

## ■ W H E A T

■ Sept. 27, 2007

**Domestic Market Recap**

During Wednesday's trade, wheat prices traded mixed on steady buying against the restricted arrivals. But wheat ruled higher at Kanpur (UP) and Indore (MP) at Rs.1010-1015 and Rs.1040-1050/ctl respectively on good demand from the consuming units against slightly lower arrival. However, some northern markets also witnessed good demand from south's roller flour millers. In Delhi, (Lawrence Road) ready delivery traded steady on a steady demand against the lower arrivals of 11500 qtls. On a lower offtake from the consuming units, markets in Rajasthan and Gujarat traded lower. Various mandis received arrivals around 200-11500 qtls, the lowest by Uttar Pradesh (Kosi loose) and highest by Delhi (Lawrence road). In the meantime, at the face of global price rise, India's Union Agriculture Minister said no need to import wheat at present prices citing enough wheat stocks. Net wheat importing countries like South Korea have been buying more corn to replace wheat in meeting the domestic consumption. According to some analyst, the higher acreage may lead to the fall of prices by 30 percent to \$6 (240) per bushel within a year. Roller Flour Millers' Association 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 up as, Atta at Rs.1054/90kg, Maida traded at Rs.1220 and Sooji at Rs.695/50 kg bag and while Chokar 50kg traded up at Rs.366 and Chokar 34kg at Rs.238. In coming days, wheat may trade at higher side ahead of festive season and winter season.

**Domestic Spot Market Prices**

Market	Variety	Prices (Rs/ctl)		Change	Arrivals (Qtls)
		26.09.07	25.09.07		
Delhi (Lawrence Road) Ready Delivery	Mill quality	1008	1008	-	11500
Delhi (Narella) Loose	Mill quality	-	975	-	3000
Haryana (Palwal) Loose	Mill quality	929	930	-1	300
Uttar Pradesh (Mathura) Loose	Mill quality	936	935	+1	1200
Uttar Pradesh (Kosi) Loose	Mill quality	920-932	930	+2	200
Haryana (Hodal) Loose	Mill quality	932	935	-3	250
Gujarat (Rajkot) Loose	Mill quality	965	965-970	-5	3000
Rajasthan (Kota)	Mill quality	1030-1035	1035-1040	-5	500
Uttar Pradesh (Kanpur)	Mill quality	1010-1015	1000-1010	+5	2000
Madhya Pradesh (Indore)	Mill quality	1040-1050	1035-1040	+10	7000
Uttar Pradesh (Bareilly)	Mill quality	1000-1005	1000-1010	-5	500

**International Futures Quotes (as of September 25, 2007)****CBOT**

Contract Month	Open	High	Low	Settle	Change
September 2007	879.50	905.00	872.75	887.25	+9.50
December 2007	887.25	907.00	878.00	892.00	+8.75
March 2008	784.25	809.50	778.00	793.00	+10.50

**KCBT**

Contract Month	Open	High	Low	Settle	Change
September 2007	866.00	887.00	859.75	873.25	+8.50
December 2007	863.25	883.50	860.00	869.00	+6.00
March 2008	809.00	810.00	785.00	794.00	+9.00

# CEREAL

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## W H E A T

Sept. 27, 2007

### International Market Recap

#### CBOT Wheat Futures Settled Up

CBOT wheat futures settled up Tuesday. December Wheat finished up 9.5 cent at \$887.25 per bushel; this was 17.75 off the high and 13.25 up from the low. July Wheat closed unchanged at \$637.50 per bushel. This was 5.5 up from the low and 3.5 off the high. Although initially market traded lower on selling pressure but traded up in the remaining sessions with new export orders combined with the prevailing dry spell over Australia. The markets trimmed gains on a late round of profit taking. USDA reported the sale of 330,000 tonnes of US hard red winter wheat to Algeria as well as Pakistan issued a tender to buy 100,000 tonnes of milling wheat and Turkey officials approved the import of 800,000 tonnes of wheat due to the drought this season. The Agriculture Ministry in Kazakhstan raised their grain crop forecast to a record 19.8 million tonnes, above the previous forecast for 16.1 million tonnes. The weekly crop updates showed US winter wheat plantings at 27% complete compared to 32% last year. As per the quarterly Grain Stocks report for Friday, September 1st wheat stocks at 1.833 billion bushels as compared with 1.751 billion last year.

### News Analysis

#### Wheat Prices May Fall By 30% Within A Year: Analyst

In USA, farmers are sowing the seeds for an end to the biggest rally in wheat since the former Soviet Union cornered the US market in the 1970s. Farmers from Kansas to India are preparing the world's largest wheat crop in 10 years to meet the growing demand. The cereal has risen 78% this year—the most of any farm commodity. According to some commodity analyst, farmers will harvest at least 3.3 per cent more acres next year than they did this year. This year's record prices will drive the farmers to plant more acres, which will ultimately lead to the down of prices. In the meantime, government of India is considering the recommendation of CACP's proposal of Rs.1000/qlt wheat for the current crop year. According to the analyst, this will boost the farmers' morale and they will plant more wheat crops. US farmer, the biggest wheat exporters, have until 1st October to lock in government-funded crop insurance, which guarantees a record pre-planting price of almost \$6/bushel at harvest - 50 per cent higher than the average of the past two seasons. According to an analyst, growers in the northern hemisphere in USA are seeding crops that may result in the largest harvest acreage in any year since 1997. Traders are optimistic in an increased acreage in EU countries, USA, India and Canada this year. In this season, wheat plantings rose 2.9% to 214 million ha. Generally, farmers respond to high prices and will plant accordingly. In the meantime, at the face of global price rise, India's Union Agriculture Minister said no need to import wheat at present prices citing enough wheat stocks. Net wheat importing countries like South Korea have been buying more corn to replace wheat in meeting the domestic consumption demand. According to some analyst, the higher acreage may lead the fall of prices by 30 percent to \$6 (240) per bushel within a year.

#### Turkey To Import 800,000 Tonnes Of Wheat By May End

According to the Ihlas News Agency, the Turkish government has asked the state-owned grain board to import 800,000 metric tonnes of wheat by the end of May. The agency will not pay any customs taxes. Agriculture Minister Mehdi Eker said Turkey's 2007 wheat crop will be around 17.6 million tons, compared with an annual requirement of 18 million tonnes. Severe drought hit the Turkey's wheat crop this year.

#### China's 200,000 Tonnes Of Wheat For Public Sale By Oct 12

As per the report of National Grain & Oil Trade Center on Tuesday, China will auction 200,000 metric tonnes of wheat from its state reserves on October 12. The centre also said that wheat, which was imported for state reserves, will be sold in six provinces and Dalian city. China is planning to sell more wheat and paddy to the market at lower prices to contain the prices. Due to volatility in food prices, the inflation rate rose to 6.5% growth in August, the highest in more than a decade. But the analyst believed that the wheat auction may not have much impact on the market prices as the markets are experiencing a very weak demand.

### Weather Impact Analysis

Fairly widespread rainfall with isolated heavy to very heavy falls is likely over West Uttar Pradesh and Uttarakhand during next 24 hrs

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