

WHEAT

Oct. 11, 2007

Domestic Market Recap

During Wednesday's trade, wheat firmed up on good offtake by stockists and locals amid slightly reduced supply from the producing centres. Markets mostly found support on the government's declaration of Rs.1000/qrtl MSP for the current Rabi season. The Cabinet Committee on Economic Affairs today gave its approval, on the recommendations of CACP, for the MSPs of wheat Rabi Crops for 2007-08 season to be marketed in 2008-09 is Rs.1000/qrtl, an increase of Rs.250/qrtl (33.33%). 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. Indian mills had plans to export up to 100,000 metric tonnes of wheat flour by March 2008. Millers and suppliers are also holding back stocks and planning to release at higher prices. In south, roller flour millers have raised the wheat price and traded in the range of Rs.1250-1280/qrtl. In Delhi (Lawrence Road) Ready Delivery quoted higher at Rs.1030/qrtl against the steady arrival of 8700. In Delhi, various wheat products firmed up on good demand, as Atta (90kg) traded steady at Rs.1028, Maida grad 1 (90kg) at Rs.1220 while suji (50kg) quoted higher at Rs.715 and Chakki atta (90Kg) up at Rs.965. In coming days, against a tight supply (holding back of stocks by stockists and suppliers) along with higher MSP on rising demand, wheat may likely trade firm.

Domestic Spot Market Prices

Market	Variety	Prices (Rs/qrtl)		Change	Arrivals (Qtls)
		10.10.07	09.10.07		
Delhi (Lawrence Road) Ready Delivery	Mill quality	1030	1020	+10	8700
Delhi (Narella) Loose	Mill quality	-	995-115	-	2000
Haryana (Palwal) Loose	Mill quality	965	940	+15	300
Uttar Pradesh (Mathura) Loose	Mill quality	1000	960	+40	1700
Uttar Pradesh (Kosi) Loose	Mill quality	990	960-972	+18	400
Haryana (Hodal) Loose	Mill quality	-	-	-	0
Gujarat (Rajkot) Loose	Mill quality	995-1000	980	+20	1700
Rajasthan (Kota)	Mill quality	1040-1050	1025-1030	+20	800
Uttar Pradesh (Kanpur)	Mill quality	1025-1035	1025-1030	+5	600
Madhya Pradesh (Indore)	Mill quality	-	1040-1045	-	900
Uttar Pradesh (Bareilly)	Mill quality	1015-1020	1010-1015	+5	500

International Futures Quotes (as of October 9, 2007)**CBOT**

Contract Month	Open	High	Low	Settle	Change
December 2007	860.00	875.00	844.00	845.50	-14.50
March 2008	872.00	888.00	858.00	858.50	-13.50
May 2008	809.00	818.00	800.00	800.00	-2.50

KCBT

Contract Month	Open	High	Low	Settle	Change
December 2007	858.00	873.00	843.00	844.25	-20.25
March 2008	856.00	874.00	849.00	849.50	-16.25
May 2008	812.00	824.00	800.00	801.50	-1.50

CEREAL

Agriwatch
DAILY

W H E A T

Oct. 11, 2007

International Market Recap

CBOT Wheat Futures Settled Down

CBOT wheat futures settled down Tuesday. December Wheat finished down 14.5 cent at \$845.50 per bushel; this was 29.5 cent to the high and 1.5 cent from the low. July Wheat closed up 3.25 cent at \$660.50 per bushel. This was 3.5 up from the low and 10.5 off the high. The market closed sharply lower on profit taking after long rally despite the bullish news from the importing countries. Traders also believe that this breakdown is due to overbought. The recent weakness has encouraged bears. Taiwan is tendering to buy 62,800 tonnes of US wheat. Tunisia is tendering to buy 92,000 tonnes of optional origin milling wheat and 75,000 tonnes of durum. Turkey is also planning to buy 280,000 tonnes of soft wheat. Some areas of Australia received rain but more may be needed to stabilize losses ahead of harvest. Weekly export inspections, released showed wheat exports at 31.5 million bushels as compared with trade expectations for 28-34 million. Cumulative shipments have already reached 44.6% of the USDA forecast for the season as compared with 35% as the 5-year average for this time of the year. Shipments need to average 17.8 million bushels per week to reach the USDA projection. For the USDA supply/demand report for Friday morning traders are looking for 2007/08 ending stocks to come in near 289 million bushels as compared with 362 million posted in the September USDA report.

News Analysis

Government Raised MSP Of Rs.1000 For Wheat

Government also decided to pay farmers a higher price for wheat and rice paddy to ensure enough supplies of grain in the domestic market. The purchase price for wheat was raised to Rs.1,000 per 100 kg from Rs.850. Wheat is sown in November and harvested in the summer months from April. India this year has so far imported 1.3 million tonnes of wheat to build buffer stocks. It had imported 5.5 million tonnes in 2006, the first time in six years, to meet a shortfall in domestic output.

Cabinet Committee on Economic Affairs Approved MSP Rs.1000/ qtl For Wheat

The Cabinet Committee on Economic Affairs today gave its approval, on the recommendations of CACP, for the MSPs of wheat Rabi Crops for 2007-08 season to be marketed in 2008-09 is Rs.1000/ qtl, an increase of Rs.250/ qtl (33.33%)

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.

Wheat Stocks Totaled At 10.12 Million Metric Tonnes As Of Oct. 1

According to Chairman, Food Corporation of India, Country's wheat stocks totaled at 10.12 million metric tonnes as of Oct. 1.

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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