

WHEAT

Oct. 8, 2007

Domestic Market Recap

During Saturday's trade, wheat slightly firmed up on good offtake by stockists and locals amid slightly reduced supply from the producing centres. The prices were also further found support from the roller flour millers ahead of the festive and winter season. But in Kanpur (UP) and Indore (MP), prices plummeted on lack of buying from the consuming units against improved arrivals. Global tight supply, crop damage in Australia and Canada and good export demand from the importing countries, December CBOT settled higher which further added the positive tone. In Delhi (Lawrence road) ready delivery firmed up Rs.995-1000/qtl against the steady arrival of 11000 qtls. Good demand from the south's roller flour millers, wheat prices in northern India quoted higher. Gujarat (Rajkot loose) and Haryana (Hodal loose) ruled up Rs.970 and Rs.912/qtl from Friday's level of Rs.965 and Rs.910 respectively and arrival stood around 2000 and 10 qtls respectively. Traders and stockists also optimistic about the price rise with the arrival of first imported wheat volume and government's planning of wheat flour import. On the unloading of wheat stocks to house soy crops in MP, prices traded down against lower offtake from the millers and stockists. Meanwhile, According to Agriculture Department, Haryana is likely to achieve higher wheat yield of 42.50 quintal per hectare with a total production target of 102 lakh metric tonnes for the coming Rabi season. In the short term, wheat may rule mostly range bound.

Domestic Spot Market Prices

Market	Variety	Prices (Rs/qtl)		Change	Arrivals (Qtls)
		06.10.07	05.10.07		
Delhi (Lawrence Road) Ready Delivery	Mill quality	995-1000	995-998	+2	11000
Delhi (Narella) Loose	Mill quality	965	950-960	+5	2000
Haryana (Palwal) Loose	Mill quality	916	910	+6	400
Uttar Pradesh (Mathura) Loose	Mill quality	950	940-945	+5	1500
Uttar Pradesh (Kosi) Loose	Mill quality	929	928-935	+6	150
Haryana (Hodal) Loose	Mill quality	912	910	+2	10
Gujarat (Rajkot) Loose	Mill quality	970	965	+5	2000
Rajasthan (Kota)	Mill quality	1015-1020	1015-1020	-	1100
Uttar Pradesh (Kanpur)	Mill quality	1020-1025	1025-1030	-5	800
Madhya Pradesh (Indore)	Mill quality	1030	1030-1035	-5	3000
Uttar Pradesh (Bareilly)	Mill quality	1005-1010	990-1000	+10	500

International Futures Quotes (as of October 5, 2007)**CBOT**

Contract Month	Open	High	Low	Settle	Change
December 2007	907.25	912.25	888.00	890.00	-16.00
March 2008	916.00	921.75	898.00	902.00	-14.00
May 2008	836.75	839.75	825.00	832.50	+1.50

KCBT

Contract Month	Open	High	Low	Settle	Change
December 2007	907.50	916.50	894.00	894.50	-15.50
March 2008	911.00	914.50	895.50	895.75	-15.25
May 2008	846.00	847.00	833.00	833.00	-13.00

CEREAL

Agriwatch
DAILY

W H E A T

Oct. 8, 2007

International Market Recap

CBOT Wheat Futures Settled Mixed

CBOT wheat futures settled mixed Saturday. December Wheat finished down 16 cent at \$890.00 per bushel; this was 20 cent to the high and 1.5 up from the low. July Wheat closed up 7.5 cent at \$686.50 per bushel. This was 13.5 up from the low and 1.5 off the high. US wheat futures settled mixed as profit taking and bear spreading pressure nearby contracts. With the news of Australia expecting some rainfall in next week, which is likely to stabilize the crop, yield and the weaknesses in soya crop further added the negative tone. Algeria bought 200,000 tonnes of US wheat for delivery in the 2008/2009 season, which supported July wheat. South Korea bought 46,000 tonnes of US wheat, which was seen as routine business. Tightness in world supply and fears that the Australia crop numbers could tighten further due to a lack of widespread rain in the past week helped provide underlying support. Analysts in Australia believe that the crop is likely less than 15 million tonnes and might move toward 12 million without rains late in the growing season.

News Analysis

Haryana Targets For 102 lakh Metric Tonne Wheat For Coming Rabi Season

According to Agriculture Department, Haryana is likely to achieve higher wheat yield of 42.50 quintal per hectare with a total production target of 102 lakh metric tonnes for the coming Rabi season. The state achieved maximum wheat productivity last year at 42.32 quintal per hectare after experiencing a decline in previous years. The wheat yield in the state had declined from 41.65 quintal per hectare in 1999-2000 to 38.44 quintal in 2005-06, but suddenly shot up to 42.32 quintal in 2006-07 because of favourable weather conditions. Source: The Hindu

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.

Punjab Will Replace The Wheat Seed Varieties In Phased Manner: State Agriculture Department

According to the State Agriculture Department, Government of Punjab is planning to bring 33.75 lakh hectares of land under wheat cultivation in the coming rabi season and expects to produce 145 lakh metric tonne of the food grain. Although the area under wheat in coming rabi season will be reduced by one lakh hectares but still government is optimistic to produce 145 lakh tonne of wheat. Last year, the area under wheat stood at 34.67 lakh hectares and production stood around 145.96 lakh metric tonne. Government is also planning for the seed replacement in phased manner to boost production. For the seed replacement, this year would be around 20%, next year would be around 40% and by the third year, there would be 100% replacement of seed varieties. Source: Economic Times

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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