

## ■ W H E A T

■ Sept. 05, 2007

**Domestic Market Recap**

On Tuesday, most of the major markets were closed due to Janmashtami. In some other major trading centres, prices mostly traded steady to down with lower offtake from the consuming units against the increased arrivals. In Uttar Pradesh (Kanpur) and (Bareilly), wheat traded down at Rs. 1020-1025/ql and Rs.1005-1010/ql on lower buying against the healthy arrivals. In coming days, wheat prices is likely to trade at higher side due to lower stocks and the import of wheat at higher price level. The wheat prices may also be boosted with the festive season demand as well as north India's demand during the winter season. The report of crop damage in some of the major wheat producing countries is likely to impart bullishness in market sentiment in medium to long term. The centre has asked the STC to import 7.95 lakh tonnes of wheat at an average price of \$389.45/tonne, cost and freight. The decision was taken by the Empowered Group of Ministers to allow STC to import 7.95 lakh tonnes. Out of 7.95 lakh tonnes, the Glencore International AG will supply the bulk of 7.4 lakh tonnes.

**Domestic Spot Market Prices**

Market	Variety	Prices (Rs/ql)		Change	Arrivals (Qtls)
		04.09.07	03.09.07		
Delhi (Lawrence Road) Ready Delivery	Mill quality	-	1005	-	-
Delhi (Narella) Loose	Mill quality	-	955-970	-	-
Haryana (Palwal) Loose	Mill quality	-	929	-	-
Uttar Pradesh (Mathura) Loose	Mill quality	-	935-940	-	-
Uttar Pradesh (Kosi) Loose	Mill quality	-	932-935	-	-
Haryana (Hodal) Loose	Mill quality	-	938-940	-	-
Gujarat (Rajkot) Loose	Mill quality	-	-	-	-
Rajasthan (Kota)	Mill quality	1050-1060	1058-1060	-	-
Uttar Pradesh (Kanpur)	Mill quality	1020-1025	1025-1030	-5	1500
Madhya Pradesh (Indore)	Mill quality	-	1035-1040	-	-
Uttar Pradesh (Bareilly)	Mill quality	1005-1010	1010-1015	-5	600

**International Futures Quotes (as of August 31, 2007)****CBOT**

Contract Month	Open	High	Low	Settle	Change
September 2007	795.00	795.00	764.00	767.00	-3.00
December 2007	802.00	805.00	773.00	775.5	-9.00
March 2008	796.00	796.00	770.00	771.25	-6.25

**KCBT**

Contract Month	Open	High	Low	Settle	Change
September 2007	724.00	733.00	711.00	721.00	+0.25
December 2007	745.00	750.00	723.00	731.25	-2.25
March 2008	737.00	742.00	726.00	733.50	+6.00

### International Market Recap CBOT Wheat Futures Settled Mixed

CBOT wheat futures settled mixed Friday. December Wheat finished down 9 cent at \$775.25 per bushel; this was 29.5 off the high and 2.5 up from the low. July Wheat closed down 9 cent at \$601.00 per bushel. This was 5 up from the low and 16 off the high. December wheat closed down on the profit booking on the long weekend ahead. New all-time highs in Europe and US futures markets overnight and continued concerns with tightening world stocks helped spark the early strength but a lack of new buying interest on the opening above \$8.00 spark a sharp sell-off in the mid-session. Initially, the market found support from the report of the crop losses in Australia, Canada, Europe and Argentina but could not hold up due to fund selling. US weekly export sales have exceeded 1 million tonnes for the third week in a row as compared with 316,600 tonnes necessary each week to reach the USDA projection. South Korea bought 47,700 tonnes of US wheat overnight. South Korean millers bought 87,200 tonnes of US wheat and Taiwan is expected to buy 46,000 next Wednesday. The CBOT raised margins to trade wheat with the initial margin up to \$1,890 per contract from \$1,688. With the surging global price, India is planning to buy more wheat.

### News Analysis

#### India to Import Wheat at \$389.45/Tonne

The centre has asked the STC to import 7.95 lakh tonnes of wheat at an average price of \$389.45/tonne, cost and freight. The decision was taken by the Empowered Group of Ministers to allow STC to import 7.95 lakh tonnes. Out of 7.95 lakh tonnes, the Glencore International AG will supply the bulk of 7.4 lakh tonnes. The Company will be supplying 5.2 lakh tonnes at Mundra port for \$385/tonne in October, \$387/tonne in November and \$390/tonne in December. It will also deliver 2.2 lakh in Kandla for \$388/tonne in October and \$391/tonne in November. Alfred C.Toepfer of Germany will supply 50,000 tonnes at Chennai for \$397/tonne.

#### Domestic Wheat Price May Surge As Bids Quote Higher Rates

In the latest tender floated by the State Trading Corporation for wheat import for the unspecified quantity, six suppliers have offered to sell 5.3 lakh tonnes in a price range of \$385-434/tonne. Earlier, government cancelled the tender of 4.09 lakh tonnes at the price of \$370/tonne. If the government had bought the above quantity with the above rate, could have saved around Rs.25 crore. The bidders for the current tender and the quantity to be supplied as follows: Glencore (3 lakh tonnes), Cargill (80,000 tonnes), Toepfer (70,000 tonnes), PEC (50,000 tonnes), Ameropa (25,000 tonnes) and Starcom (5,000 tonnes). The purchase will be finalized by September 3. Although the government procured 11 million tonnes from farmers, 1.8 million tonnes more than the last year, but it is lower than the projected requirement of 15 million tonnes for the year. Currently the domestic wheat prices surged by Rs.70-85/qlt due to high import prices in the last import tender. Further, the domestic prices are likely to rise as the high prices quoted in the recent wheat import tender.

#### Four S Korea Flourmills Buy 24,400 Tonnes US No.1 Wheat

Four South Korean flour mills, namely Dongah, Daehan, Youngnam and CJ Corporation have bought 24,400 metric tonnes of U.S. No.1 wheat from trading house Cargill. The shipment is expected to reach South Korea during the month of October.

### Weather Impact Analysis

The recent rainfalls over the wheat-growing region are beneficial as these rains will be stored for the wheat crop.

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