

■ W H E A T

■ Sept. 19, 2007

Domestic Market Recap

During Tuesday's trade, in most of the major mandis, wheat traded steady to mostly down on lower offtake from the consuming units amidst lower arrivals. Subdued demand from the roller flour millers further supported the weak sentiment. However, in Delhi and its surrounding mandis as well as Kanpur (UP), wheat traded steady to up on good buying support against the slightly restricted arrivals. In Delhi (Lawrence road), Ready delivery traded steady at Rs.1000 against the slightly lower arrivals of 10000 qtls. In Indore (MP) and Bareilly (UP) mill quality traded down in the range of Rs.10-15/qrtl due to weak demand against increased arrivals. 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. 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. The Commission for Agricultural Costs & Prices (CACP) have recommended a minimum support price (MSP) of Rs.1,000/qrtl 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. In coming days, wheat may trade range bound.

Domestic Spot Market Prices

Market	Variety	Prices (Rs/qrtl)		Change	Arrivals (Qtls)
		18.09.07	17.09.07		
Delhi (Lawrence Road) Ready Delivery	Mill quality	1000	1000	-	10000
Delhi (Narella) Loose	Mill quality	960-972	960-970	+2	3500
Haryana (Palwal) Loose	Mill quality	920-921	920	+1	700
Uttar Pradesh (Mathura) Loose	Mill quality	927	928	-1	1500
Uttar Pradesh (Kosi) Loose	Mill quality	921	922	-1	350
Haryana (Hodal) Loose	Mill quality	926	927	-1	600
Gujarat (Rajkot) Loose	Mill quality	955-960	955-960	-	4000
Rajasthan (Kota)	Mill quality	1045-1050	1050-1055	-5	200
Uttar Pradesh (Kanpur)	Mill quality	1005-1010	1000-1005	+5	1000
Madhya Pradesh (Indore)	Mill quality	1025-1030	1035-1040	-10	4500
Uttar Pradesh (Bareilly)	Mill quality	980-985	995-1000	-15	1200

International Futures Quotes (as of September 17, 2007)**CBOT**

Contract Month	Open	High	Low	Settle	Change
September 2007	870.00	876.00	854.50	875.00	+29.00
December 2007	874.00	880.00	863.00	877.00	+23.00
March 2008	751.00	756.00	746.00	753.00	+10.00

KCBT

Contract Month	Open	High	Low	Settle	Change
September 2007	842.00	859.00	837.00	858.00	+29.00
December 2007	848.00	858.00	837.00	856.50	+28.50
March 2008	757.00	757.00	753.00	753.00	+8.00

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

CBOT wheat futures settled up Monday. December Wheat finished up 29 cent at \$875.00 per bushel; this was 1 off the high and 20.5 up from the low. July Wheat closed up 8.5 cent at \$596.00 per bushel. This was 8 up from the low and 1 off the high. With the continued concern of crop damage in Australia due to dry climate as well as lower production in Europe than estimated kept the buyers active in the market and till the close of session, December wheat traded as high as 30 cent. Monday's wheat witnessed aggressive buying due to concern over crop damage in Australia. USDA pegged Australia's crop at 21 million tonnes while private traders look for a crop as low as 15 million tonnes. Pakistan may import 1 million tonnes and news that French officials revised their crop down by 1.25 million tonnes to 31.65 million added to the bullish tone. Taiwan is tendering for 88,000 tonnes of US wheat. Paris futures were sharply higher which added to the bullish tone.

News Analysis**India's Wheat Subsidised Sales Down**

India's wheat subsidised sales are estimated at 2.74 million metric tonnes, down from 3.06 million tonnes a year earlier. Government has imported 6.8 million tonnes wheat since February 2006 for its subsidized wheat sale programme. The volume of subsidized wheat sales is one of the indicators, which pressurises government for import. Downfall in volume also reduces government's chance of wheat import.

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. This decision came after government contracted to import 7.95 lakh tonnes of wheat at \$ 389.45/tonne. CACP also sought the viewpoint of the National Commission on Farmers as well as the recently launched National Food Security Mission, which targets an additional eight million tonnes wheat production between 2007-08 and 2011-12.

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

Isolated heavy to very heavy rainfall is likely over Konkan & Goa, Madhya Maharashtra, Marathawada, Interior Karnataka, Andhra Pradesh, north Tamil Nadu, Kerala in next 48 hours.

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