

CEREAL

Agriwatch
DAILY

WHEAT

Sept. 03, 2007

Domestic Market Recap

During Saturday's trade, Wheat prices traded steady to firm in most of the major markets on good buying against normal supply whereas markets in Delhi and Haryana traded lower on lower offtake from the consuming units. Increased supplies against normal demand from rolling flour mills pulled down the wheat prices in Delhi and Haryana markets. In Delhi (Lawrence road), prices quoted down at Rs.1010-1012/qtl on subdued demand while prices quoted firm in Bareilly, Kanpur, Indore against the restricted arrivals. The prices of different wheat products quoted steady to down as, Atta quoted down at Rs.1055/90kg, Maida and Sooji traded at Rs.1256/90 kg and Rs.710/50 kg bag respectively, where there is slightly down of Chkar 50kg at Rs.329. Total arrivals in Delhi (Lawrence Road) were decreased and stood around 11,000 qtls. In the 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 have been up of Rs.60-70/qtl since the last import order. 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. As per a government official, India is interested to buy more wheat from the current suppliers from the present level of 530,000 metric tonnes. Due to continuous surge in global wheat prices, government is planning to buy more wheat and approximately around 700,000 tonnes.

Domestic Spot Market Prices

Market	Variety	Prices (Rs/qtl)		Change	Arrivals (Qtls)
		01.09.07	31.08.07		
Delhi (Lawrence Road) Ready Delivery	Mill quality	1010-1012	1015	-3	11000
Delhi (Narella) Loose	Mill quality	970-972	970-972	-	3500
Haryana (Palwal) Loose	Mill quality	930	933	-3	500
Uttar Pradesh (Mathura) Loose	Mill quality	940	945	-5	1300
Uttar Pradesh (Kosi) Loose	Mill quality	935	940	-5	800
Haryana (Hodal) Loose	Mill quality	945	942	+3	100
Gujarat (Rajkot) Loose	Mill quality	*	940-945	-	-
Rajasthan (Kota)	Mill quality	1050-1055	1050	+5	
Uttar Pradesh (Kanpur)	Mill quality	1030-1035	1030	+5	1200
Madhya Pradesh (Indore)	Mill quality	1030-1035	1025-1030	+5	750
Uttar Pradesh (Bareilly)	Mill quality	1010-1020	1005-1010	+10	

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

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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 is Planning to Buy more Wheat: Government Official

As per a government official, India is interested to buy more wheat from the current suppliers from the present level of 530,000 metric tonnes. Due to continuous surge in global wheat prices, government is planning to buy more wheat and approximately around 700,000 tonnes. Apart from bulk cargoes, particularly those in panamax vessels offered for delivery to the western port of Mundra, the government is considering the viability of buying the 5,000 tons offered in containers by Singapore-based Starcomm Resources. In the last seven tenders issued since February 2006, the government has purchased only wheat delivered through bulk shipments.

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 Flour Mills Buy 24,400 Tonnes US No.1 Wheat

Four South Korean flour mills, namely Dongah, Daehan, Younghan 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.

Argentina June Wheat Exports Down 22%

In June, Argentina exported 659,794 tonnes of wheat, down by 22% from the 847,175 tonnes exported in June 2006. Brazil was the major buyer of Argentine wheat in June with the quantity of 560,986 tonnes followed by Mozambique with 35,901 tonnes.

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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