

## ■ W H E A T

■ August 25, 2007

**Domestic Market Recap**

On Friday, Wheat prices in most of the markets traded steady to firm in the wholesale grains following increased arrivals against healthy demand from the consuming units. Wheat traded up at Haryana (Palwal loose), Uttar Pradesh (Kosi loose) and at Rajasthan (Kota) on a tighter supply. Restricted supplies against steady demand from rolling flour mills slightly pushed up the wheat prices, traders reported. The prices of different wheat products remained quoted steady as, Atta quoted at Rs.1073/90kg, Maida and Sooji traded at Rs.1256/90 kg and Rs.710/50 kg bag respectively. Total arrivals in Delhi (Lawrence Road) were increased slightly and stood around 13000 qtls and prices quoted steady at Rs.1015/qrtl. The prices traded down at Kanpur and Indore and quoted at Rs.1035/qrtl and Rs.1030-1035/qrtl respectively against the increased arrivals. In the importing process, government today floated the tender and the last date is August 29 and the company will decide the quantity on September 3. In the mean time, Pakistan is planning to impose 35 per cent export duty on wheat flour as Indian government plans to allow duty-free wheat import. According to the industry official, if India imports from Pakistan, the cost would be around \$270-280/tonne and refined flour at about \$293-295/tonne at western ports. Government is planning to import around 50 lakh tonnes of wheat to increase the stock and keep the domestic price stable during the festive and winter season.

**Domestic Spot Market Prices**

Market	Variety	Prices (Rs/qrtl)		Change	Arrivals (Qtls)
		23.08.07	24.08.07		
Delhi (Lawrence Road) Ready Delivery	Mill quality	1015	1015	-	13000
Delhi (Narella) Loose	Mill quality	968-975	968-975	-	4500
Haryana (Palwal) Loose	Mill quality	935	938	+3	600
Uttar Pradesh (Mathura) Loose	Mill quality	942	940	-2	1200
Uttar Pradesh (Kosi) Loose	Mill quality	935	941	+6	700
Haryana (Hodal) Loose	Mill quality	936	940	+4	150
Gujarat (Rajkot) Loose	Mill quality	960	960	-	500
Rajasthan (Kota)	Mill quality	1060-1065	1065-1070	+5	
Uttar Pradesh (Kanpur)	Mill quality	1035-1040	1035	-5	
Madhya Pradesh (Indore)	Mill quality	1035-1040	1030-1035	-5	200
Uttar Pradesh (Bareilly)	Mill quality	1005-1015	1005-1015	-	

**International Futures Quotes (as of August 23, 2007)****CBOT**

Contract Month	Open	High	Low	Settle	Change
September 2007	733.00	741.00	709.00	722.50	+4.00
December 2007	744.00	754.00	724.00	739.00	+7.25
March 2008	742.00	751.00	724.00	739.00	+9.75

**KCBT**

Contract Month	Open	High	Low	Settle	Change
September 2007	676.00	680.00	662.00	673.75	+6.75
December 2007	700.00	700.00	675.00	688.50	+8.00
March 2008	700.00	700.00	680.00	693.25	+8.50

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

CBOT wheat futures settled higher Thursday. December Wheat finished up 7.5 cent at \$739 per bushel; this was 15 off the high and 15 up from the low. September Wheat closed up 4 cent at \$722 per bushel. This was 13.5 up from the low and 18.5 off the high. CBOT wheat futures initially traded up testing all time high at \$7.41 before settling at 4 cent high. Wheat prices rose as countries like India, Japan and Taiwan have shown interest to buy wheat coupled adverse weather conditions reduced supply. Unfavourable weather has damaged crops in major producing countries like Australia, Europe, Russia and Ukraine. Global inventories of commodity used to make bread, pastries and biscuits are expected to fall to the lowest in 26 years by May 31, 2008, US department of Agriculture reported. Solid export news and bullish supply supported the prices initially. The International Grain Council reduced the world wheat production forecast to 607 million tonnes, down 7 million from last month. World wheat consumption was pegged at 614 million tonnes, down 3 million from last month. Cumulative sales have wheat reached 52.4% of the USDA forecast for the entire season as compared to 34.7% on average over the last five years. Export demands for US wheat supplies are up 86 per cent since June 1 compared with a year earlier, USDA reported.

### **News Analysis**

#### **Government Invited Tenders for Wheat Import Today**

India today has floated a tender to buy near about 50 lakh tonnes of wheat. The State Trading Corporation (STC) has floated the wheat import tender on behalf of the government. This is the third tender being floated by the STC this year. The tender closes on August 29 and the company will decide the quantity on September 23. As of July 1, this year, the buffer stock stood around 130 lakh tonnes against the bofor norm of 171 lakh tonnes. Keeping in mind the international prices, Pakistan may be suitable option before the Indian importers but Pakistan is planning to impose 35 per cent export duty on wheat to keep the domestic prices stable. India is also planning to curb present 30 per cent import duty on wheat.

#### **Southern Hemisphere To Decide US Wheat Price**

Demand and production potential in the Southern Hemisphere is the key factors in future US wheat prices. The world buyers are optimistic about the Southern Hemisphere's wheat to meet their demands. Due to drought in Australia last year, world export market was severely affected. As per the Cropcast Agricultural Weather report, there is little relief from the drought in Argentina. Deficit in rainfall in recent weeks, country's wheat belt is definitely lack moisture, which may hamper the yield potential. Cold climate in recent weeks over the wheat growing areas in Argentina may hamper the crop growth as crop is only in the vegetative stages of growth.

#### **Russian Wheat Unloaded at Tuticorin Port**

Tuticorin port created a new record by unloading a volume 10,140 tonnes of wheat in bulk from the vessel, MV Emperor, at berth no. VIII on August 20 (on a single day). As per the tuticorin press release, the Russian wheat has been imported by Cargill (I) Pvt. Let., New Delhi.

### **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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