



# **Wheat Weekly Research Report**

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**Wheat Domestic Market Fundamentals:-**

All India weekly average prices increased by 6.08 percent to Rs. 1881.04 per quintal during the week ended 31st March 2017. Wheat average price were ruling at Rs 2002.83 per quintal during 16-23 March 2017. As compared to prices in the week 24-31 March 2016, the prices are firm by 9.15 percent. Prices are expected to remain range bound to slightly weak in coming days.

As per market sources, for speedy procurement of wheat and elimination of middlemen in the process of wheat procurement in Uttar Pradesh, government has decided to establish 5000 procurement centers. Government in Uttar Pradesh has announced that around 80 lakh tonnes of wheat will be procured. Of this total quantity 70 lakh tonnes will be purchased by state government and rest 10 lakh tonnes by FCI.

As per market sources wheat stock in central pool as on 16th March'17 is 8.57 MMT, which is lowest in last ten years. Due to lower production in the last two years government has to increase its release in OMSS to keep the prices under control which led to lower stocks. Last marketing season government was able to procure only 22.9 MMT. As good crop is expected this year, Government has kept a target of 33 MMT in current marketing season.

Wheat WPI has decreased from 250.3 in January to 247.7 in February-2017. Monthly wheat inflation has decreased by 1.04 percent in February-17 compared to January-17. As compared to February-16, wheat WPI has increased by around 8.36% and by 14.36% compared to February -2015.

As per second advance estimate for 2016-17 wheat production is likely to be around 96.6 MMT which is higher compared to fourth advance estimate of 93.5 MMT issued in 2015-16. This year overall acreage is higher by around 4.5% over normal acreage of 304.05 lakh hectares.

As per latest update, area sown until 03 February'17 is 317.81 lakh hectares compared to 297.25 lakh hectares in the previous Rabi season. Among various States, the area is down in Jammu & Kashmir and Karnataka, whereas Punjab, Haryana and Uttar Pradesh have seen an increase in area compared to corresponding date of last year. The normal area is 304.05 lakh hectares. Area is expected to be higher this year as government has increased MSP of wheat which has motivated farmers to sow more area.

Agriwatch has given its preliminary production estimate of 94.7 MMT for 2017-18. Carryout is expected to be around 12.18 MMT. Availability would be 107.18 MMT, higher compared to last year on account of increased production. Consumption is likely to be around 94 MMT.

**Latest Developments In Domestic Markets: -**

Government has imposed 10 percent import duty on wheat in order to restrict imports and provide favorable grounds for domestic crops. In the current MY 2016-17, more than 4.5 MMT of wheat has already been imported. India is expecting a good crop this year and government has set a procurement target of 33 MMT higher by 10% compared to last year. Currently Australian and Ukrainian FoB are coming around \$179/tonne and \$185/tonne.

Indian FoB quote is hovering around \$262.02 per tonne. Against it Russia, Ukraine, France, US and Australia are offering wheat at \$184.7, \$186.2, \$163.65, \$181.24 and \$177.28 per tonne respectively. The latest consignments from Australia landed at Tuticorin (28901 T), Cochin port (1000 T) and Mangalore (4000 T) at CiF of \$239.42, \$243.6 and \$226.02 per tonne respectively. Around 1500 tonne and 94665 tonne of wheat have been imported from France and Ukraine respectively.

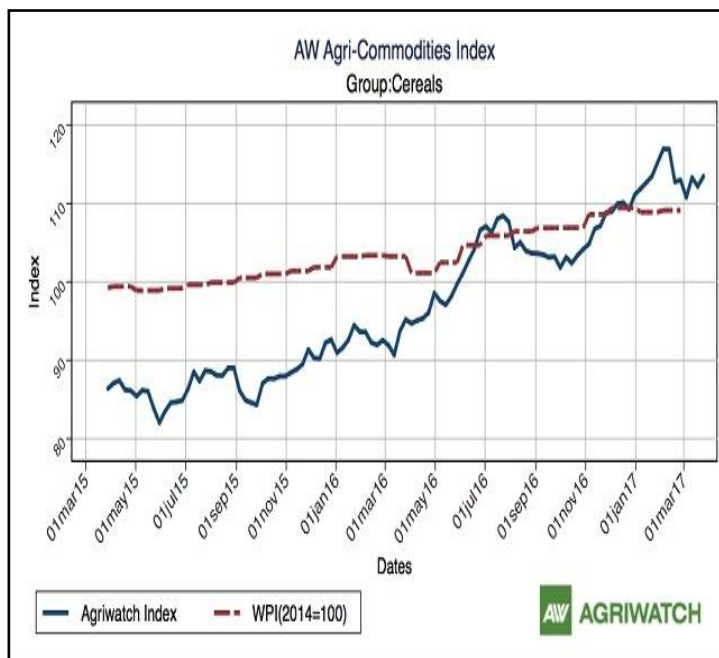
**Outlook & Recommendation:-**Wheat cash market is expected to trade steady to slightly weak in the coming week.

