

■ W H E A T

■ Sept. 24, 2007

Domestic Market Recap

Saturday's wheat prices witnessed firm sentiment on a strong demand from the roller flour millers in south markets against the daily steady arrivals. On a subdued demand from the consuming units, Delhi (Narella) loose basis traded down against the steady arrival of 4000 qtls. CACP's recommendation of Wheat MSP at Rs.1000/qltk, up of Rs.150 from last year further boosted the wheat prices. India, the world's third-biggest importer of wheat last year, will decide next month if the South Asian nation needs to buy more grain from overseas, a government official reported. In Delhi (Lawrence road) ready delivery quoted up at Rs.1010-1012/qlt on restricted arrival of 11000 qtls. In southern markets, wheat traded in the range of Rs.1250-1300/qlt. Good demand from south India boosted the wheat prices in North India while in Bhopal and Indore (MP), prices eased on the unload of stocks by the farmers ahead of the soy crop arrivals. The prices of different wheat products quoted steady to up as, Atta quoted at Rs.1057/90kg, Maida and Sooji traded steady at Rs.1238/90 kg and Rs.700/50 kg bag respectively and while Chokar 50kg traded up at Rs.355 and Chokar 34kg at Rs.232.

Domestic Spot Market Prices

Market	Variety	Prices (Rs/qlt)		Change	Arrivals (Qtls)
		22.09.07	21.09.07		
Delhi (Lawrence Road) Ready Delivery	Mill quality	1010-1012	1008-1010	+2	11000
Delhi (Narella) Loose	Mill quality	980-985	980-990	-5	4000
Haryana (Palwal) Loose	Mill quality	935	925	+10	300
Uttar Pradesh (Mathura) Loose	Mill quality	955	955	-	1600
Uttar Pradesh (Kosi) Loose	Mill quality	935	926	+9	300
Haryana (Hodal) Loose	Mill quality	950	947	+3	350
Gujarat (Rajkot) Loose	Mill quality	960	945	+15	3-4000
Rajasthan (Kota)	Mill quality	1035	1030-1037	+2	500
Uttar Pradesh (Kanpur)	Mill quality	1000	995-1000	-	4000
Madhya Pradesh (Indore)	Mill quality	1025-1030	1025-1037	+7	9000
Uttar Pradesh (Bareilly)	Mill quality	985-990	990-998	+8	1500

International Futures Quotes (as of September 21, 2007)**CBOT**

Contract Month	Open	High	Low	Settle	Change
September 2007	857.00	880.00	852.00	874.00	+24.00
December 2007	863.00	880.00	857.50	877.50	+23.25
March 2008	753.00	772.00	753.00	767.50	+24.00

KCBT

Contract Month	Open	High	Low	Settle	Change
September 2007	848.00	860.00	839.00	858.00	+24.00
December 2007	849.00	858.00	839.00	854.00	+19.00
March 2008	760.00	780.00	758.00	780.00	+28.00

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

CBOT wheat futures settled up Friday. December Wheat finished up 24 cent at \$874.00 per bushel; this was 6 off the high and 22 up from the low. July Wheat closed up 17 cent at \$629.00 per bushel. This was 15 up from the low and 1 off the high. December wheat settled up with the news of solid export demand along with continued dry spell over Australia helped gain in the early session. Funds were active buyers on the session and commercial traders were noted sellers on a scale-up basis. USDA confirmed a sale of 700,000 tonnes of US hard red winter wheat to Iraq. In addition, Algeria bought 100,000 tonnes of US hard red winter wheat. Russia is planning to limit wheat exports if prices reach near \$219/tonne. Poor production in Europe this summer has made European customers coming to the US supported the positive sentiment. Cumulative US export sales have reached 69.6% of the USDA forecast for the entire season as compared to 43.6% on average over the last five years. Good rains are expected across the southeast US into early next week, which might provide improved moisture for planting of new crop.

News Analysis**Recent Rainfalls Over Argentina Boosted Wheat Crop Yield.**

In Argentina, after more than a week of solid rainfall, crop conditions are excellent. This rainfall is very likely to boost crop yield and will facilitate corn and sunseed planting. The young wheat crop had been struggling due to dry weather and a series of sharp frosts. But temperatures rose sharply this month and the rainfall has replenished soil moisture levels. According to the Buenos Aires Exchange, 65% of the wheat area is in good or very good condition, 27% is in average condition, 7% is in poor condition and 1% is in very poor condition. The U.S.D.A estimated Argentina's wheat production at 14 million metric tonnes of wheat in 2007-08, down from 14.6 million tonnes last season. However, AgriPac Consultores analyst Pablo Adreani forecast 16 million tonnes of wheat coming from the Pampas this season.

CACP Recommended Wheat MSP of Rs 1,000/qlt for 2007-08

The Commission for Agricultural Costs & Prices (CACP) have recommended a minimum support price (MSP) of Rs 1,000 per quintal wheat for the 2007-08 rabi season. This would be a jump of Rs.150/qlt over the last year's Rs.850 and Rs.390 from Rs.610 in 2000-01. CACP has also invited State Governments' views on the MSP. The matter at present is before the concerned ministries (Agriculture, Food, Finance, and Commerce) and the Planning Commission. Based on the inputs and comments received, a final note would be drafted by the Agriculture Ministry, which may be taken up by the Union Cabinet by end-October before commencement of sowing operations.

Pakistan to Buy 1 Million Tonnes of Wheat

Pakistan's Trading Corporation, a state-owned commodities buyer, has invited bids for 1m tonnes of wheat to increase its stock-piles. Like other developing countries, Pakistan is fighting food-fuelled inflation. A 30pc rise in wheat prices last month helped stoke inflation to 8pc over the past year.

Government May Slow Down Wheat Import

Due to attack for buying wheat at record high prices, the government is planning to go-slow on import and will watch rates in the international market. Whatever policy decisions we had adopted, we would be able to manage it and if required we would review, Agriculture Minister said. But as on date there is no requirement. First the government scrapped the bid at a rate of \$263 a tonne, then government contracted to import over 13 lakh tonnes at a price ranging between \$325 to \$390 a tonne. Minister also said not to disturb the domestic prices since there is subsidized wheat supply to 30 per cent of the population while 70 per cent depends on open market. The minute we start to purchase from the open market it will affect the consumers.

Weather Impact Analysis

Scattered to fairly widespread rainfall is likely over northwest India and decrease in rainfall activity over south peninsula in next 48 hours.

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