

■ W H E A T

■ Sept. 22, 2007

Domestic Market Recap

During Friday's trade, wheat firmed up on good demand from the roller flour millers in south markets against the restricted arrivals. Most of the major market witnessed good demand during Friday's trade as roller flour millers are accelerating their demand ahead of the festive season. World ending stocks already pegged at 112 million tonnes, the lowest since 1977 and further tightening of world supply are seen as bullish force for wheat market. Crop damage in Australia, Canada and lower yield in EU countries along with good export demand from Pakistan, Egypt, Taiwan, etc. further added positive tone. However, prices slightly eased at Rajasthan (Kota) and Bhopal (MP) loose basis at Rs.1030-1037 and Rs.950/qtl respectively on subdued demand against the normal arrival. In Delhi (Lawrence road) ready delivery quoted steady at Rs.1008-1010/qtl on daily-restricted arrival of 12000 qtls. Delhi (Narella) loose traded up Rs.24/qtl from its previous level of Rs.966/qtl on good offtake from the consuming units amidst slightly lower 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.352 and Chokar 34kg at Rs.230. 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. By this month-end, government will consider the CACP recommendation of Rs.1000/qtl MSP for wheat for 2007-08.

Domestic Spot Market Prices

Market	Variety	Prices (Rs/qtl)		Change	Arrivals (Qtls)
		21.09.07	20.09.07		
Delhi (Lawrence Road) Ready Delivery	Mill quality	1008-1010	1010	-	12000
Delhi (Narella) Loose	Mill quality	980-990	966	+24	4000
Haryana (Palwal) Loose	Mill quality	925	925	-	400
Uttar Pradesh (Mathura) Loose	Mill quality	955	952	+3	1200
Uttar Pradesh (Kosi) Loose	Mill quality	926	920	+6	325
Haryana (Hodal) Loose	Mill quality	947	935	+12	350
Gujarat (Rajkot) Loose	Mill quality	945	940-945	-	3-4000
Rajasthan (Kota)	Mill quality	1030-1037	1030-1040	-3	500
Uttar Pradesh (Kanpur)	Mill quality	995-1000	995-1000	-	4000
Madhya Pradesh (Indore)	Mill quality	1025-1037	1025-1030	+7	7000
Uttar Pradesh (Bareilly)	Mill quality	990-998	990-995	+3	1500

International Futures Quotes (as of September 20, 2007)**CBOT**

Contract Month	Open	High	Low	Settle	Change
September 2007	852.00	863.00	839.00	850.00	+5.00
December 2007	855.00	867.00	846.00	854.25	+4.75
March 2008	738.00	745.00	738.00	743.50	+9.50

KCBT

Contract Month	Open	High	Low	Settle	Change
September 2007	840.00	845.50	827.00	834.00	+5.50
December 2007	843.00	845.00	827.50	835.00	+6.50
March 2008	755.50	764.00	750.00	752.00	+8.00

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

CBOT wheat futures settled up Thursday. December Wheat finished up 5 cent at \$850.00 per bushel; this was 13 off the high and 11 up from the low. July Wheat closed up 13.5 cent at \$612.00 per bushel. This was 11 up from the low and 1 off the high. December wheat settled up in turnaround from last two days losses. Gains were buoyed by strong demand. The USDA reported export sales of 2007-08 and 2008-09 wheat for the week ended September 13 totaled 1.6 million metric tonnes, above trade expectations. The steady pace of business was impressive as the sales period covered last week's rally to fresh all-time highs. Surge in other grain markets, the surge in other commodity markets, the collapse in the US dollar and continued concerns with dryness problems in Australia helped supported the bullish sentiment. Sales of just 245,100 metric tonnes per week are needed to reach the USDA estimate.

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/qrtl 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/qrtl 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

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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