**Trade Call:** Stakeholders should trade in April contract taking care of lower and upper price tag of Rs 1616 & 1731 respectively.

### Agriwatch 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).

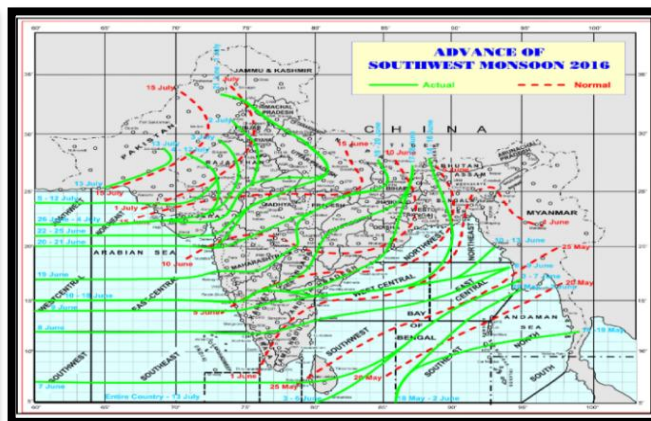
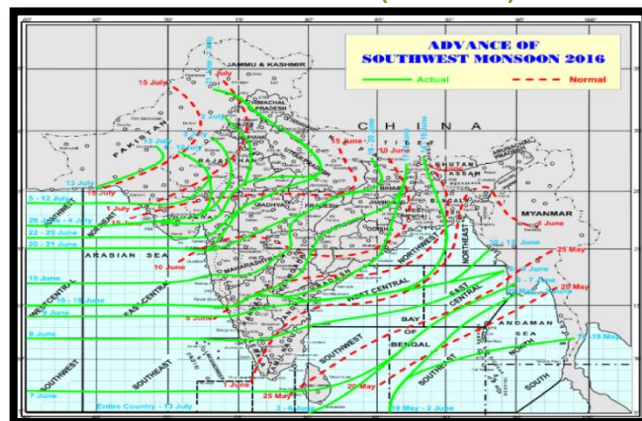
Seven of the 9 commodity group sub-Indices and 15 of the 29 individual commodity sub-Indices that constitute the main Index gained during the week. Spices and Sweeteners were the only declining groups this week. The commodity group sub-Index values and their weekly changes are as follows: Cereals: 113.47 (+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](http://www.agriwatch.com). The daily indices are available on subscription. Please contact for more details."

