

■ W H E A T

■ Sept. 18, 2007

Domestic Market Recap

During Monday's trade, Wheat mostly traded down on increased arrivals against lower offtake from the consuming units. Subdued demand from the roller flour millers was reported today. In Delhi (Lawrence road), Ready delivery traded steady against the slightly lower arrivals of 10700 qtls. In surrounding markets of Delhi, prices were slashed down in the range of Rs.10-20/qrtl on a subdued trading activity. However, Gujarat (Rajkot) loose and UP (Bareilly) loose basis traded up on good offtake from the roller flour millers against the lower arrivals of 4000 and 4500 qtls respectively. 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 and Chokar traded 50kg steady at Rs.340. Due to unloading of stocks by farmers and stockists also imparted bearish sentiment. The reserves at state-run warehouses totalled 10.9 million tonnes by September 9, which is more than 4 million tonnes required to cope with emergencies further imparted bearishness in the market sentiment. Wheat subsidised sales are estimated at 2.74 million metric tonnes, down from 3.06 million tonnes a year earlier. The volume of subsidized wheat sales is one of the benchmarks that the government uses to plan its wheat import programme. A fall in sales reduces government's wheat import requirement. In coming days, wheat may trade at upper side as increase in consumption is expected during festive and winter season coupled with higher global price.

Domestic Spot Market Prices

Market	Variety	Prices (Rs/qrtl)		Change	Arrivals (Qtls)
		17.09.07	14.09.07		
Delhi (Lawrence Road) Ready Delivery	Mill quality	1000	990-1000	-	10700
Delhi (Narella) Loose	Mill quality	960-970	980-985	-15	4000
Haryana (Palwal) Loose	Mill quality	920	930-938	-18	600
Uttar Pradesh (Mathura) Loose	Mill quality	928	940	-12	1300
Uttar Pradesh (Kosi) Loose	Mill quality	922	940-942	-20	550
Haryana (Hodal) Loose	Mill quality	927	930-937	-10	700
Gujarat (Rajkot) Loose	Mill quality	955-960	950-955	+5	4000
Rajasthan (Kota)	Mill quality	1050-1055	1060	-5	200
Uttar Pradesh (Kanpur)	Mill quality	1000-1005	1005-1010	-5	1000
Madhya Pradesh (Indore)	Mill quality	1035-1040	1030-1035	+5	4500
Uttar Pradesh (Bareilly)	Mill quality	995-1000	995-1000	-	1200

International Futures Quotes (as of September 14, 2007)**CBOT**

Contract Month	Open	High	Low	Settle	Change
September 2007	845.50	859.00	828.00	846.00	+1.00
December 2007	851.50	863.50	832.50	854.00	+3.50
March 2008	740.00	753.00	731.75	743.00	+1.00

KCBT

Contract Month	Open	High	Low	Settle	Change
September 2007	824.25	837.25	812.00	829.00	+4.00
December 2007	821.75	837.00	811.00	828.00	+6.25
March 2008	755.00	760.00	740.00	745.00	-

CEREAL

Agriwatch
DAILY

W H E A T

Sept. 18, 2007

International Market Recap

CBOT Wheat Futures Settled Up

CBOT wheat futures settled up Friday. December Wheat finished up 1 cent at \$846.00 per bushel; this was 13.00 off the high and 16 up from the low. July Wheat closed up 5.5 cent at \$587.00 per bushel. This was 14.5 up from the low and 2.5 off the high. U.S. wheat futures closed mostly higher on light position squaring before the weekend. December wheat traded in a wide, choppy range bound. Reports that Turkey's state grain board will seek permission to import 800,000 tonnes of wheat, due to drought there, was a supportive factor, as were ongoing concerns over the fate of the Australian wheat crop. State officials in Australia have commented this week that some areas could lose 50% of acres if they do not get rain in the next week.

News Analysis

Canada's Wheat Supplies Pegged at 6.828 MT: Statistics Canada.

Statistics Canada pegged all-wheat supplies in Canada at the end of the 2006-07 (August/July) crop year at 6.828 million metric tonnes compared with the pre-report estimates that ranged from 7.000 million to 8.000 million tonnes. All-wheat supplies at the same time in 2005-06 totaled 9.638 million tonnes. According to the government agencies, the lower wheat stocks were the result of above-average export demand brought on by the tight world supply and demand situation. There is also talk in some quarter that the supply tightness in Canada may be offset by report of higher-than-expected yield potential from wheat crops in central and northern Alberta. However, the problem is that the crop is late in maturity and in turn the quality may be downgraded by frost. Stats Canada pegged canola supplies as of July 31 at 1.820 million tonnes, which was at the high end of pre-report ideas that ranged from 1.300 million to 1.800 million tonnes. Canola supplies at the end of the 2005-06 crop year totaled 2.007 million tonnes.

Iraq Plans to Import Australian Wheat

Government officials from Iraq have started talks with Australian wheat exporter AWB (AWB.AU) to purchase large quantities of hard wheat. The Trade Ministry in cooperation with the AWB has started talks with senior government officials to purchase Australian wheat, Trade Minister said. The two country had no commercial relationship since February, 2006, following revelations at an Australian inquiry investigating kickbacks of U.S. \$221.7 million paid by AWB to Saddam Hussein's regime to secure wheat sales under the U.N. oil-for-food programme. The requirement for Iraq to buy annually is about 3.8 million tonnes of wheat.

Australia's Victoria Wheat Production Around 4.4 MT

According to an agronomist with the Department of Primary Industries, production from a new wheat crop in Australia's Victoria state could reach a record 4.4 million metric tonnes. If there is a poor finish, wheat production would be around 2.5 million tonnes and if there is good finish; yield could be around 5.5 million tonnes. Since 1996-97, the country generally produces above 20 million tonnes or around 10 million tonnes, which shows when Australia misses, misses in a big way. This year, Australia's wheat production would be around 18 million tonnes. At present, good rainfall is required to maintain current crop yields.

China's Wheat Output Around 107 MT in 2007

Central government expects China's wheat output in 2007 to stand around 107 million tonnes, up 2.54 million tonnes from last year. The increased production is due to increase in output per hectare following the promotion of good quality wheat seeds.

Weather Impact Analysis

The recent rainfalls over the wheat-growing region are beneficial for the wheat crop as it will conserve moisture which will enhance the growth of wheat crop.

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