

## ■ W H E A T

■ Sept. 26, 2007

**Domestic Market Recap**

During Tuesday's trade, wheat prices surged on good demand from the roller flour millers of south amidst restricted arrivals. Ahead of the festive and winter season, flour millers are accelerating their stuffs, which further imparted positive tone. However, in Delhi's surrounding mandis, wheat traded down on a subdued trading activity. In Delhi mandis, on a routine demand-supply situation, wheat traded steady at Rs.1008/qty against the daily arrival of Rs.15500 qtls. Various mandis in UP have seen the sharp price rise on a lower arrival against a good demand from the consuming units. CACP's recommendation of wheat MSP at Rs.1000/qty for the current crop year further boosted the market sentiment. Roller Flour Millers' Association recommended the govt. to distribute wheat products to the families of BPL category, which contains iron and folic acid. Government also denied there is no plan at present to allow duty free import. Millers' association also requested the govt. to take millers as per the govt. bodies to procure wheat from the farmers. They also requested govt. to import wheat round the year and wheat procurement from the farmers in decentralised manner. The prices of different wheat products quoted steady to down as, Atta at Rs.1054/90kg, Maida traded down at Rs1220 and Sooji down at Rs.695/50 kg bag and while Chokar 50kg traded up at Rs.361 and Chokar 34kg at Rs.236. In coming days, wheat may trade at higher side ahead of festive season.

**Domestic Spot Market Prices**

Market	Variety	Prices (Rs/qty)		Change	Arrivals (Qtls)
		25.09.07	24.09.07		
Delhi (Lawrence Road) Ready Delivery	Mill quality	1008	1008	-	15500
Delhi (Narella) Loose	Mill quality	975	975-985	-10	3000
Haryana (Palwal) Loose	Mill quality	930	928-930	-	300
Uttar Pradesh (Mathura) Loose	Mill quality	935	944	-9	1300
Uttar Pradesh (Kosi) Loose	Mill quality	930	934	-4	300
Haryana (Hodal) Loose	Mill quality	935	941	-6	300
Gujarat (Rajkot) Loose	Mill quality	965-970	965	+5	3000
Rajasthan (Kota)	Mill quality	1035-1040	1035-1038	+2	500
Uttar Pradesh (Kanpur)	Mill quality	1000-1010	995-1000	+10	2000
Madhya Pradesh (Indore)	Mill quality	1035-1040	1030-1045	-5	9000
Uttar Pradesh (Bareilly)	Mill quality	1000-1010	980-985	+25	500

**International Futures Quotes (as of September 24, 2007)****CBOT**

Contract Month	Open	High	Low	Settle	Change
September 2007	876.00	896.25	870.00	877.75	+3.75
December 2007	879.00	898.75	876.00	883.25	+5.75
March 2008	778.00	794.50	778.00	782.50	+15.00

**KCBT**

Contract Month	Open	High	Low	Settle	Change
September 2007	856.75	880.00	856.75	864.75	+6.75
December 2007	853.00	873.50	853.00	863.00	+9.00
March 2008	796.50	796.50	781.00	785.00	+5.00

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

CBOT wheat futures settled up Monday. December Wheat finished up 3.75 cent at \$877.75.00 per bushel; this was 13.25 off the high and 7.75 up from the low. July Wheat closed up 8.5 cent at \$637.50 per bushel. This was 8.5 up from the low and .5 off the high. Continued worries over Australian wheat production coupled with the need to ration global demand provided support to underpin prices. Looking at uncertain Australian production forecasts amid dryness issues, with reports of fresh demand from Iraq served as the catalyst to support the day's price strength. Milling wheat futures in Europe spiked 2.5% on Monday with talk of continued dry weather in Australia helping to support active new buying. Cumulative shipments reached 37.6% of the USDA forecast for the season as compared with 30.6% as the 5-year average for this time of the year. Weekly inspections need to average 18.9 million bushels per week to reach the projection. Traders are also eyeing the inflationary impacts of outside markets.

**News Analysis****Fortified Atta Should Be Extended To BPL Cardholders: Roller Flour Millers**

Shri Prem Gupta, President, Roller Flour Millers Federation of India at 67th Annual General Body Meeting at New Delhi said that India is the second largest producer of wheat after China in the world. This year saw a record wheat production at 74 million tonnes compared to last year's 69.35 million tonnes. This year, there is a generous hike in MSP of Rs.150/qlt. There is a comfortable opening stock of 4.68 million tonnes against the buffer norm of 4 million tonnes. Millers federation also requested the government of India to withdraw the stock limit, which was at present imposed by states like Delhi, Maharashtra and Tamil Nadu because the millers are vital link between the farmer and the ultimate consumer through trade and secondary processing. Due to stock limits, the flour millers cannot plan their procurement and production. Federation also requested the govt. that the industry should be treated as partner in the National Food Programme and be allowed direct procurement of wheat from the farmers on the same terms and conditions offered to state agencies.

If government allows duty free wheat import, this would assure sustained supplies of wheat for the industry as well as a price-monitoring move for the rising prices in domestic market. The federation also requested the distribution of wheat be replaced by wheat products which can be duly fortified with essential micronutrients such as iron and folic acid. Presently conversion of wheat into fortified wheat products has been available to the APL family and not to BPL. Fortified atta should be extended to BPL cardholders. Industry also suggested that government may go in for decentralised procurement or even imports round the year and thus projecting itself as an impulsive buyer and not a compulsive buyer. Industry also requested the government for the exemption of wheat and wheat products from taxation, which at present ranges from 0-9 per cent in different states..

**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.

**Weather Impact Analysis**

Isolated heavy to very heavy falls are likely over Bihar, Uttar Pradesh, Uttarakhand, Konkan & Goa, Saurashtra, south Gujarat region, Coastal Karnataka, Kerala and Lakshadweep in next 48 hours.

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