### Weather Condition & Monsoon Progress:

**Last week 02.09.2016/This week (08.09.2016)**

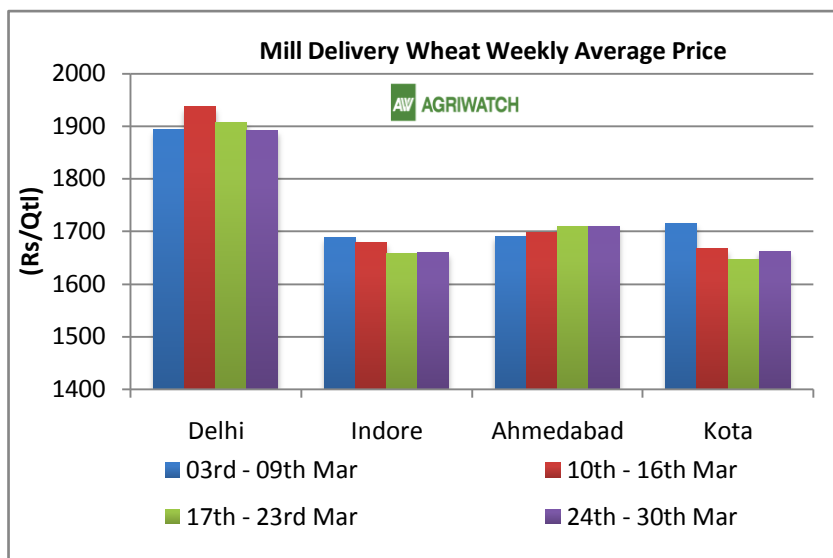


The depression over Jharkhand & adjoining Gangetic West Bengal has moved nearly westwards during past 12 hours and lay centered at 0530 hours IST of today i.e. 18th August,2016, over Jharkhand & neighborhood, near Lat. 24.0°N and Long. 85.0°E, about 85 km north, northwest of Ranchi (Jharkhand) and 95 Km east of Daltonganj (Jharkhand). The system is very likely to move westwards and weaken into a well marked low pressure area. The axis of monsoon trough at mean sea level, now passes through Ganganagar, Narnaul, Agra, Sultanpur, centre of depression, Midnapore and thence southeastwards to east central Bay of Bengal and extends upto 0.9 Km above mean sea level. The feeble off-shore trough from south Gujarat coast to Karnataka coast persists.

**Wheat Weekly Average Price Chart:**

Wheat average mill delivery prices traded steady to slightly weak in Indore, Delhi, Ahmedabad during 17<sup>th</sup>-23<sup>rd</sup> March and slightly firm in Kota. Prices are expected to remain steady to slightly weak.

Arrivals have started in Madhya Pradesh, Rajasthan, Gujarat, Uttar Pradesh, Punjab and Haryana. Arrivals are higher compared to last year during the same period owing to good crop. As of now government is procuring in Gujarat, Rajasthan, Madhya Pradesh, Punjab and Haryana.



<u>Wheat Stock Norms</u>						
Fig. In Lakh Tonne	Operational Stock			Strategic Reserve		
	Rice	Wheat	Total	Rice	Wheat	G Total
As on						
1st April	115.8	44.6	160.4	20	30	210.4
1st July	115.4	245.8	361.2	20	30	411.2
1st Oct.	82.5	175.2	257.7	30	20	307.7
1st Jan	56.1	108	164.1	30	20	214.1
<b>Buffer Norms w.e.f. 27.12.2016</b>						

**Procurement As on 28<sup>th</sup> June-2016:**

State	Total Procurement In Marketing Season 2015-16 (April To March)	Progressive Procurement As on 28.06.2016 (Fig In Lakh Tonne)		
		In Marketing Season 2016-17	In Marketing Season 2015-16	% Ch Over Previous Year
Punjab	103.54	106.44	103.54	+2.80
Haryana	67.78	67.22	67.78	-0.83
Gujarat	0.73	0.00109	0.73	-99.85
Uttar Pradesh	22.67	8.2376	22.67	-63.66
MP	73.09	39.9	73.09	-45.41
Rajasthan	13	7.617	13	-41.40
Others	0.07	0.02	0.07	-71.43
All India	280.88	229.44	280.88	-18.32

Total wheat procurement was registered at 229.44 lakh tonnes till 28<sup>th</sup> June -2016. Against set target of 30 MMT total procurement may end up with 23 MMT this year. Till date it is lower by 18.32 % from last year.

### FOB Quote For Wheat At Kandla:

Wheat FoB quote in India has become slightly firm. The demand for Indian wheat in the international market is very low. Export window remains restricted due to huge disparity. There are no takers at higher level.

Prices of wheat may stay steady to slightly weak at current level because of increase in imported volume and prospects of a good crop this year. Abundant availability of wheat in international market at lower prices compared to export prices of India has also reduced demand of Indian wheat in international market.

