1745	1745	1715	1710	1685
	Bhiwani	Mill Quality Loose	1700	1690	NR	1740	1600
	Karnal	Mill Quality Loose	NA	NA	NA	NA	NR
	Panipat	Mill Quality Loose	NA	NA	NA	NA	1625
Tamil Nadu	Chennai	Mill Quality	2150	2100	2140	2175	NA
	Madurai	Mill Quality	2207	2300	2250	2300	NA
	Coimbatore	Mill Quality	2207	2350	2300	2350	NA
Bihar	Khagariya	Mill Delivery	1500	1500	1550	1550	1650
	Muzaffarpur	Mill Delivery	1550	1525	1475	1475	1550

Monthly Arrivals at Delhi

(Back to Table of Contents)

Arrivals in Delhi region (Narela and Najafgarh) decreased to 1116 tonnes in June-2018 compared to 1710 tonnes in May-2018. Currently wheat is being traded around Rs 1700-1720 per quintal in Narela.



Domestic Outlook:

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

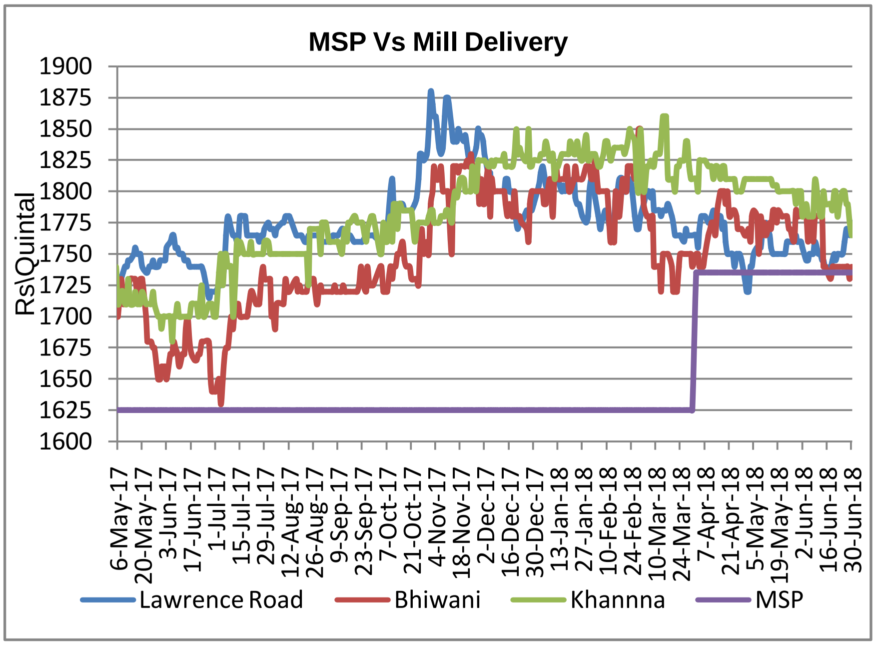
MSP Vs Mill Delivery Prices

(Back to Table of Contents)

Procurement season has ended and government has procured 3.5 MMT more than their target of 32 MMT. Prices are likely to pick up with upcoming festive demand.

As of now mill delivery prices in Lawrence road, Karnal and Khanna market 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:

(Back to Table of Contents)

Wheat – Technical Outlook							C1 Continuous Chart

Technical Commentary:

- *Rise in price and fall in open interest indicates short covering.*
- *RSI is moving in overbought region.*
- *Prices closed below 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	1770	1750	1828	1930	1945
Monthly Trade Call			**Call**	**Entry**	**T1**	**T2**	**SL**
Wheat	NCDEX	C1	**Buy**	Above 1820	1855	1910	1799

* Do not carry-forward the position next month.

