

## ■ W H E A T

■ Oct. 4, 2007

**Domestic Market Recap**

During Wednesday's trade, wheat dipped on lower offtake from the consuming units despite the restricted arrivals. Most of the markets witnessed a subdued trading activity, as roller flour millers did not show any interest in buying. The government's decision of importing wheat flour near about at double of domestic price further added the negative tone. Traders fear that in importing at higher price will pressurise the prices to go deep, as roller flour millers will not show interest to buy from the farmers. Downward movement also found support as small farmers started unloading the stuffs due to harvesting pressure of soy crops, which needs money and storage. In Delhi (Lawrence road) Mill Delivery traded down at Rs.1005/qtl against the increased arrival of 20000 qtls. In Rajasthan (Kota), prices dipped Rs.25 as market witnessed no demand from the consumers against the arrival of 1500 qtls. In Delhi mandis, different wheat products quoted steady, as Atta (90 kg) Rs.1037, Maida Grade 1 (90kg) Rs.1220, Suji (50kg) Rs.695 and Chokar (50 kg) traded steady at Rs.369. It was reported from the market sources that the wheat product might go down further if govt. relaxes 37% import duty (at present). In the coming days, wheat and wheat products may rule at higher side ahead of the festive season as well as winter season. In winter season, demand for the wheat and wheat products will be more in north India.

**Domestic Spot Market Prices**

Market	Variety	Prices (Rs/qtl)		Change	Arrivals (Qtls)
		03.10.07	01.10.07		
Delhi (Lawrence Road) Ready Delivery	Mill quality	1005	1008	-3	20000
Delhi (Narella) Loose	Mill quality	-	965-975	-	-
Haryana (Palwal) Loose	Mill quality	915	925	-10	400
Uttar Pradesh (Mathura) Loose	Mill quality	945	950	-5	1500
Uttar Pradesh (Kosi) Loose	Mill quality	920	926	-6	325
Haryana (Hodal) Loose	Mill quality	920	930	-10	60
Gujarat (Rajkot) Loose	Mill quality	970	975	-5	4500
Rajasthan (Kota)	Mill quality	1015-1020	1045	-25	1500
Uttar Pradesh (Kanpur)	Mill quality	1015-1020	1015-1020	-	1000
Madhya Pradesh (Indore)	Mill quality	1030-1035	1040-1045	-10	2000
Uttar Pradesh (Bareilly)	Mill quality	995-1005	995-1000	+5	1500

**International Futures Quotes (as of October 2, 2007)****CBOT**

Contract Month	Open	High	Low	Settle	Change
September 2007	934.00	938.00	922.50	922.50	-30.00
December 2007	940.00	946.00	930.50	930.50	-30.00
March 2008	857.00	857.00	845.00	845.00	-30.00

**KCBT**

Contract Month	Open	High	Low	Settle	Change
September 2007	938.00	942.00	919.25	919.25	-30.00
December 2007	935.00	937.00	917.00	917.00	-30.00
March 2008	865.00	865.00	850.00	850.00	-30.00

# CEREAL

Agriwatch  
DAILY

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### International Market Recap

#### CBOT Wheat Futures Settled Down

CBOT wheat futures settled Down Tuesday. December Wheat finished down 30 cent at \$922.50 per bushel; this was 15.5 cent to the high and equal to the low. July Wheat closed down 30 cent at \$664.00 per bushel. This was equal to the low and 16 off the high. Fund selling helped the market to limit down shortly after the delayed opening as long liquidation selling from fund traders as well as speculative selling. Sharp drop in other markets like gold and crude oil and a surge up in US dollar further added the negative tone. With the report that Egypt bought 80,000 tonnes of wheat from Russia and none from the US was also seen as somewhat negative. A combination of high prices and the turn up in the dollar raised concerns that export business would slow. South Korea bought 73,000 tonnes of US wheat and Japan offered to buy a total of 160,000 tonnes of wheat from the US and Canada in their weekly tender. The winter wheat planting progress reached 42% complete as compared with the 5-year average of 51%.

### News Analysis

#### Canadian Government Approved Increase to Wheat Initial Payments

Minister of Agriculture and Agri-Food and Ministry for the Canadian Wheat Board, on Tuesday issued the letter regarding Government's approval of a Canadian Wheat Board (CWB) request to increase initial payments for wheat and barley. Farmers work hard to grow the grain they sell and they should get paid for that work as quickly as possible. Government is committed to delivering action for farm families and is also committed to accountability. Agriculture Minister also said that hard working Canadian farmers produce some of the highest quality food in the world and they deserve every opportunity to choose and benefit from the marketing options to make the most of the high prices they are currently enjoying..

#### Govt. May Buy 4.5 Lakh Tonnes Of Wheat Flour

Although the domestic wheat production has gone up 8% this year, still government is planning to import more than 4.5 lakh tonnes of wheat flour with the value around Rs.8,000 crore. Ministry of Agriculture is planning to bring the matter before GoM headed by Pranab Mukherjee. In the meeting, they will also discuss the proposal of removing the existing 37 per cent duty on import of wheat flour. According to sources, consumer affairs, food and public distribution secretary Nandkumar have already approved the proposal. Government plans to control rising domestic prices of primary commodities. Therefore, it wants to import wheat flour even though the prices of wheat are currently cheaper in domestic market (below Rs 1,100 per quintal) by over 30 per cent compared to international prices (Rs 1,600 per quintal). But the Import of wheat flour will have an adverse impact on farmers. If wheat flour is imported, local wheat flour prices will fall; millers in turn will buy less wheat from farmers. But the trade sources reported that this is just a move to enable the import of US wheat through the backdoor." US wheat with 12,000 weeds per 200 kg compared to Indian specifications of only 100 weeds per 200 kg fails to meet Indian quality standards. The constant lobby pressures on the Government to bend rules to give market access to US wheat exporters. As wheat flour cannot be transported in loose, this needs to be packaged, which would be more expensive.

#### Eastern Washington State Saw Record Wheat Prices

Record prices are still rising for soft white wheat from the Palouse region of Eastern Washington and northern Idaho. Prices paid in Portland, Ore., was about \$10.25 a bushel Friday, more than four times the price of a few years ago. A year ago, soft white wheat sold for \$4.14 a bushel. Frost and rainfall, low harvests, small stockpiles and surging demand are key reasons behind the higher price. In addition, wheat harvests by U.S. competitors, including Canada and the European Union, were low this year. The crop in Australia won't be harvested until November and December and is also expected to be much smaller than usual because of drought.

### Weather Impact Analysis

Fairly widespread rainfall with isolated heavy to very heavy falls in various parts of country is beneficial for the wheat crop. The crop plantation is likely to be started from October end to November.

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