### Wheat Export:

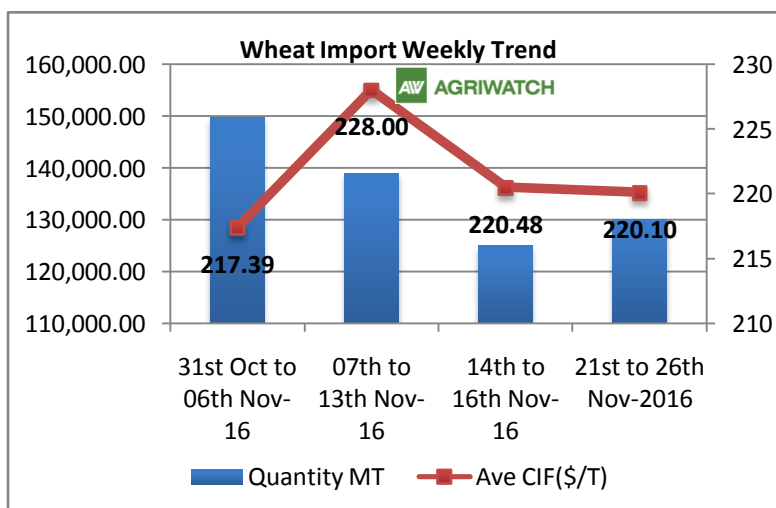
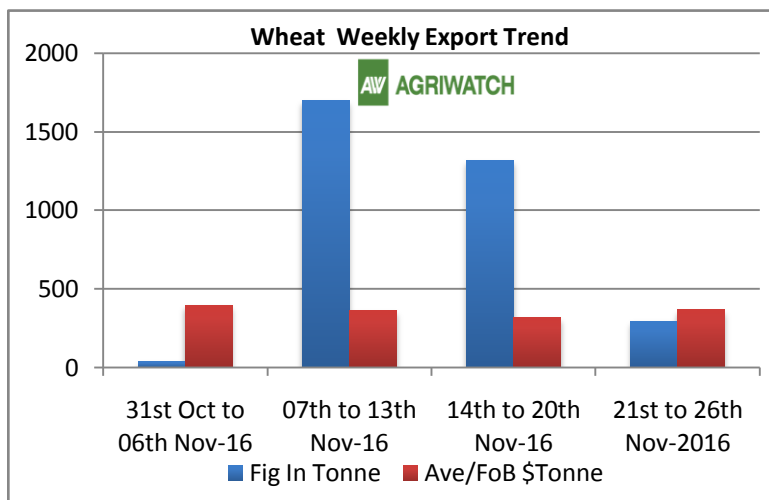
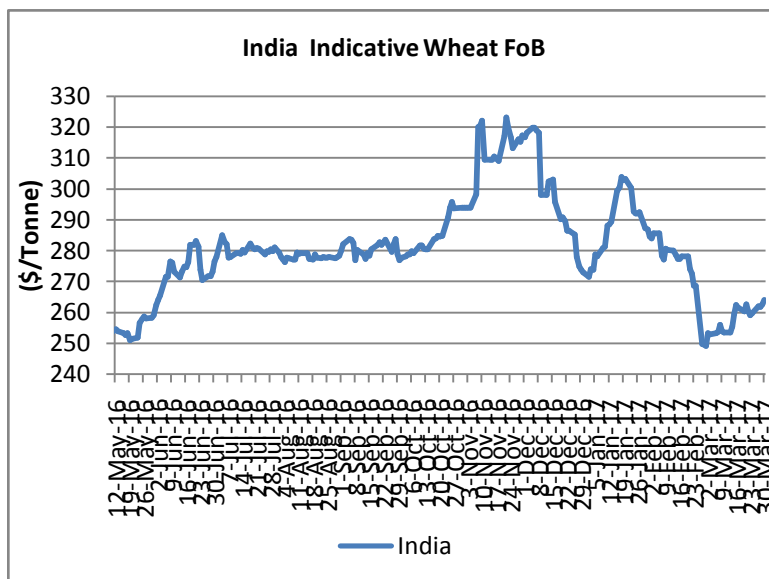
Wheat export volume has been negligible during last few weeks and there is no hope for any major recovery in coming weeks as disparity continues to discourage exporters.