International Market Dynamics

(Back to Table of Contents)

Russian milling wheat prices became firm by $0-3 per tonne at Novorossiysk and $2-3 per tonne at Odessa compared to last week. *Harvesting in southern regions of both Ukraine and Russia has started that is keeping prices under pressure. As of now Russian milling wheat with 12.5% protein content at Novorossiysk port is being quoted at FoB $195.00-199.00/tonne whereas milling wheat whereas wheat with 11.5% protein content at Odessa is being quoted at FoB $188.00-192.00/tonne.*

Egypt has procured 3.15 MMT of local wheat in this season compared to 3.6 MMT in last season. *As per traders, local wheat has been purchased by the private sector at $222.16 per tonne while the government was buying at around $ 203.27 per tonne. The price gap created an opportunity for private sector to pay for local wheat in Egyptian pound rather than USD. Lower wheat procurement is indicating that GASC has to import more to fill its supply gap.*

China's acreage for quality wheat increased by around 2.5 percent to 30 percent. *Yield for wheat was low due to rains during sowing and low temperature in April. Therefore increased acreage may offset some damage to yield caused by weather aberration. As of now agricultural production is being impacted as parts of northeast is facing drought and there are constant rains in south.*

As per latest update, Japan's ministry of agriculture bought 91188 MT of food quality wheat from United States and Australia. *Around 65943 MT has been bought from United States and 25245 MT of standard white wheat has been bought from west Australia. Shipments from United States and Australia will be loaded between Aug 01 and Aug 31, 2018.*

GASC has purchased 60000 tonnes of Russian wheat through tender. *Aston offered 60000 tonnes at FoB $201.95 per tonne.*

ABARES has cut wheat output in Australia to 21.9 MMT from 23.7 MMT in its previous forecast. As of now Australia is in need of rains for crop development. *Western region has been supported by rains in past days whereas eastern region is still waiting for rains. Last year also Australia produced 21.2 MMT in 2017-18.*

As per Russian Grain Union, Russia is likely to produce 68-69 MMT of wheat. Low rains during May and June is likely to cut yields by around 30 percent. *Farmers have not bought fertilizers and crop-protection chemicals due to lower profit margins; this implies that the crop is more susceptible to weather aberrations this year. Wheat CBOT has increased by around 22 percent this year and is likely to stay bullish in near future.*

Russia was able to export around 1.14 MMT of wheat to Australia during July'17-March-18. *Black sea region was able to capture market share in Indonesia due to its competitive pricing and lower freight rates. Russian wheat is also being used in various flour blends in Indonesia.*

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.*

Global Wheat Average FoB

(Back to Table of Contents)

Month	US SRW2*	US HRW2*	Argentina P1*	Ukraine 12.5%*	Russia 12.5%*	Rouen 11%**	Australia ASW1***	Australia APW2***
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	293.13
June-18	216.21	247.86	203.73	199.24	202.26	170.69	301.95	302.85

Source: Reuters

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

Indicative Freight Quotes

(Back to Table of Contents)

Date	Freight($/T)	Freight($/T)	Freight($/T)	Freight($/T)
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
01.06.2018	8.54	19.84	42.78	36.70
08.06.2018	10.08	21.16	42.51	36.48
15.06.2018	10.27	21.79	42.47	36.29
22.06.2018	9.33	21.05	42.05	36.09
29.06.2018	9.46	21.16	41.72	35.69
Vessel Class: Panamax	PoL: Novorossiysk, PoD: Damietta	PoL: Novorossiysk, PoD: Jeddah	PoL: Odessa, PoD: Japan	PoL: Odessa, PoD: Chittagong

Source: Reuters

Global Policy Developments (Back to Table of Contents)

__Brazil:__ On 21 May, Brazileased the phytosanitary requirements applicable to imports of Russian wheat (see AMIS Market Monitor no. 55). Higher tolerance levels of weed seeds are applied if the imported wheat is destined to further processing at plants that are registered with the Brazilian National Organization of Phytosanitary Protection (ONPF).

