

CEREAL

Agriwatch
DAILY

WHEAT

August 30, 2007

Domestic Market Recap

On Wednesday, Wheat prices in most of the markets traded steady to down in the wholesale grains following increased arrivals against lower demand from the consuming units. Wheat traded up at Uttar Pradesh (Kosi) loose on good demand against the restricted arrivals. Increased supplies against steady demand from rolling flour mills pulled down the wheat prices in most of the markets. The prices of different wheat products remained quoted steady to down as, Atta quoted down at Rs.1055/90kg, Maida and Sooji traded at Rs.1256/90 kg and Rs.710/50 kg bag respectively, where there is slightly down of Chkar 50kg at Rs.329. Total arrivals in Delhi (Lawrence Road) were decreased slightly and stood around 12000 qtls and prices quoted steady at Rs.1015/qty. Wheat prices is likely to rise following the International Grains Council's announcement of the fall of the carryover stock in 2007-08. Council said the global 2007-08 wheat carryover stocks would fall to a 28-year low of 111 million tonnes. With the global declining of the carry over stock, the prices of flour could reach new heights by Christmas. According to a senior government official, among the bids offered by the companies, Glencore is the lowest in a tender issued by India's State Trading Corporation to import wheat. Parts of the cargoes offered by Glencore were around \$385/tonne, cost and freight, for delivery at Mundra.

Domestic Spot Market Prices

Market	Variety	Prices (Rs/qty)		Change	Arrivals (Qty)
		29.08.07	27.08.07		
Delhi (Lawrence Road) Ready Delivery	Mill quality	1010-1015	1015	-	12000
Delhi (Narella) Loose	Mill quality	-	-	-	800
Haryana (Palwal) Loose	Mill quality	930-932	935	-3	500
Uttar Pradesh (Mathura) Loose	Mill quality	-	945	-	
Uttar Pradesh (Kosi) Loose	Mill quality	945	940	+5	1000
Haryana (Hodal) Loose	Mill quality	935-936	938-940	-4	150
Gujarat (Rajkot) Loose	Mill quality	940-945	960	-15	
Rajasthan (Kota)	Mill quality	1050-1060	1065-1070	-10	
Uttar Pradesh (Kanpur)	Mill quality	1030-1035	1035-1040	-5	200
Madhya Pradesh (Indore)	Mill quality	1025-1030	1035-1040	-10	
Uttar Pradesh (Bareilly)	Mill quality	1005-1010	1015-1020	-10	

International Futures Quotes (as of August 28, 2007)

CBOT

Contract Month	Open	High	Low	Settle	Change
September 2007	722.00	737.75	718.00	720.50	-1.75
December 2007	737.75	753.75	734.00	738.25	0.25
March 2008	737.00	752.50	734.00	739.00	unch

KCBT

Contract Month	Open	High	Low	Settle	Change
September 2007	681.00	689.00	676.25	680.50	-0.50
December 2007	698.00	707.00	692.50	698.25	+1.00
March 2008	699.50	704.50	695.00	698.50	-0.50

COMMODITIES RESEARCH

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

CBOT wheat futures settled mixed Tuesday. December Wheat finished up .25 cent at \$738.25 per bushel; this was 6.75 off the high and 4.25 up from the low. September Wheat closed down 1.75 cent at \$720.50 per bushel. This was 1.5 up from the low and 8.5 off the high. The market traded both sides of unchanged during the session and closed unchanged after a choppy, 11-cent trading range. The market witnessed the lack of aggressive buying and selling. Initially market surged with the ideas of good export demand but market traded down with lack of support from other grains and news of Egypt not buying US wheat. Both Egypt and Jordan bought 85,000 and 100,000 tonnes of wheat from Russia respectively. By Sunday, 87% wheat harvest has completed compared to 90% last year. French wheat futures posted all-time highs. Union Minister hinted for the floating of wheat tenders throughout 2007 to manage the domestic wheat stocks. The CBOT raised margins to trade wheat with the initial margin up to \$1,890 per contract from \$1,688.

News Analysis**South Africa's Wheat Production Pegged At 1.664 Million Tonnes for 2008-09**

South Africa's Crop Estimates Committee predicted wheat production for the 2008/09 seasons around 1.664 million tonnes, the lowest production since 2003 and 441,000 tonnes lower than last season. The crop is likely to be planted on 629,500 hectares; the lowest acreage since 1934 and 135,300 hectares lower than last season. Due to the dry climate in the central part, the Free State and North West, the wheat production predicted lower whereas Western Cape, the biggest grain grower has good soil moisture favourable for wheat production.

India To Float More Tenders to Import Wheat: Union Agriculture Minister

Union Agriculture Minister said on Tuesday that Government of India is planning to issue more tenders to import wheat this year without indicating the volumes to be bought. The wheat import will be a regular process throughout 2007 FY to meet the domestic demand. In this process, one tender was issued on August 24 and will close by August 29. Although a tender was finalized on July 10 to buy 1 million tonnes, the government only purchased 511,000 tonnes of wheat. State Trading Corporation is issuing the tenders on behalf of the central government.

Japan's Weekly Wheat Tender Next Week

According to the Ministry officials, Japan's Ministry of Agriculture will not hold the weekly wheat purchase tender this week instead will be resumed in next week. Ministry imports wheat from the U.S., Canada and Australia through weekly tenders and sells to domestic flour millers. Private traders are not allowed to import wheat.

Glencore Quoted Lowest at \$385/Tonne for Wheat Import

According to a senior government official, among the bids offered by the companies, Glencore is the lowest in a tender issued by India's State Trading Corporation to import wheat. Parts of the cargoes offered by Glencore were around \$385/tonne, cost and freight, for delivery at Mundra. Hamburg-based Alfred C. Topefer International has offered 70,000 tonnes of wheat at around \$390/tonne for delivery at Mundra port.

Weather Impact Analysis

The recent rainfalls over the wheat-growing region are beneficial as these rains will be stored for the wheat crop. Heavy rainfall may affect arrivals in the market.

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