India exported 294.62 tonnes of wheat during week ended 26<sup>th</sup> Nov-2016, down compared to exports in the previous week. Average FoB quote realized last week was \$366.49 per tonne. As prices are ruling lower in global market export opportunity for Indian wheat exporters seems bleak. Major buyers were Sri Lanka, UAE, Somalia and USA.

### Wheat Import:

According to latest update, a total quantity of around 130066 tonnes of wheat has been imported from Australia, Ukraine and France after revision of import duty from 25% to 10%. Of the total quantity imported 94665 tonnes have been imported from Ukraine and rest is from Australia and France.

As import duty, has been slashed, import volume may be around 3MMT in current MY. It would impact demand of south Indian millers from central and north India. Off-take from central pool may decrease.





Indicative FOB Quotes:						
Wheat FOB	Variety	Yesterday	Week Ago	Month Ago	Year Ago	% Change over Prev. Year
		29-Mar-17	22-Mar-17	1-Mar-17	29-Mar-16	
USA (Chicago)	2srw	182.04	179.02	187.50	197.21	-7.69
France	FCW3	176.19	181.17	185.03	162.54	8.40
Australia	ASW	174.79	177.10	178.48	218.00	-19.82
Russia	SRW	183.50	186.50	184.50	175.50	4.56
India	Fob	262.51	260.38	249.10	NA	-

		30/03/2017	23/03/2017	16/03/2017	09/03/2017
April	Black Sea Mill Wheat 12.5% FOB Pmax.	189	190	188	189
April	Black Sea Mill Wheat 11.5% FOB Pmax.	182	185	180	181.50

Wheat Futures Contact: NCDEX Price								Date:31.03.2017	
Contract Month	Change from previous day	Open	High	Low	Close	Volume	Change From previous day	Open Interest	Change From previous day
17-Apr	+5	1658	1663	1658	1661	190	-1,250	6110	0
17-May	+7	1675	1684	1675	1683	280	+10	4390	+70
17-June	+9	1704	1705	1704	1705	30	-110	640	0

## Wheat Weekly Price Table:

Spot prices of wheat at NCDEX Delivery centers					
NCDEX SPOT	Today	Week Ago	Month Ago	Year Ago	% Change over prev. Year
	30-Mar-17	23-Mar-17	2-Mar-17	30-Mar-16	
Indore	1643	1615	1670	1577	4.19
Bareilly	NA	NA	NA	NA	-
Delhi	1823	1900	1870	1641	11.09
Khanna	NA	NA	NA	NA	-
Kanpur	1698	1718	1730	1560	8.85
Karnal	NA	NA	NA	NA	-
Rajkot	1622	1615	1600	NA	-
Kota	1666	1673	1746	1573	5.91

Source: NCDEX; NCDEX delivery prices are inclusive of Mandi tax and other applicable state taxes along with handling & packaging costs.

**Wheat Technical Analysis:**

**Technical Commentary:**

- Rise in price and open interest indicates long buildup.
- RSI is moving in neutral region.
- Last candlestick donates bullishness in the market.
- Traders are advised to go long on wheat for this week.

Strategy: Buy

			S1	S2	PCP	R1	R2
Wheat	NCDEX	April	1626	1616	1661	1721	1731
Weekly Trade Call			Call	Entry	T1	T2	SL
Wheat	NCDEX	April	Buy Above	1656	1681	1706	1641

**Domestic Market Weekly Outlook:**

Wheat cash market is likely to stay steady to slightly weak in the coming week because of increased arrival pressure from north and central India. Arrivals have started in Madhya Pradesh, Maharashtra, Gujarat, Rajasthan, Haryana, Punjab, Uttar Pradesh and crop is in good condition. Government has started procuring in Madhya Pradesh, Rajasthan, Gujarat, Punjab and Haryana at MSP. Progressive procurement in 2017-18 is higher compared to 2016-17 marketing season. Government has imposed import duty to restrict import and provide favorable grounds for domestic crop.