__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.

__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 (Back to Table of Contents)

Date	30.05.2018	06.06.2018	13.06.2018	20.06.2018	27.06.2018
Odessa, FOB($/tonnes)					
Milling wheat 12.5%	197.0-202.0	197.0-202.0	199.0-204.0	196.0-201.0	193.0-198.0
Milling wheat 11.5%	196.0-198.0	194.0-196.0	194.0-197.0	190.0-195.0	188.0-192.0
Feed wheat	193.0-195.0	188.0-191.0	190.0-193.0	184.0-190.0	184.0-187.0
Novorossiysk, FOB($/tonnes)					
Milling wheat 12.5%	208.0-211.0	203.0-206.0	204.0-207.0	197.0-202.0	195.0-199.0
Milling wheat 11.5%	198.0-202.0	195.0-197.0	195.0-198.0	190.0-195.0	190.0-193.0
Feed wheat	195.0-197.0	187.0-192.0	186.0-191.0	185.0-190.0	181.0-187.0

Source: Reuters

Forward Prices for 2018 Crop Black Sea Region

Origin	Commodity	Delivery period	Price (USD/MT)	
			20.06.2018	27.06.2018
Russia	Wheat, 12.5% protein	Sept-Oct	202-207	201-205
Ukraine	Wheat, 11.5% protein	Sept-Oct	192-196	192-195
Ukraine/Russia	Feed wheat	Sept-Oct	182-185	184-188

Source: Reuters

IGC Wheat Balance Sheet (Quantity in MMT)

(Back to Table of Contents)

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

(Back to Table of Contents)

USDA Global Wheat Balance Sheet: 2018-19 Fig. In Thousand Tonne (As on 01.07.2018)

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	13,500	260	18,000
Australia	5,098	24,000	7,500	150	17,000	4,748	21,500
Canada	5,406	32,500	9,600	500	23,500	5,306	30,000
China	126,819	129,000	120,000	4,000	1,200	138,619	129,770
EU	13,074	149,400	128,500	5,500	29,000	10,474	151,581
India	13,203	97,000	98,000	500	400	12,303	98,510
Pakistan	4,830	25,500	25,300	10	1000	4,040	26,674
Russia	10,722	68,500	39,500	500	35,000	5,222	84,992
Ukraine	1,704	26,500	9,600	25	17,000	1,629	26,981
U S	29,398	49,736	31,216	3,700	26,000	25,737	47,371
Others	62,226	123,050	272,733	168,806	23,168	57,821	122,837
World total	272,730	744,686	747,249	183,701	186,768	266,159	758,216

Source: USDA

CBOT Futures July-18 Chart:

(Back to Table of Contents)

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

Wheat CBOT closed at $4.80 per bushel. U.S. export sales during 25th May- 21st June was 1347057 tonnes compared 240100 tonnes during 25th April- 24th May. On June 25, USDA reported winter wheat harvest was 41% complete, ahead of the 5-year average of 33%. USDA rated the winter wheat crop 35% good to excellent, down from 39% a week ago and 34% of the winter wheat is in poor or very poor condition.

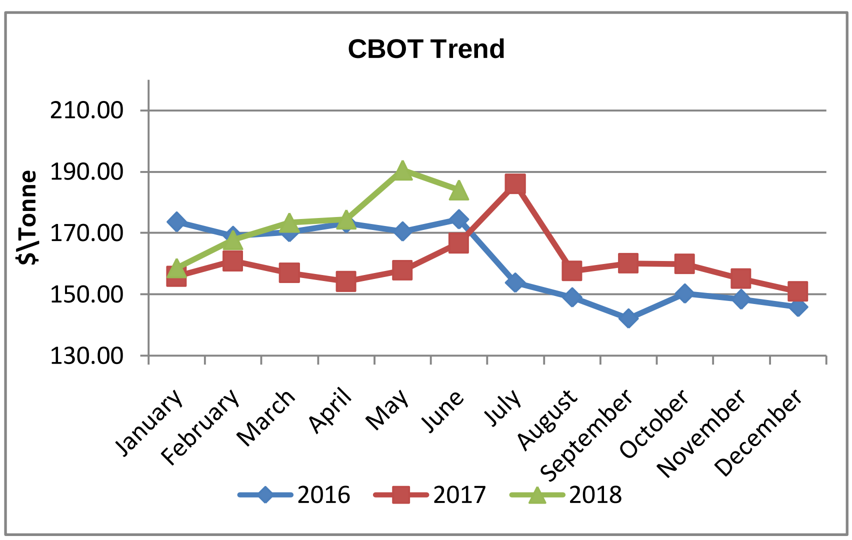
CBOT comparison over period of time:

