

■ W H E A T

■ July 10, 2007

Domestic Market Recap

In Monday'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 10,000 qtls and prices quoted up between Rs. 1000 per quintals. At Narela and Najafgarh markets the price remains around 955-960/qrtl, and 940-950/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)
		09.07.07	07.07.07		
Delhi (Lawrence Road) Ready Delivery	Mill quality	1000	975-980	+20	10,000
Delhi (Narella) Loose	Mill quality	955-960	942-945	+15	2000
Haryana (Palwal) Loose	Mill quality	915	892	+23	500
Uttar Pradesh (Mathura) Loose	Mill quality	915	910-912	+3	1500
Uttar Pradesh (Kosi) Loose	Mill quality	920	907-910	+10	600
Haryana (Hodal) Loose	Mill quality	915-920	906-910	+10	200
Gujarat (Rajkot) Loose	Mill quality	955-962	955-962	-	
Rajasthan (Kota)	Mill quality	1068-1072	1060-1066	+6	
Uttar Pradesh (Kanpur)	Mill quality	1005-1010	998-1002	+8	
Madhya Pradesh (Indore)	Mill quality	1055-1061	1050-1056	+5	300
Uttar Pradesh (Bareilly)	Mill quality	1032-1037	1015-1020	+17	

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

CEREAL

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WHEAT

July 10, 2007

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 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.

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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