

## ■ W H E A T

■ July 11, 2007

**Domestic Market Recap**

In Tuesday'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 around 15,000 qtls and prices quoted up between Rs. 1010-1020 per quintals. At Narela and Najafgarh markets the price remains around 965-975/qrtl, and 960-970/qrtl (loose basis) on the back of arrivals around 2000 qtl and 3000 qtl respectively.

**Domestic Spot Market Prices**

Market	Variety	Prices (Rs/qrtl)		Change	Arrivals (Qtls)
		10.07.07	09.07.07		
Delhi (Lawrence Road) Ready Delivery	Mill quality	1010-1020	1000	+20	15,000
Delhi (Narella) Loose	Mill quality	965-975	955-960	+15	2000
Haryana (Palwal) Loose	Mill quality	925	915	+10	500
Uttar Pradesh (Mathura) Loose	Mill quality	925	915	+10	1800
Uttar Pradesh (Kosi) Loose	Mill quality	922-924	920	+4	600
Haryana (Hodal) Loose	Mill quality	925-928	915-920	+8	400
Gujarat (Rajkot) Loose	Mill quality	960-965	955-962	+3	
Rajasthan (Kota)	Mill quality	1068-1072	1068-1072	-	
Uttar Pradesh (Kanpur)	Mill quality	1035-1040	1005-1010	+30	
Madhya Pradesh (Indore)	Mill quality	1060-1066	1055-1061	+5	300
Uttar Pradesh (Bareilly)	Mill quality	1035-1040	1032-1037	+3	

**International Futures Quotes (as of July 09, 2007)****CBOT**

Contract Month	Open	High	Low	Settle	Change
July 2007	599.00	600.00	588.00	588.50	-12.00
September 2007	606.00	615.00	598.00	599.50	-10.50
December 2007	618.00	626.50	611.00	613.00	-9.50

**KCBT**

Contract Month	Open	High	Low	Settle	Change
July 2007	606.00	606.00	597.00	598.00	-13.00
September 2007	598.00	600.50	589.00	590.75	-11.75
December 2007	613.00	615.00	605.00	605.50	-11.50

## WHEAT

July 11, 2007

**International Market Recap****CBOT Wheat Futures Finished Down**

CBOT wheat futures settled down Monday on fund selling. December Wheat finished down 9.50 cents at \$6.13 per bushel, this was 13.50 off the high and 2 up from the low. September Wheat closed down 10.50cents at \$5.995 per bushel. This was 1.5 up from the low and 15.5 off the high. Improved harvest weather and weakness in the other grains helped spark the early weakness and after an initial bounce to higher on the day; fund selling emerged to push futures to the lows into the mid-session. Ideas that Brazil is looking to buy more US wheat provided some of the initial support and light deliveries (only 2 vs. 151 on Friday) helped support the early bounce. Taiwan seeks 88,890 tonnes of US wheat this week.

**News Analysis****Wheat buffer Stock Stood Down as against Norms**

The wheat buffer stock in FCI reportedly stood down at 129.39 lakh tonnes as on July 1, against the buffer norms of 171 lakh tonnes. However, the stock is satisfactory to meet the country's requirement for PDS system. The government requires 10 lakh tonnes of wheat every month for PDS.

**GOI to Buy 5.11 Lakh Tonnes of Wheat below the Price \$330/tonne**

Government of India likely to buy around 5 lakh tonnes of wheat bids below \$330/tonnes from the import tender declared last month to purchase 1 million tonnes of the food grain. Only A.C. Toepfer, Cargill and Rias Trading have submitted the bids to sell wheat below \$330 a tonnes and the total quantity of wheat offered by them below the stipulated price is around 511,000 tonnes. State Trading Corp had received bids between \$317.95 to \$328.95 a tonnes in the tender that closed on Jul 4.

**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.

**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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