

## ■ W H E A T

■ July 09, 2007

**Domestic Market Recap**

In Saturday's trading, most of the major markets witnessed steady to up in wheat prices on rising demand from flour millers amidst lower arrivals. Flour millers have accelerated their buying due to strong demand for bakery products. The price of different wheat products have also increased. Flour millers are interested to pile up their stocks in order to make profit in off season. It is learnt that flourmillers are not able to get required stocks directly from the market because despite the good stocks the food grain is offered at higher prices from private trading firms. Total arrivals in Delhi (Lawrence Road) remained down at 9000 qtls and prices quoted flat between Rs. 975-980 per quintals. At Narela and Najafgarh markets the price remains around 942-945/qrtl, and 930-934/qrtl (loose basis) on the back of arrivals around 2000 qtl and 3000 qtl respectively. Achnera market witnessed arrivals around 500 qtl and price remained at Rs.905-908/qrtl. Karavali market witnessed arrivals around 800 qtls and price remained at Rs. 920/qrtl.

**Domestic Spot Market Prices**

Market	Variety	Prices (Rs/qrtl)		Change	Arrivals (Qtls)
		07.07.07	06.07.07		
Delhi (Lawrence Road) Ready Delivery	Mill quality	975-980	975-980	-	8000
Delhi (Narela) Loose	Mill quality	942-945	942-944	+3	2000
Haryana (Palwal) Loose	Mill quality	892	892	+2	500
Uttar Pradesh (Mathura) Loose	Mill quality	910-912	910-912	-	1500
Uttar Pradesh (Kosi) Loose	Mill quality	907-910	907-910	-	600
Haryana (Hodal) Loose	Mill quality	906-910	906-908	+2	200
Gujarat (Rajkot) Loose	Mill quality	955-962	955-960	+2	
Rajasthan (Kota)	Mill quality	1060-1066	1063-1068	-2	
Uttar Pradesh (Kanpur)	Mill quality	998-1002	998-1002	-	
Madhya Pradesh (Indore)	Mill quality	1050-1056	1040-1045	+11	300
Uttar Pradesh (Bareilly)	Mill quality	1015-1020	-	-	

**International Futures Quotes (as of July 06, 2007)****CBOT**

Contract Month	Open	High	Low	Settle	Change
July 2007	593.50	601.00	590.50	600.50	+9.50
September 2007	607.00	613.00	600.50	610.00	+6.00
December 2007	616.00	624.00	611.50	622.50	+6.50

**KCBT**

Contract Month	Open	High	Low	Settle	Change
July 2007	603.50	611.00	601.00	611.00	+7.50
September 2007	598.00	606.00	596.00	602.50	+3.50
December 2007	612.00	619.00	610.00	617.00	+6.00

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**International Market Recap****CBOT Wheat Futures Settled Up**

CBOT wheat futures settled up Friday on spillover support and position- squaring ahead of the weekend. September wheat finished up 6 cents at \$6.10 per bushel, up 13 cent on the week. December wheat ended up 6.5 cents at \$6.225 per bushel, up 12 cents on the week. Bullish export sales this morning as well as a private forecast calling for a drop in winter wheat production were supportive elements early, and the market appeared to build on that momentum in the afternoon. Weekly US export sales for wheat this morning came in at 538,400 metric tonnes, which was above trade expectations. Cumulative sales have reached 23.7% of the USDA forecast, as compared to 21.3% on average over the last five years. Sales of 431,500 metric tonnes per week are needed to reach the USDA estimate. The recent heavy rains in the southern plains and harvest and quality problems may be pulling down US production in a year.

**News Analysis****Wheat Procurement Remained Around 11090106 tonnes**

Wheat procurement by Government stood up around 11090106 tonnes so far as on 30.06.07, against 9,231,004 tonnes a year ago. In Bihar, procurement operations continue until Jul 15. Different government agencies of Punjab have procured the lower amount of 6,756,756 tonnes as against the last year procurement around 6,951,404 tonnes. The target this year is stood around 75 lakh tonnes. However, in the states of Haryana, U.P., M.P. and Rajasthan it is higher as compared to last year. The total procurement in Haryana stood up around 3,346,460 tonnes as against the previous year procurement of 2,228,725 tonnes. U.P. has contributed larger amount of wheat around 535731 tonnes to the central pool so far as compared to 48,873 tonnes last year. The procurement in M.P. and Rajasthan remained up around 57308 tonnes and 383288 tonnes respectively as against the total procurement of last year's 20 tonnes and 1582 tonnes respectively. Delhi contributed a good amount of 873 tonnes as compared to nil procurement last year. Bihar also witnessed good procurement around 7856 tonnes by the government agencies as against zero procurement last year. The arrivals are declining in the states of U.P. and M.P., Rajasthan, Chandigarh, Delhi, Bihar. It is learnt that Government is keen on building a wheat buffer of at least 6.5 million tonnes by Apr 1 as against the buffer norms of 4 million tonnes. Therefore, the government is planning to import around 5 million tonnes of wheat by the month of March next year.

**USDA Wheat Weekly Export Sales Down by 14%**

Net sales of 538,400 metric tons were 14 percent below the previous week. Increases reported for Egypt (118,400 MT, including 60,000 MT switched from unknown destinations), Yemen (48,000 MT), Mexico (47,400 MT), Peru (42,500 MT), South Africa (37,000 MT, including 34,000 MT switched from unknown destinations), Colombia (33,900 MT), and Indonesia (30,100 MT), were partially offset by decreases for unknown destinations (41,500 MT). Exports of 590,500 MT were 33 percent above the previous week and 50 percent over the prior 4-week average. The primary destinations were Egypt (108,400 MT), the Philippines (67,000 MT), Nigeria (61,300 MT), Japan (61,100 MT), and Peru (54,000 MT).

This summary is based on reports from exporters for the period June 22-28, 2007.

Source: USDA

**Weather Impact Analysis**

Harvesting of wheat is complete in the country. So weather is not a major concern. However, heavy rains may affect the market arrivals.

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