

# CEREAL

**Agriwatch**  
DAILY

## WHEAT

June 01, 2007

### Domestic Market Recap

#### Punjab, Haryana, U.P. and Rajasthan Contribute for Procurement

Total arrivals in Delhi markets stood flat around 20,000-25,000qtls and prices at Lawrence Road were quoted up at Rs. 910-915 per quintal with the arrivals about 10,000qtls for ready delivery (truck loaded). Local flour millers and ITC are active in the markets. Cancellation of import tender from the side of GOI added some firmness in the market sentiments. At Narela and Najafgarh markets the price remains 860-870/qrtl, and 858-865/ qtl respectively (loose basis) on the back of arrivals 5000qtls and 4000qtls respectively. Wheat trades at Rs. 865-868/qrtl in Karavali market on the back of arrivals 1000qtls. At Achnera market wheat trades at Rs.870-885/qrtl on the back of arrivals around 1000 qtls

### Domestic Spot Market Prices

Market	Variety	Prices (Rs/qrtl)		Change	Arrivals (Qtls)
		31.05.07	30.05.07		
Delhi (Lawrence Road) Ready Delivery	Mill quality	915-917	912	+5	10,000
Delhi (Narela) Loose	Mill quality	860-870	Closed	-	-
Haryana (Palwal) Loose	Mill quality	850-851	850-851	-	2000
Uttar Pradesh (Mathura) Loose	Mill quality	855-867	855-865	+2	2000
Uttar Pradesh (Kosi) Loose	Mill quality	860-872	856-872	-	5000
Haryana (Hodal) Loose	Mill quality	852	850	+2	3500
Gujarat (Rajkot) Loose	Mill quality	865	865	-	2000
Rajasthan (Kota)	Mill quality	962-967	965-970	-3	
Uttar Pradesh (Kanpur)	Mill quality	950-955	950-955	-	
Madhya Pradesh (Indore)	Mill quality	923-928	920-925	+3	
Uttar Pradesh (Bareilly)	Mill quality	925-930	920-925	+5	

### International Futures Quotes (as of Mar 30, 2007)

#### CBOT

Contract Month	Open	High	Low	Settle	Change
July 2007	492.25	512.75	490.50	510.75	+19.75
September 2007	507.25	525.50	505.50	524.75	+19.50
December 2007	516.50	537.00	516.00	536.00	+19.50

#### KCBT

Contract Month	Open	High	Low	Settle	Change
July 2007	481.00	505.00	481.00	500.75	+19.75
September 2007	493.00	515.00	493.00	511.50	+18.50
December 2007	508.00	527.25	508.00	525.00	+18.00

**International Market Recap****CBOT Wheat Futures Gains on Buying Support**

CBOT wheat futures finished up Wednesday on suspension of new-crop grain exports from Ukraine and domestic harvest delays. July wheat climbed up 19.75 cents to \$5.107 per bushel. That was 1.5 off the high and 17.75 up from the low. December Wheat closed up 19.5 cents at \$5.36 per bushel. Rains are expected to delay the start of harvest. The weekly Winter Wheat Conditions report showed 57% was rated good/excellent compared to 59% last week and 28% last year. The 10 year average for this time of year is 49%. Spring Wheat was 79% good/excellent compared to 81% last week and 73% last year. The 10 year average for this time of year is 68%. The Ukraine will not allow wheat exports from July on the severe drought factors has added firm tone in the markets.

**News Analysis****Govt. Procured around 10.42 Mln Tonnes Wheat So Far**

Wheat procurement by Government surpasses last year procurement and stood around 10.42 Mln Tonnes so far as on May 30 excluding 6 lakh tonnes procured by state government of Punjab. The procurement has increased by 13% till now as against last year. The trend is showing that Govt. will be able to procure around 12 Mln Tonnes of the food grain this year. Daily arrivals are still strong. Near about 93,110 tonnes wheat arrived in the mandis on Tuesday, as against 41,676 tonnes a year ago period. The procurement of Punjab is still lower around 6.50 Mln Tonnes, down 6.3% from 6.94 Mln Tonnes a year ago period.

**GOI has Rejected the Wheat Import Tender**

STC had proposed to buy only about 300,000-350,000 tonnes wheat from Toepfer and Glencore at \$263 a tonnes from the tender that STC has floated last month to import one million tonnes of the food grain from global markets. However, the government has not accepted STC's proposal and reportedly rejected the import. This may be because of the outlook that the government may be able to get a better deal later in the year following harvest in the European Union and the Black Sea regions. It seems that Government is not in a hurry of huge import as the government has sufficient stocks of wheat and it will prefer to wait for the coming months of July and August when increase supply will ease down the global wheat markets. Government is unlikely to spend more money on importing grain this year and will intervene in the global market with very cautiously. The stocks with FCI are satisfactory right now. India's wheat buffer stocks were at 5 million tonnes on April 1 against a government norm of 4 million tonnes. India needs 1 million tonnes every month for its PDS system. As the FCI has already procured more than 10.4 million tonnes from farmers and has carry-forward stocks of 1.5 million tonnes (as on June 1), there is no urgent need for rushed purchase. The steady procurement in recent period will no doubt increase the stock position. It is possible that global wheat price may cool down in the later of the year with the fresh harvest of Australia, USA and EU. However, the uptrend in freight charges likely to add firmness in transportation cost. Freight rates have shot up to a two-year high due to a vessel shortage and an increase in demand from India and China. The Baltic Dry Index has increased 41% since the beginning of the current calendar year.

**Weather Impact Analysis**

Harvesting of wheat is complete in the northwestern parts. Threshing and drying is in progress in Punjab and Haryana. Isolated rain/thunderstorms over this region may affect post harvest activities.

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