

CEREAL

Agriwatch
DAILY

WHEAT

Sept. 12, 2007

Domestic Market Recap

During Tuesday's trade, Wheat prices mostly traded steady to firm in most of the major mandis on strong demand from the roller flour millers against slightly lower arrivals. But traded down at Rajkot (Gujarat) loose basis on lower offtake from the consuming units against slightly increased arrivals of 4000-5000 bags. In Delhi (Lawrence Road) Ready delivery quoted steady at Rs.1015/qrtl against the arrival of 17000 bags while Narella (loose basis) quoted up at Rs.982-985 on a good buying from the consuming units against the lower arrivals of 4000 bags ahead of the festive season. 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 while Chokar traded up at 50kg at Rs.340. In coming days, wheat may trade at upper side due to lower stocks and government's buying of wheat at more than double price of minimum support price provided to the farmers. The commodity is also likely to trade higher as global wheat prices touched its record high since India's wheat import tender.

Domestic Spot Market Prices

Market	Variety	Prices (Rs/qrtl)		Change	Arrivals (Qtls)
		11.09.07	10.09.07		
Delhi (Lawrence Road) Ready Delivery	Mill quality	1012-1015	1015	-	17000
Delhi (Narella) Loose	Mill quality	984-987	982-985	+2	4000
Haryana (Palwal) Loose	Mill quality	940	937	+3	600
Uttar Pradesh (Mathura) Loose	Mill quality	947	945	+2	2800
Uttar Pradesh (Kosi) Loose	Mill quality	933-940	932-940	-	700
Haryana (Hodal) Loose	Mill quality	945-950	945-948	+2	600
Gujarat (Rajkot) Loose	Mill quality	950-955	960-965	-10	4000-5000
Rajasthan (Kota)	Mill quality	1070	1065	+5	
Uttar Pradesh (Kanpur)	Mill quality	1020	1020	-	1100
Madhya Pradesh (Indore)	Mill quality	-	1040-1050	-	
Uttar Pradesh (Bareilly)	Mill quality	1005-1010	1005-1010	-	600

International Futures Quotes (as of September 7, 2007)

CBOT

Contract Month	Open	High	Low	Settle	Change
September 2007	815.00	840.00	813.50	840.00	+24.00
December 2007	818.00	848.00	816.00	843.50	+19.50
March 2008	817.00	845.00	814.00	843.50	+19.50

KCBT

Contract Month	Open	High	Low	Settle	Change
September 2007	806.00	810.00	783.00	810.00	+20.00
December 2007	787.50	810.00	781.00	807.50	+18.75
March 2008	783.00	805.00	778.50	798.25	+13.25

COMMODITIES RESEARCH

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

CBOT wheat futures settled up Monday. December Wheat finished up 17.50 cent at \$861.00 per bushel; this was 11 off the high and 8.5 up from the low. July Wheat closed down 1.5 cent at \$592.00 per bushel. This was 5 up from the low and 4 off the high. December wheat closed sharply higher after trading new all time highs in the early session. The market sentiment also boosted by the drought situation in Australia to an already tight supply situation. With the news of Iraq floated tender for another 50,000 tonnes of wheat after buying 200,000 tonnes US wheat last week, also supported the wheat market. Weekly export inspections came in at 28.874 million bushels, which was below trade expectations for 31-36 million. The cumulative inspections have reached 34.2% of the USDA forecast for the year, versus a 5-year average of 26.2% for this point in the prior season and this shows exports are well ahead of pace.

News Analysis**Wheat Availability is Short of Projected Consumption for Fiscal 2006-07: Agriculture Minister**

Although the availability of wheat for the fiscal 2006-07 has been increased but still short of the projected consumption. Excluding industrial use, the consumption requirement of wheat is estimated at 71.32 million tonnes against 65.52 million tonnes procured in 2006-07 compared to last year's consumption of 70.29 million tonnes. The wheat production has also seen a surge in 2006-07 to 74.89 million tonnes against 69.35 million tonnes in the previous year. Availability of wheat would also be higher in the country in 2006-07 at 65.52 million tonnes compared to 60.68 million tonnes in the previous year. The availability of wheat has been taken as 87.5 per cent of the production, by excluding 12.5 per cent of the grain on account of seed, feed and wastage. The procurement of wheat has also increased to 11.10 million tonnes in 2007-08 marketing season compared to 9.22 million tonnes in the previous year, Union Agriculture Minister Sharad Pawar said.

India Turned Down US Suggestion To Relax Wheat Import Norms

Government of India has rejected a U.S. suggestion to relax quality norms to import U.S. wheat. The request of the U.S. for relaxation of phytosanitary norms was not accepted, in view of the likely threat of entry of quarantine weed seeds into the country, which is non-existent in India. There are speculation in trading circles that India may consider relaxing quality norms for wheat imports to enhance participation and competition in its purchase tenders.

Australian Wheat Crop Estimated 15-19 MT

As per the estimate by Rabobank Australia Ltd, Australia's wheat crop production is likely to reach 15 million to 19 million metric tonnes. However, the production may go down if the weather remain dry in coming weeks. RAL also said the first two weeks of September will be critical in determining the size and quality of the grain crop. The recent rainfall helped crops in northern New South Wales and southern Queensland, but New South Wales, Victoria and parts of South Australia and Western Australia "are in critically dry condition and have been affected by unseasonably warm conditions. Production forecast for the new wheat crop in Western Australia state was cut 8.9% to 5.1 million tonnes as at September 1, from 5.6 million tonnes a month earlier.

Brazil '07 Wheat Production at 3.8 Million Tonnes

Compared to last year's during the same time, Brazil's wheat crop is doing much better than it was at this time in 2006. Last year, a late winter frost wiped out half of the estimated 4 million-tonne harvests. According to the Monday morning forecast by Southern Marine Weather Service, warm, spring-like weather is expected throughout the main wheat growing regions in Rio Grande do Sul and Parana states. At the moment, harvest is going well, with no major weather problems on the horizon at the moment. Emater, an economist said 16% of the state's crop is in the flowering phase with another 7% of the crop in the grain development phase. According to the National Commodities Supply Corp., Brazil is expected to produce around 3.8 million tonnes of wheat from the ongoing 2007-08 crop.

Weather Impact Analysis

The recent rainfalls over the wheat-growing region are beneficial for the wheat crop as it will conserve moisture which will enhance the growth of wheat crop.

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