Spot Market Price:							
Centre	Market	Variety	Prices (Rs/Qtl)				
			Today	Yesterday	Week Ago	Month Ago	Year Ago
			30-Mar-17	29-Mar-17	23-Mar-17	28-Feb-17	30-Mar-16
Delhi	Lawrence Road	Mill Delivery	1820	1850	1910	1900	1635
	Narella	Mill Quality Loose	1750	Closed	1830	1850	NA
	Nazafgarh	Mill Quality Loose	1680	Closed	1800	1825	NA
Gujarat	Rajkot	Mill Delivery	Closed	Closed	1540	1525	NA
	Ahmedabad	Mill Delivery	1730	1710	1700	1635	NA
	Surat	Mill Quality Loose	1760	1740	1725	1700	NA
	Dhrol	Mill Delivery	NR	NR	2185	1895	NA
M.P.	Indore	Mill Quality Loose	1600	1600	1625	1600	1550
	Bhopal	Mill Delivery	Closed	Closed	1600	1600	NA
Rajasthan	Kota	Mill Quality Loose	1550	1550	1550	1600	1470
		Mill Delivery	1670	1670	1650	1700	1550
U.P.	Kanpur	Mill Delivery	1740	1740	1785	1875	1590
	Mathura	Mill Quality Loose	1605	1630	1680	1715	1462
	Kosi	Mill Quality Loose	1590	1620	1770	1700	1455
	Hathras	Mill Quality Loose	1725	1725	1705	1800	1450
	Aligarh	Mill Quality Loose	1730	1720	1700	1685	NA
Punjab	Khanna	Mill Quality Loose	1620	1620	1630	1850	1525
	Ludhiana (Jagraon)	Mill Delivery	NA	NA	NA	NA	NA
Haryana	Sirsa	Mill Delivery loose	1725	1750	1750	1730	1550
	Hodal	Mill Delivery	1780	1800	1845	1900	1600





	Bhiwani	Mill Quality Loose	1700	1700	1750	1850	1580
	Karnal	Mill Quality Loose	1700	1725	NA	NA	NA
	Panipat	Mill Quality Loose	NA	NA	NA	NA	NA
Tamil Nadu	Chennai	Mill Quality	2000	2000	2000	2150	1850
	Madurai	Mill Quality	2057	2057	2057	2207	1907
	Coimbatore	Mill Quality	2057	2057	2057	2207	1907
Bihar	Khagariya	Mill Delivery	1700	1700	1700	1800	1800
	Muzaffarpur	Mill Delivery	1800	1800	1800	1800	NA

### Progressive Sowing Status till 03<sup>rd</sup> Feb-2017:

State Wise Progressive Wheat Sowing Till 03.02.2017				
State	Normal area	This Year	Last Year	% Change
Assam	0.34	0.12	0.00	0.00
Bihar	21.34	22.95	22.73	+0.97
Chhattisgarh	1.04	1.736	1.58	+9.87
Gujarat	11.56	9.96	9.01	+10.54
Haryana	25.39	25.38	25.11	+1.08
H.P.	3.51	3.59	3.60	-0.28
J&K(J)	3.04	2.31	2.45	-5.71
Manipur	0.00	0.00	0.00	0.00
Meghalaya	0.00	0.00	0.00	0.00
Jharkhand	1.66	2.08	1.60	+30.00
Karnataka	2.06	1.57	1.74	-9.77
M.P.	54.96	64.22	56.34	+13.99
Maharashtra	8.82	10.52	6.29	+67.25
Punjab	35.11	35	34.97	+0.09
Tamil Nadu	0.00	0.00	0.00	0.00
Telangana	0.00	0.00	0.00	0.00
Tripura	0.00	0.00	0.00	0.00
Rajasthan	30.47	30.677	29.66	+3.43
Uttar Pradesh	97.59	100.52	94.99	+5.82
Uttarakhand	3.53	3.59	3.58	+0.28
West Bengal	3.29	3.39	3.45	-1.74
Others	0.35	0.21	0.16	+31.25
All India	304.05	317.81	297.25	+6.92

Source: Ministry of Agriculture



### Wheat Import at Various Ports:

21st to 26th Nov-2016			
Source	Port	Quantity/T	Ave CiF/\$T
Australia	Tuticorin	28901	239.42
	Mangalore	4000	226.02
	Cochin	1000	243.6
France	Tuticorin	1500	219.33
Ukraine	Tuticorin	76965	199.93
	Chennai	17700	195.23
Total		130066	

During the week 21<sup>st</sup> to 26<sup>th</sup> November FOB Kandla for wheat Sourced from Rajkot region (Gujarat) was in the range of \$313.32-323.08 per tonne.

