

# CEREAL

Agriwatch  
DAILY

## WHEAT

Sept. 01, 2007

### Domestic Market Recap

During Friday's trade, Wheat prices traded steady to mostly down in most of the major markets on increased arrivals against the lower offtake from the consuming units whereas prices traded up Bareilly (UP), Punjab (Sunam Loose), Uttar Pradesh (Kosi losse) and Haryana (Hodal loose) against the restricted arrivals. Increased supplies against normal demand from rolling flour mills pulled down the wheat prices in majority of the markets. Delhi (Lawrence road), (Narella loose) and (Najawgarh loose) traded down against the increased arrivals on lower buying. The prices at Rajkot (loose) traded down on the eve of Ram Navmi and healthy arrivals of 25000 qtls. The prices of different wheat products quoted steady as, Atta quoted up at Rs.1057/90kg, 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.335. Total arrivals in Delhi (Lawrence Road) were increased and stood around 15,500 qtls. In the coming days, wheat prices is likely to trade at higher side due to lower stocks and the import of wheat at higher price level. By Wednesday, around 80 per cent wheat harvest is completed in England and Wales but production are likely to be lower due to weather extremes, reported by National Farmer's Union. In June, Argentina exported 659,794 tonnes of wheat, down by 22% from the 847,175 tonnes exported in June 2006.

### Domestic Spot Market Prices

Market	Variety	Prices (Rs/qttl)		Change	Arrivals (Qtls)
		31.08.07	30.08.07		
Delhi (Lawrence Road) Ready Delivery	Mill quality	1015	1010-1020	-5	15500
Delhi (Narella) Loose	Mill quality	970-972	975-980	-8	4000
Haryana (Palwal) Loose	Mill quality	933	935	-2	500
Uttar Pradesh (Mathura) Loose	Mill quality	945	945	-	300
Uttar Pradesh (Kosi) Loose	Mill quality	940	936	+4	200
Haryana (Hodal) Loose	Mill quality	942	940	+2	250
Gujarat (Rajkot) Loose	Mill quality	940-945	945-950	-5	2500
Rajasthan (Kota)	Mill quality	1050	1050-1055	-5	
Uttar Pradesh (Kanpur)	Mill quality	1030	1025-1030	-	1500
Madhya Pradesh (Indore)	Mill quality	1025-1030	1025-1030	-	950
Uttar Pradesh (Bareilly)	Mill quality	1005-1010	995-1000	+10	

### International Futures Quotes (as of August 30, 2007)

#### CBOT

Contract Month	Open	High	Low	Settle	Change
September 2007	742.00	774.00	741.75	770.00	28.00
December 2007	760.75	788.50	759.50	784.50	26.00
March 2008	760.00	781.50	758.00	777.50	21.50

#### KCBT

Contract Month	Open	High	Low	Settle	Change
September 2007	695.00	725.25	695.00	720.75	25.50
December 2007	712.00	739.50	712.00	733.50	21.00
March 2008	710.50	734.00	710.50	727.50	18.50

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

CBOT wheat futures settled higher Thursday. December Wheat finished up 26 cent at \$784.50 per bushel; this was 4 off the high and 13.5 up from the low. July Wheat closed up 10.5 cent at \$610.00 per bushel. This was 3 up from the low and 2 off the high. December wheat traded to historic highs on Thursday on strong technical indicators and strong export sales. Follow-through technical buying from a rally overnight and a bullish weekly export sales report from the USDA pushed prices to steep early gains. There was solid commercial and fund buying at the MGE. Weekly US export sales for wheat came in at 1,231,900 metric tonnes, which was above trade expectations calling for 700,000-1,100,000. Cumulative sales have reached 56.6% of the USDA forecast as compared to 37.1% on average over the last five years. Tight world supplies have kept buyers interested despite high prices. South Korean millers bought 87,200 tonnes of US wheat and Taiwan is expected to buy 46,000 next Wednesday. The CBOT raised margins to trade wheat with the initial margin up to \$1,890 per contract from \$1,688. India will buy wheat at the range of \$385-434/tonne for the quantity of 5.3 lakh tonnes.

**News Analysis****Australia Winter Wheat Crop Estimation at 20 to 22 Million Tonnes**

There is growing concern in Australia of the impact on wheat crop due to lack of rain in some areas. Production estimates for now remain mostly in a range of 20 million to 22 million metric tons. For the domestic consumption, Australia needs around 6 million-7 million tonnes and the balance go for export. Industry concerns also are playing out in trading of ASX January 2008 futures, the most active local milling wheat contract, which traded early Wednesday at A\$343 a metric tonne, down A\$6 from Tuesday's close, but still 60% higher than a low of A\$215 early in April. Rainfall in the recent weeks in northern New South Wales and southern Queensland wheat lands has helped buttress industry estimates. More rainfall is needed soon because when the weather warms up crops grow faster and use more soil moisture.

**Domestic Wheat Price May Surge As Bids Quote Higher Rates**

In the latest tender floated by the State Trading Corporation for wheat import for the unspecified quantity, six suppliers have offered to sell 5.3 lakh tonnes in a price range of \$385-434/tonne. Earlier, government cancelled the tender of 4.09 lakh tonnes at the price of \$370/tonne. If the government had bought the above quantity with the above rate, could have saved around Rs.25 crore. The bidders for the current tender and the quantity to be supplied as follows: Glencore (3 lakh tonnes), Cargill (80,000 tonnes), Toepfer (70,000 tonnes), PEC (50,000 tonnes), Ameropa (25,000 tonnes) and Starcom (5,000 tonnes). The purchase will be finalized by September 3. Although the government procured 11 million tonnes from farmers, 1.8 million tonnes more than the last year, but it is lower than the projected requirement of 15 million tonnes for the year. Currently the domestic wheat prices surged by Rs.70-85/qlt due to high import prices in the last import tender. Further, the domestic prices are likely to rise as the high prices quoted in the recent wheat import tender.

**80 Per cent Wheat Harvest Completed in England & Wales**

By Wednesday, around 80 per cent wheat harvest is completed in England and Wales but production are likely to be lower due to weather extremes, reported by National Farmer's Union. NFU further reported that if current dry and sunny weather continues then the majority of the wheat harvest will be finished soon. NFU also said that most farmers need four to five weeks to recover from this summer's record rainfall, especially to prepare land for autumn sowing.

**Argentina June Wheat Exports Down 22%**

In June, Argentina exported 659,794 tonnes of wheat, down by 22% from the 847,175 tonnes exported in June 2006. Brazil was the major buyer of Argentine wheat in June with the quantity of 560,986 tonnes followed by Mozambique with 35,901 tonnes.

**Weather Impact Analysis**

The recent rainfalls over the wheat-growing region are beneficial as these rains will be stored for the wheat crop.

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