

■ W H E A T

■ August 18, 2007

Domestic Market Recap

In Friday's trading, Wheat generally ruled flat in the wholesale grains market on steady buying support. However, roller flour millers are in the mood of accelerating their purchase in the prior of festive season. However, demand continued to be lower from South Indian flour mills. Market is looking forward for festive demand. The price of different wheat products remained steady as, Atta quoted at Rs.1073/90kg. Maida and sooji traded at Rs.1256/90 kg and Rs.700 a 50 kg bag respectively. Government has already bought around 11.1 million tonnes from farmers and now has total stocks of 13 million tonnes. Further, the country would likely to import total around 5 million tonnes wheat this marketing season. Total arrivals in Delhi (Lawrence Road) remained flat at 12,000 qtls and prices quoted steady at Rs.1020 per quintals. At Narela and Najafgarh markets the price remained around 970-985/qrtl, and 960-970/qrtl (loose basis) on the back of higher arrivals around 5000 qtl and 3000 qtl respectively. Karavalli market witnessed the arrivals around 2000 qtls and price quoted at Rs.940/ qtl.

Domestic Spot Market Prices

Market	Variety	Prices (Rs/qrtl)		Change	Arrivals (Qtls)
		16.08.07	17.08.07		
Delhi (Lawrence Road) Ready Delivery	Mill quality	1020	1020	-	12,000
Delhi (Narella) Loose	Mill quality	970-988	970-985	-3	5000
Haryana (Palwal) Loose	Mill quality	945		-	800
Uttar Pradesh (Mathura) Loose	Mill quality	936	935	-1	1200
Uttar Pradesh (Kosi) Loose	Mill quality	950-955	950-955	-	800
Haryana (Hodal) Loose	Mill quality	950	945-950	-	300
Gujarat (Rajkot) Loose	Mill quality	1010-1015	1010-1015	-	150
Rajasthan (Kota)	Mill quality	1065-1071	1065-1070	-1	
Uttar Pradesh (Kanpur)	Mill quality	1040-1045	1035-1040	-5	
Madhya Pradesh (Indore)	Mill quality	1055-1060	1048-1052	-8	200
Uttar Pradesh (Bareilly)	Mill quality	1015-1020	1020-1025	+5	

International Futures Quotes (as of August 16, 2007)**CBOT**

Contract Month	Open	High	Low	Settle	Change
September 2007	678.50	682.75	654.75	673.00	-5.50
December 2007	699.00	699.50	670.00	687.50	-9.50
March 2008	698.00	698.00	669.50	686.00	-9.50

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Contract Month	Open	High	Low	Settle	Change
September 2007	658.75	662.25	635.00	650.75	-7.25
December 2007	674.75	677.00	649.00	664.00	-11.75
March 2008	674.00	675.00	651.00	667.75	-6.50

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

CBOT wheat futures settled down Thursday. December Wheat finished down 9.5 cents at \$6.875 per bushel; this was 9.5 off the high and 17.5 up from the low. September Wheat closed down 5.5 cents at \$6.73 per bushel. This was 17.5 up from the low and 7.5 off the high. European wheat futures pushed to a new all-time high this morning on continued concerns with the French harvest and reports from French analyst Strategie Grains who cut their EU soft wheat production forecast to 114.1 million tonnes from 118.9 million tonnes in July. Tunisia tendered to buy 159,000 tonnes of optional origin milling wheat. Dry weather in Australia is also a growing concern with producers indicating rain is needed in the next few weeks or production forecasts will drop sharply.

News Analysis**Wheat Stock Under GOI is Higher Around 12.01 Million Tonnes**

Wheat stock under Indian government is reportedly higher around 12.01 million tonnes this year as on August 1 as compared to 7.33 million tonnes corresponding period of last year.

Flour Millers are Against the Plan to Cut Import Duty on Wheat Flour

Roller flour millers are against the government's plan to scrap customs duty on wheat flour from the current 30 per cent level. According to them, the movement would adversely affect the industry, especially those mills located in south India. There are 800-1,000 flour mills across the country. The country such as Sri Lanka and Malaysia has a surplus milling capacity and they can downpour the wheat flour in India because of cost advantage and consequently the domestic flour millers would be most affected as they are running at 45-50% of their capacities. However, the plan would no doubt help in lessening in prices of wheat flour with an increase in supply in the country.

Wheat Purchase by Private Companies Stood at 18.76 Lakh Tons

After the termination of government wheat procurement this year, the private companies have started to purchase vigorously from the local markets. The total procurement of wheat in the private sector stood at 18.76 lakh tons as on July 30 in the current marketing season. However, it is lower as compared to last year purchase of around 20 lakh tonnes.

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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