

■ W H E A T

■ Sept. 21, 2007

Domestic Market Recap

During Thursday's trade, in domestic markets, wheat traded steady to up on a good demand from the roller flour millers ahead of the festive season despite increased arrivals. However, in Haryana, UP and Rajasthan, wheat traded down Rs.5/qtl on a weak demand against the slightly increased arrivals. Ahead of the festive season, wheat roller flour millers are accelerating their demand, which further kept the momentum. In Delhi (Lawrence road) ready delivery quoted up at Rs.1010/qtl against the increased arrival of 19000 qtls. In Indore (MP) mill quality traded steady at Rs.1025-1030/qtl while in Bareilly (UP) mill quality traded up Rs.1000/qtl on good buying support from the consuming units against the lower arrivals of 1000 qtls. The prices of different wheat products quoted steady to down as, Atta quoted at Rs.1057/90kg, Maida traded down at Rs.1238/90 kg and Sooji traded down at Rs.700/50 kg bag and while Chokar 50kg traded steady 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. 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.

Domestic Spot Market Prices

Market	Variety	Prices (Rs/qtl)		Change	Arrivals (Qtls)
		20.09.07	19.09.07		
Delhi (Lawrence Road) Ready Delivery	Mill quality	1010	1000	+10	19000
Delhi (Narella) Loose	Mill quality	966		-	3000
Haryana (Palwal) Loose	Mill quality	925	930	-5	400
Uttar Pradesh (Mathura) Loose	Mill quality	952	935	+17	1200
Uttar Pradesh (Kosi) Loose	Mill quality	920	915	+5	350
Haryana (Hodal) Loose	Mill quality	935	930	+5	250
Gujarat (Rajkot) Loose	Mill quality	940-945	945-950	+5	3-4000
Rajasthan (Kota)	Mill quality	1030-1040	1040-1045	-5	200
Uttar Pradesh (Kanpur)	Mill quality	995-1000	1000-1005	-5	2000
Madhya Pradesh (Indore)	Mill quality	1025-1030	1025-1030	-	5000
Uttar Pradesh (Bareilly)	Mill quality	990-995	985-990	+5	1000

International Futures Quotes (as of September 19, 2007)**CBOT**

Contract Month	Open	High	Low	Settle	Change
September 2007	870.75	875.75	839.00	845.00	-24.00
December 2007	870.00	879.25	842.50	849.50	-23.00
March 2008	747.00	747.00	719.00	734.00	-14.50

KCBT

Contract Month	Open	High	Low	Settle	Change
September 2007	846.75	853.00	818.75	828.50	-20.25
December 2007	847.25	852.75	818.50	828.50	-20.00
March 2008	760.50	760.50	741.00	744.00	-8.00

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

CBOT wheat futures settled down Wednesday. December Wheat finished down 24 cent at \$845.00 per bushel; this was 15 off the high and 6 up from the low. July Wheat closed up 5.5 cent at \$598.00 per bushel. This was 12.5 up from the low and 1 off the high. U.S. December wheat has slipped as much as 59 cents from Tuesday's highs as a lack of new buying interest in wheat despite the bullish news from Australia Tuesday. Bulls in the wheat markets need to be fed every day, and there were not many fresh, supportive developments out. The news of India's slowed down the wheat import process further imparted bearish undertone in the market sentiment. After reaching all time highs, wheat traders are planning to sell off the stocks. Early selling drove December down the limit before a recovery bounce into the mid-session. However, liquidation of old crop/new crop spreads and liquidation of wheat/corn spreads helped spark the weak close. Weakness for milling wheat futures in Paris added to the bearish tone. For the weekly export sales report, released before the opening, traders are looking for wheat sales near 700,000-1.3 million tonnes as compared with 2.132 million tonnes last week.

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/qtl 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/qtl 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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