

## ■ W H E A T

■ Oct. 24, 2007

**Domestic Market Recap**

On the eve of festive demand and global tight stock, wheat mostly traded steady to up against slightly restricted supply. However, wheat prices could not go up as it was expected earlier as govt. stopped ban on non-basmati rice to supplement rice with wheat to PDS system. Due to tight supply, various mandis in Karnataka and Maharashtra, wheat traded in the range of 1290-1300 and 1150-1200 respectively on good offtake from the consuming units. Wheat also ruled higher in Bhopal (MP) loose basis on no supply against a steady demand as farmers preferred to trade soy oil. But prices dipped Indore (MP) and Bareilly (UP) on subdued buying against slightly increased arrivals. Also in most of the wheat growing areas, wheat ruled quiet as farmers started sowing wheat due to good climate as well as moisture content in soil, which is favourable for wheat cultivation. Farmers are also expecting higher rabi wheat acreage due to higher MSP which will lead to higher yield per acre as well as increase in production. In Delhi and its surrounding mandis, prices mostly traded steady to down on lower offtake amid despite restricted supply. Learning from India and USA for rising support price, after the Economic Coordination Committee (ECC) recommendation, to increase wheat support price for the coming crop, the Federal Committee on Agriculture (FCA) of Pakistan is set to announce on Tuesday a price of Rs518 per 40kg against last year's price of Rs425. In coming days, wheat may rule at higher side with festive as well as winter season demand.

**Domestic Spot Market Prices**

Market	Variety	Prices (Rs/qty)		Change	Arrivals (Qtls)
		23.10.07	22.10.07		
Delhi (Lawrence Road) Ready Delivery	Mill quality	1050	1050	-	7700
Delhi (Narella) Loose	Mill quality	1010-1025	1000-1025	-	1500
Delhi (Najafgarh) Loose	Mill Qyality	1005-1014	1000-1015	-1	2000
Haryana (Palwal) Loose	Mill quality	970-972	975	-3	300
Uttar Pradesh (Mathura) Loose	Mill quality	985-990	975	+15	1000
Uttar Pradesh (Kosi) Loose	Mill quality	980-985	990-995	+10	250
Gujarat (Rajkot) Loose	Mill quality	1040-1045	1040	+5	1800
Rajasthan (Kota)	Mill quality	1080-1085	1085-1087	+2	900
Uttar Pradesh (Kanpur)	Mill quality	1035-1040	1035-1040	-	1300
Madhya Pradesh (Indore)	Mill quality	1100-1105	1100-1110	-5	800
Uttar Pradesh (Bareilly)	Mill quality	1015-1020	1025-1030	-10	2200

**International Futures Quotes (as of October 22, 2007)****CBOT**

Contract Month	Open	High	Low	Settle	Change
December 2007	841.00	873.00	839.00	871.00	+15.50
March 2008	860.00	893.00	857.00	891.50	+17.00
May 2008	816.00	849.00	816.00	845.50	+14.50

**KCBT**

Contract Month	Open	High	Low	Settle	Change
December 2007	850.00	889.00	849.00	888.00	+19.00
March 2008	861.00	895.00	859.00	894.50	+18.25
May 2008	833.00	852.00	828.00	850.50	+10.50

# CEREAL

Agriwatch  
DAILY

## W H E A T

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### International Market Recap

#### CBOT Wheat Futures Closed Up

CBOT wheat futures settled up Monday. December Wheat finished up 15.5 cent at \$871.00 per bushel; this was 2 cent to the high and 32 cent up from the low. July Wheat closed up 2.25 cent at \$695.00 per bushel. This was 22 up from the low and 2 off the high. Weakness in crude oil, gold and other commodity markets along with a surge in the US dollar and with the report of the wheat market is overbought helped spark the selling pressures early in the session. However, with the news that the Russians are considering a 50% export tax instead of the 30% helped turn the market higher and futures closed moderately higher on the day. Weekly export inspections, released during the session, came in at just 26.75 million bushels as compared with trade expectations at 30-35 million bushels. Cumulative shipments have reached 48.2% of the export total for the year as compared with 39.2% as the 5-year average for this time of the year. Shipments need to average 18.5 million bushels per week to reach the USDA projection. With the highest open interest since August, traders are concerned of increased volatility ahead. German flourmills are considering importing wheat from the US due to high internal prices. Improving weather for the dry areas of the southern Corn Belt was also seen as a negative factor today.

### News Analysis

#### To Check rise in world prices, Russia plans to slap a prohibitive tariff on wheat exports

In order to abrupt the rise in world prices, the government plans to slap a prohibitive tariff on wheat exports, believes analysts. According to an official in the Economic Development and Trade Ministry, the ministry was considering recommending a tariff of 30 percent, or no less than 70 euros (\$100) per tonne of wheat. There is currently no tariff on wheat exports but a tariff of 10 percent is due to be imposed from mid-November. According to chief executive of agricultural analyst group SovEcon, the setting of a prohibitive tariff is very likely otherwise government grain sales to the market would appear to be stimulating exports. The sharp increase in the tariff could have a dramatic impact on the world wheat market, pushing prices up. The Russian Grain Union said Friday that it would oppose setting the new tariff, because it could hurt domestic grain growers.

#### To Remove the Difference Between Wheat and Rice MSP: LK Advani

In a letter to the Prime Minister, Leader of Opposition party, Mr LK Advani asked the government to remove the difference between the Minimum Support Prices of wheat and paddy crop which otherwise is leading to discontent among South Indian farmers as there has no relation to the cost of cultivation. While the government has fixed MSP of Rs 1,000 per quintal for wheat in the coming season, paddy growers would get Rs 645 per quintal for the common variety.

#### Pakistan FCA Set to Announce Wheat Support Price Rs.518 per 40 KG

After the Economic Coordination Committee (ECC) recommendation, to increase wheat support price for the coming crop, the Federal Committee on Agriculture (FCA) of Pakistan is set to announce on Tuesday a price of Rs518 per 40kg against last year's price of Rs425. The Ministry of Food, Agriculture and Livestock (MINFAL) had proposed wheat support price of Rs500 per 40kg for the coming Rabi crop from the existing price of Rs425 per 40kg at the last meeting of the ECC for its approval. According to a government official, as less area under cultivation is recorded worldwide because of greater sowing of other staple foods such as maize and barley in the major food exporting countries because they have switched over to maize, cheaper source of biofuel in western countries, thus fuelling the price of wheat in the international market.

### Weather Impact Analysis

Sowing conditions are good following good monsoon in rain-fed areas. Cool winter forecast for the current year favours wheat crop.

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