

## ■ W H E A T

■ Sept. 20, 2007

**Domestic Market Recap**

During Wednesday's trade, in most of the major mandis, wheat traded steady to firm on normal demand amidst slightly restricted arrivals whereas in some other major mandis, prices dipped due to subdued demand amidst lower arrivals. As market sources reported, roller flour millers have already fulfilled the festival quota and now interested to buy at lower price level. In Haryana and Gujarat, wheat traded up due to good demand from the roller flour millers against the restricted arrivals and prices quoted up in the range of Rs.4 to Rs.10/qtl. In Delhi (Lawrence road) ready delivery quoted steady at Rs.1000/qtl against the restricted arrival of 6500 qtls. In Indore (MP) mill quality traded steady at Rs.1025-1030/qtl while in Bareilly (UP) mill quality traded up on good buying support from the consuming units against the lower arrivals of 1100 qtls. The prices of different wheat products quoted steady to down as, Atta quoted at Rs.1057/90kg, Maida traded down at Rs.1247/90 kg and Sooji traded steady at Rs.710/50 kg bag and while Chokar 50kg traded up at Rs.346 and Chokar 34kg at Rs.226. Agriculture Minister said that government is planning to slow down the import of wheat and to keep the price constant as more than 70 per cent public depends upon the open market.

**Domestic Spot Market Prices**

Market	Variety	Prices (Rs/qtl)		Change	Arrivals (Qtls)
		19.09.07	18.09.07		
Delhi (Lawrence Road) Ready Delivery	Mill quality	1000	1000	-	6500
Delhi (Narella) Loose	Mill quality	-	960-972	-	3500
Haryana (Palwal) Loose	Mill quality	930	920-921	+9	500
Uttar Pradesh (Mathura) Loose	Mill quality	935	927	+8	1600
Uttar Pradesh (Kosi) Loose	Mill quality	915	921	-6	600
Haryana (Hodal) Loose	Mill quality	930	926	+4	400
Gujarat (Rajkot) Loose	Mill quality	945-950	955-960	+10	4000
Rajasthan (Kota)	Mill quality	1040-1045	1045-1050	-5	200
Uttar Pradesh (Kanpur)	Mill quality	1000-1005	1005-1010	-5	1000
Madhya Pradesh (Indore)	Mill quality	1025-1030	1025-1030	-	4000
Uttar Pradesh (Bareilly)	Mill quality	985-990	980-985	+5	1100

**International Futures Quotes (as of September 18, 2007)****CBOT**

Contract Month	Open	High	Low	Settle	Change
September 2007	881.00	881.00	865.00	869.00	-6.00
December 2007	888.00	888.00	870.00	872.50	-4.50
March 2008	753.00	755.00	748.50	748.50	-4.50

**KCBT**

Contract Month	Open	High	Low	Settle	Change
September 2007	865.00	865.00	847.00	848.75	-9.25
December 2007	868.00	868.00	847.00	848.50	-8.00
March 2008	745.00	755.00	745.00	752.00	-1.00

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

CBOT wheat futures settled down Tuesday. December Wheat finished down 6 cent at \$869.00 per bushel; this was 12 off the high and 4 up from the low. July Wheat closed down 3 cent at \$593.00 per bushel. This was 05 up from the low and 6 off the high. U.S. wheat futures closed lower on profit taking after a reduction in Australia's official crop estimate failed to surprise the markets. The market saw increased selling pressure after the firm opening. The Australia Bureau of Agriculture and Resource Economics pegged wheat production at 15.5 million tonnes against the trade expectations of 17-18 million with some as low as 15 million and 22.5 million as their previous forecast. USDA forecast was 21 million tonnes. World ending stocks already pegged at 112 million tonnes, the lowest since 1977, the further tightening of world supply is seen as bullish force for old crop wheat futures. Pakistan is expected to issue a tender to buy 250,000-500,000 tonnes of milling wheat in the next day or two. South Korea bought 47,700 tonnes of US wheat.

**News Analysis****ABARE estimates Australia's Wheat at 15.5 MT**

Government of Australia's last estimate made in June provided another boost to wheat futures, which have doubled in the past year. The Australian Bureau of Agricultural and Resource Economics said output in the harvest that begins in October might be only 15.5m tonnes, compared with its earlier forecast of 22.5m. Australia is the second largest exporter of wheat after the US. Prices have soared on the back of fast-growing demand and a series of poor harvests in countries around the world. Stockpiles are close to a 26-year low. According to a trade analyst, Mr. Chaouky, with ending stocks reaching historical low levels, raising costs of production and the comeback of inflation in the real economy, agricultural commodities prices should reach levels never seen before.

**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. This decision came after government contracted to import 7.95 lakh tonnes of wheat at \$ 389.45/tonne

**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 Mya 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**

IMD forecast on 19th Sept., 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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