14th to 20th Nov-2016			
Source	Port	Quantity/T	Ave CiF/\$T
Australia	Tuticorin	18870	243.8
	Chennai	2500	260.21
	Mangalore	7438	228.92
	Cochin	1500	247.93
France	Tuticorin	2000	223.22
Ukraine	Tuticorin	57716	199.73
	Chennai	35031	197.93
Total		125055	

07th to 13th Nov-2016			
Source	Port	Quantity/T	Ave CiF/\$T
Australia	Tuticorin	22580	244.96
	Chennai	21000	260.21
	Mangalore	2500	227.81
	Cochin	1768	249.7
France	Tuticorin	1000	223.22
Ukraine	Kolkata	16096	188.61
	Chennai	74000	196.18
Total		138944	



### International Market Update:

*Russian milling wheat prices are facing pressure from higher inventories and good condition of winter wheat that is to be harvested in coming months. Export price for Russian milling wheat with 12.5% protein decreased by \$1 per tonne to FoB \$191-193 per tonne Novorossiysk port for April Delivery.*

*As per latest update, china has sold 459232 tonnes of wheat for average price of 2506 yuan (\$364.03) per tonne at an auction of state reserves on Tuesday. The quantity sold represents around 17.26 percent of 2660401 tonnes of wheat available at auction.*

*Jordan has bought 50000 tonnes of hard milling wheat at \$202 cost and freight for delivery in second half of September. The tender closed on Wednesday and wheat can be sourced from optional origin. Recently Jordan has purchased 50000 tonnes on March 22, 50000 tonnes on March 7 and 100000 tonnes on February 21.*

*Algeria's state grain agency OAIC has bought 200000 tonnes of durum wheat in a tender closed on Tuesday for shipment in May at around \$250 to \$253 per tonne cost and freight. The purchase is likely to be Canadian western amber durum or U.S. durum*

*As per latest update, Japan's ministry of agriculture bought 117689 MMT of food quality wheat from United States, Australia and Canada. Around 57100 MMT has been bought from United States with minimum protein content of 14 percent to be loaded between April 21-May 20, 35729 MMT has been bought from Canada with minimum protein content of 13.5 percent to be loaded between May 1- May 31 and 24860 MMT from west Australia to be loaded between May 21-June 20.*

*Ukrainian farmers have sown spring grains on 359100 hectares of land compared to 671000 hectares last year. Of the total grains, spring wheat is 7600 hectares. Furthermore of the total winter wheat planted in Ukraine around 5981500 or 97.8% has emerged and about 83 percent of winter wheat is in good or satisfactory condition.*

*As per latest update, china has sold 474320 tonnes of wheat for average price of 2507 yuan (\$363.08) per tonne at an auction of state reserves on Tuesday. The quantity sold represents around 18.07 percent of 2625031 tonnes of wheat available at auction.*

*GASC has purchased 420000 tonnes of wheat through tender after abolishing its zero-tolerance policy towards ergot. Of the total quantity 300000 tonnes is of Russian origin, 60000 tonnes is of Ukrainian origin and 60000 tonnes is of French origin. Louis Dreyfus offered 60000 tonnes Ukrainian wheat at FOB \$195/tonne, Olam offered 60000 tonnes Russian wheat at FOB of \$195.9/tonne, Louis Dreyfus offered 60000 tonnes Russian wheat at FOB \$197/tonne, AOS offered 60000 tonnes Russian wheat at FOB \$197.65/tonne, Aston offered 60000 tonnes Russian wheat at FOB \$197.65/tonne, Daewoo offered 60000 tonnes Russian wheat at FOB \$197.7/tonne and Casillo offered 60000 tonnes French wheat at FOB \$195.84/tonne.*

*Saudi Arabia's main state wheat buying agency the Saudi Grains Organization (SAGO) has purchased 735000 tonnes of hard wheat. The wheat can be sourced from European Union, North America, South America and Australia. The quantity will be shipped in 12 consignments with 8 to be shipped at port of Jeddah and rest at port of Dammam. Of the total quantity 60000 tonnes from Louis Dreyfus, 180000 tonnes from Posco Daewoo, 180000 tonnes from casillo, 60000 tonnes from Lansing, 65000 tonnes from Cargill and 190000 tonnes from ADM Hellas.*

