

# CEREAL

**Agriwatch**  
DAILY

## WHEAT

Sept. 06, 2007

### Domestic Market Recap

During Wednesday's trade, Wheat prices traded steady to firm in most of the major markets on good buying against normal supply whereas markets in Kanpur and Bareilly traded lower on lower offtake from the consuming units. Increased supplies against normal demand from rolling flour mills pulled down the wheat prices in Kanpur and Bareilly markets. In Delhi (Lawrence road), prices quoted steady at Rs.1005/qtl on steady demand while prices quoted firm in Bhopal, Indore, Rajkot (loose) and markets in Haryana. The prices of different wheat products quoted steady as, Atta quoted at Rs.1055/90kg, Maida and Sooji traded at Rs.1256/90 kg and Rs.710/50 kg bag respectively, Chkar 50kg at Rs.329. Total arrivals in Delhi (Lawrence Road) were decreased and stood around 7,000 qtls. At present, wheat in south markets is trading in the range of Rs.1015-1020/qtl. 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. With the government's decision to import 7.95-lakh tonnes wheat at an average price of \$389/tonne through the State Trading Corporation may jack up the commodity in the local markets.

### Domestic Spot Market Prices

Market	Variety	Prices (Rs/qtl)		Change	Arrivals (Qtls)
		05.09.07	04.09.07		
Delhi (Lawrence Road) Ready Delivery	Mill quality	1005	-	-	7000
Delhi (Narella) Loose	Mill quality	-	-	-	-
Haryana (Palwal) Loose	Mill quality	935	-	-	600
Uttar Pradesh (Mathura) Loose	Mill quality	938	-	-	1000
Uttar Pradesh (Kosi) Loose	Mill quality	936	-	-	600
Haryana (Hodal) Loose	Mill quality	945	-	-	200
Gujarat (Rajkot) Loose	Mill quality	940-945	-	-	400
Rajasthan (Kota)	Mill quality	1065	1050-1060	+5	
Uttar Pradesh (Kanpur)	Mill quality	1015-1020	1020-1025	-5	1500
Madhya Pradesh (Indore)	Mill quality	1045	-	-	
Uttar Pradesh (Bareilly)	Mill quality	1005	1005-1010	-5	600

### International Futures Quotes (as of September 4, 2007)

#### CBOT

Contract Month	Open	High	Low	Settle	Change
September 2007	795.00	810.00	795.00	807.00	+40.00
December 2007	805.00	805.50	804.00	805.50	+30.00
March 2008	801.25	801.25	795.00	801.25	+30.00

#### KCBT

Contract Month	Open	High	Low	Settle	Change
September 2007	751.00	751.00	751.00	751.00	+30.00
December 2007	760.00	761.00	758.00	761.25	+30.00
March 2008	759.00	763.50	758.00	763.50	+30.00

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

CBOT wheat futures settled up Tuesday. December Wheat finished up 30 cent at \$805.50 per bushel; this was equal to the high and 1.5 up from the low. July Wheat closed up 20 cent at \$621.00 per bushel. This was 6 up from the low and 6 off the high. All-time highs at the Paris exchange for milling wheat as well as tight world supply helped the wheat prices and limit bid into the mid-session. The news of the increased buying from India and other countries against the lack of interest from the seller to sell further boosted the market sentiment. Open interest is down to the lowest level since May 29th as short covering is also helping to fuel the bull trend. Fears that drought may slash Australian wheat crop for the second year also supported the upward movement of market. Cumulative shipments for the 2007/2008 season have reached 28.3% compared to 23.8% as the 5-year average for this time of the year. Malaysia is planning to buy two to three cargoes of US/Canadian before October.

**News Analysis****High Import Rates Likely to Push up the Local Wheat Prices**

With the government's decision to import 7.95 lakh tonnes wheat at an average price of \$389/tonne through the State Trading Corporation may jack up the commodity in the local markets. The latest import price is about 90% higher than the minimum support price of Rs.850/qlt that was fixed for the current marketing period that ended in June. Roller Flour Miller Associations in India argued that wheat import prices might send a signal to the local traders that the government anticipates high wheat prices in future. The Association also argued that instead of floating a global tender, government could have floated local tenders because of the enough wheat production is reported in the country. This will also give a chance to the farmers to sell their wheat stocks after two months at the import price rates.

**Drought May Lower Australian Wheat Output**

Drought over the wheat growing regions in Australia could destroy the Australia's wheat yield. In many parts of Australia there has been some relief and a quite large wheat crop was planted, trade minister reported. At present, the crop is deteriorating especially in New South Wales and parts of Victoria. Australia is the world's third largest wheat exporter. Farmers are pinning their hopes on rain that is forecast over these areas over the next 4-5 days, which will revitalise the crop. It would be devastating for farmers if they have another poor wheat crop following on last year's sort of almost record low.

**Japan Agriculture Ministry will buy 175,000 Tonnes Wheat**

Japan Agriculture Ministry will buy 175,000 Tonnes Wheat. The tender will be concluded on September 6. The shipments are likely to arrive between October 16 - November 30.

**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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