

■ W H E A T

■ Oct. 16, 2007

Domestic Market Recap

During Monday's trade, wheat mostly traded steady to up on good buying from the suppliers and stockists against steady to slightly reduced arrivals. However, in Delhi and UP mandis, wheat dipped further against a lower offtake amid slightly declined arrivals. In Delhi (Lawrence road) ready delivery traded down Rs.1040 from the previous level of Rs.1050 against the arrival of 12500 qtls. On a normal demand-supply situation, Gujarat (Rajkot loose) traded steady on a steady arrival of 4000 bags. Prices of different wheat products also surged up as Atta (90kg) traded up at Rs.1064, Maida grad 1 (90kg) at Rs.1256 while Suji (50kg) quoted higher at Rs.735 and Chaki Atta (90Kg) up at Rs.985 and Chokar 50kg quoted higher at Rs.397. Government wants farmers to produce 75.5 million tonnes of wheat in the year that ends in June, compared with 74.9 million tonnes in the last year. To check the surging prices, government has banned exports of wheat flour for an indefinite period and has also extended the ban on exports of wheat for an indefinite period, the ban was to lapse on Dec. 31, 2007. Meanwhile, Pakistan's inflation, as measured by the consumer price index, accelerated to a nine-month high in September because of higher wheat costs. In coming days, against a tight supply, wheat may likely trade firm.

Domestic Spot Market Prices

| Market | Variety | Prices (Rs/ctl) | | Change | Arrivals (Qtls) |
|--------------------------------------|--------------|-----------------|-----------|--------|-----------------|
| | | 15.10.07 | 13.10.07 | | |
| Delhi (Lawrence Road) Ready Delivery | Mill quality | 1040 | 1050 | -10 | 12500 |
| Delhi (Narella) Loose | Mill quality | 995-1020 | 1000 | +20 | 2000 |
| Delhi (Najafgarh) Loose | Mill Qyality | 1010 | 1005 | +5 | 3000 |
| Haryana (Palwal) Loose | Mill quality | 955 | 960 | -5 | 300 |
| Uttar Pradesh (Mathura) Loose | Mill quality | 995 | 990 | +5 | 1200 |
| Uttar Pradesh (Kosi) Loose | Mill quality | 975-980 | 970 | +10 | 250 |
| Gujarat (Rajkot) Loose | Mill quality | 1025 | - | - | 4000 |
| Rajasthan (Kota) | Mill quality | 1045-1050 | 1045-1050 | - | 700 |
| Uttar Pradesh (Kanpur) | Mill quality | 1030-1035 | 1035-1040 | -5 | 4-500 |
| Madhya Pradesh (Indore) | Mill quality | 1070-1075 | 1080 | -5 | 800 |
| Uttar Pradesh (Bareilly) | Mill quality | 1020-1025 | 1015-1020 | +5 | 300 |

International Futures Quotes (as of October 12, 2007)**CBOT**

| Contract Month | Open | High | Low | Settle | Change |
|----------------|--------|--------|--------|--------|--------|
| December 2007 | 879.00 | 879.00 | 853.00 | 857.50 | -25.50 |
| March 2008 | 896.00 | 896.00 | 869.00 | 873.00 | -25.50 |
| May 2008 | 822.00 | 831.00 | 813.00 | 815.00 | -22.00 |

KCBT

| Contract Month | Open | High | Low | Settle | Change |
|----------------|--------|--------|--------|--------|--------|
| December 2007 | 875.00 | 876.00 | 857.00 | 867.75 | -18.25 |
| March 2008 | 880.00 | 882.00 | 861.25 | 875.00 | -16.00 |
| May 2008 | 832.00 | 832.00 | 820.00 | 827.00 | -7.25 |

CEREAL

Agriwatch
DAILY

W H E A T

Oct. 13, 2007

International Market Recap

CBOT Wheat Futures Settled Lower

CBOT wheat futures settled down Friday. December Wheat finished down 25.5 cent at \$857.50 per bushel; this was 21.5 to the high and 4.5 cent up from the low. July Wheat closed down 5.5 cent at \$680.50 per bushel. This was 15.5 up from the low and 1.5 off the high. U.S. wheat futures closed sharply lower after a government crop report failed to offer the markets any bullish surprises. Due to aggressive selling and lack of new buying interest, wheat futures closed lower. The USDA pegged US 2007/08 all wheat production at 2.067 billion bushels, down from 2.114 last month. US ending stocks were pegged at 307 million bushels as compared with the average trade estimate at 289 million bushels as compared with 362 million estimated in the September USDA report. World wheat production came in at 600.47 million tonnes from 606.24 million predicted last month. The USDA lowered its Australian production estimate to 13.5 million tonnes from 21 million last month. World wheat ending stocks came in at 106.97 million tonnes as compared with 112.36 million tonnes predicted last month and 122.72 million tonnes last year. This is the lowest world ending stocks figure since 1975. Weekly US export sales for wheat came in at 1.343 million tonnes as compared to trade expectations between 1.1 -1.4 million. Cumulative sales have reached 79.5% of the USDA forecast as compared to 49.9% on average over the last five years.

News Analysis

Government Wants Farmers To Produce 75.5 Million Tonnes Wheat

Wheat futures in CBOT declined on speculation that farmers will increase global planting to capitalize on the highest prices ever. India, second largest wheat consumer, on Tuesday increased the Wheat MSP to encourage the farmers for more wheat planting. Prices have jumped 69% this year in Chicago and set record highs 23 times in the three months ended 28 September. India raised the minimum purchase price of the grain by 18% to encourage domestic planting, finance minister P. Chidambaram said on Wednesday in New Delhi. India had bought 1.3 million tonnes wheat at record prices since July. Government wants farmers to produce 75.5 million tonnes of wheat in the year that ends in June, compared with 74.9 million tonnes in the last year.

Pakistan Inflation 8.37% on Wheat Prices

Pakistan's inflation, as measured by the consumer price index, accelerated to a nine-month high in September because of higher wheat costs. Consumer prices rose 8.37 percent from a year earlier after gaining 6.45 percent in August, Federal Bureau of Statistics, Islamabad. September inflation rose because of higher wheat prices. Although Pakistan had a bumper wheat crop in 2007, but hoarding and smuggling pushed prices up 30 percent in August from July. The government plans to import 1 million tonnes of wheat this year to keep prices affordable until the new crop arrives in May.

India Bans Wheat Flour Exports

Government has banned exports of wheat flour for an indefinite period and has also extended the ban on exports of wheat for an indefinite period, the ban was to lapse on Dec. 31, 2007. This ban will be valid till further orders. The government has also allowed restriction-free imports of wheat for an indefinite period, which was earlier allowed until Dec. 31, 2007. Indian mills had plans to export up to 100,000 metric tonnes of wheat flour by March 2008.

Russian Govt Imposes Wheat and Barley Export Duty

The Russian cabinet of ministers decided to approve the imposition of seasonal export duty on wheat and barley. The exact figures and the duration of the new export duties for wheat and barley have yet to be announced officially. However, officials said earlier the duty for wheat would be 10% and for barley 30%. The wheat export duty isn't prohibitive, designed to keep wheat exports in the current marketing year within 12 million- 14 million metric tonnes.

Weather Impact Analysis

Incessant rainfall in the wheat producing regions and the resulting increase in moisture content in soil would benefit the crop. Wheat sowing is likely to be started from October end to November.

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