**IGC Wheat Balance Sheet:**

IGC Forecast( Fig-In MMT)	2013-14	2014-15	2015/2016	2016-17 (Projected)	
			Forecast	19.01.2017	23.02.2017
Production	717	730	737	752	752
Trade	157	153	164	168	169
Consumptions	698	715	720	738	738
Carryover stocks	190	205	222	235	236
Y-O-Y change	19	15	17	-	15
Major Export	56	65	68	77	77

- IGC has kept its projection same for wheat at 752 MMT as on 23<sup>rd</sup> Feb-2017 for crop year 2016-17. According to IGC global wheat production for 2016-17 may touch 752 MMT against 737 MMT forecasts for 2015-16. The difference is around 15 MMT from previous estimate. Higher projection for wheat may pressurize global wheat market at current level and any major recovery from current level is unlikely.
- Trade projection has been revised up by 1MMT to 169MMT. It is 5MMT higher from actual of last year.
- Consumption has been pegged at 738MMT for 2016-17, up by 18MMT from last year.
- Carryout has been revised up by 1 MMT since last estimate of 235 MMT for 2016-17. It would ensure ample supply for the global market and continue to affect market sentiment.

**CBOT FUTURES CONTRACT:**

CBOT Futures Prices:(USD/T)							
CONTRACT MONTH	Today	Week Ago	Month Ago	3 Month Ago	6 Month Ago	Year Ago	% Change over prev. year
	29- Mar-17	22-Mar- 17	1-Mar-17	29-Dec-16	29-Sep-16	29- Mar- 16	
<b>May-17</b>	156.33	160.74	167.90	153.48	160.00	194.08	<b>-19.45</b>
<b>Jul-17</b>	161.10	166.62	172.95	158.62	163.95	195.00	<b>-17.38</b>
<b>Sep-17</b>	166.71	173.87	178.19	163.68	169.00	198.03	<b>-15.82</b>
<b>Dec-17</b>	174.06	179.11	184.99	169.74	175.98	203.08	<b>-14.29</b>
<b>Mar-18</b>	179.47	181.95	189.85	174.42	181.68	206.57	<b>-13.12</b>
<b>May-18</b>	182.87	183.98	192.24	176.54	184.53	206.57	<b>-11.47</b>

### CBOT-May-17

**1<sup>st</sup> Support: 149.00**  
**2<sup>nd</sup> Support: 147.00**  
**1<sup>st</sup> Resistant: 173.00**  
**2<sup>nd</sup> Resistant: 175.00**  
**(\$ per tonne)**

Market is likely to move from range bound to slightly weak as abundant supplies are available in the market. CBOT reached a seven month high as USDA increased its export forecast and showed less global supplies than expected.

### International FOB Weekly Price Movement (USD/T)

Indian FoB quote is based on local price. There is no export in bulk volume currently. Indian FoB quote is hovering between \$259.74-264.13 per tonne.

US and Russian quotes are hovering in the range of \$181.23 and \$184.7 per tonne respectively. Wheat prices in international markets witnessed steady to slightly weak tone in the last week

Wheat quotes are expected to trade steady to slightly weak and hover in the range of \$165 to \$190 in coming weeks.

### International Weekly Outlook:

Global wheat market is expected to trade from steady to slightly weak as ample supplies are available in the market. Russia has harvested recorded crop of 73.3 MMT in 2016 up by 18.6 percent compared to 2015. Argentina witnessed substantial increase in area sowed and has harvested around 18.3 MMT. Forecast for EU wheat harvest has been revised down due to severe cold in eastern EU. However the reduced forecast of 143.5 MMT is still higher compared to last year. Australia is set to harvest record crop of around 34 MMT beating its previous record 29.9 MMT. Furthermore, Canada harvested around 31.7 MMT as higher yields compensated for a 7% drop in harvested area. Increase in export demand from various countries is also providing support to prices of exporting countries. Therefore, Steady to slightly weak market is expected in short to medium term.

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