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-Jun-18	23-Jun-18	30-May-18	30-Mar-18	30-Dec-17	30-Jun-17	
18-Jul	176.17	181.95	199.50	170.01	166.89	193.25	-8.84
18-Sep	177.64	186.18	205.65	176.17	171.48	196.83	-9.75
18-Dec	183.52	192.15	212.54	184.07	177.45	202.35	-9.31
19-Mar	189.30	198.21	218.42	189.95	181.68	205.56	-7.91
19-May	193.62	202.44	221.27	193.16	184.25	206.48	-6.23
19-Jul	195.46	204.00	221.63	195.46	186.36	201.70	-3.10

CBOT Trend

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

CBOT average monthly price for June'18 is higher by $ 17.31 per tonne compared to last year for the same month and lower by $ 6.48 per tonne compared to May'18. USDA in its annual acreage report of June 29 estimated all wheat acreage up by 4 percent compared to 2017 and by 1 percent compared to prospective planting forecast given in March-18.



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

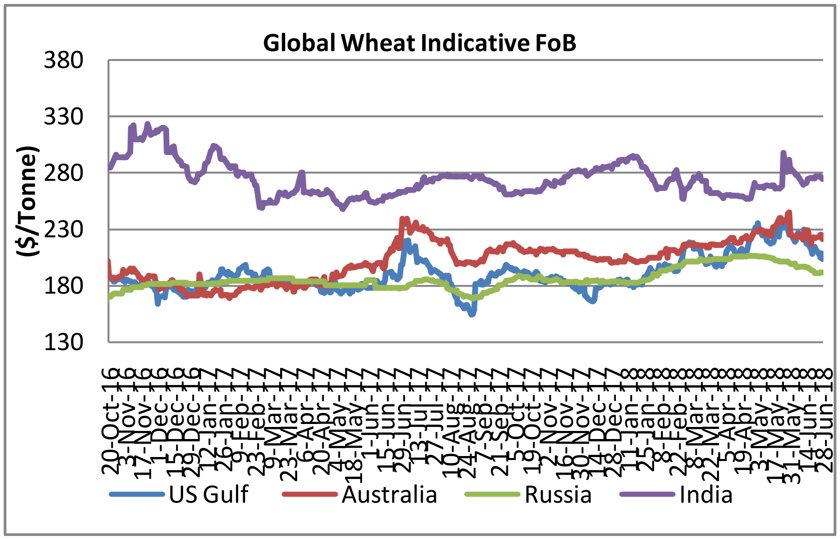
All prices are for SRW/milling grade	1st Jan-18	1st Feb-18	1st Mar-18	1st Apr-18	1st May-18	1st June-18	1st July-18
USA	185.00	193.17	211.24	198.75	229.28	226.41	210.07
France	156.25	157.00	162.25	159.75	163.25	170.50	179.00
Australia	201.60	204.80	216.00	216.80	228.08	225.00	221.25
Russia	183.50	187.00	199.00	203.50	206.50	199.50	191.50
India	287.44	277.47	256.82	261.78	270.78	291.33	274.90

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 $269.57-283.57 per tonne.

US and Russian quotes are hovering in the range of $216.19 and $194.43 per tonne respectively. Wheat prices in international markets remained steady to slightly firm in last week.

Wheat is expected to trade steady to slightly firm and hover in the range of $180 to $255 in coming week.



International Outlook:

Global wheat market is expected to trade steady to slightly firm due to unfavourable weather conditions in major producing regions. 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.