

WHEAT

Oct. 31, 2007

Domestic Market Recap

During Tuesday's trade, wheat mostly traded steady to better on good buying from the stockists, suppliers and roller flour millers amid tight supply from the producing centres. Government's decision of the import of 1 million tonnes of wheat further imparted bullish sentiment. According to a senior government official, India is planning to import around 1 million metric tonnes of wheat to build up its buffer stocks. Importing charges have been given to the three state-run trading companies, namely, State Trading Corp. of India Ltd, MMTC Ltd. and PEC Ltd. Timeframe for the delivery is yet to be disclosed. According to FCI, reserves of the grain at India's state-run warehouses totaled 10.9 million tonnes on Sept. 7. On a normal demand-supply situation, Delhi (Lawrence road) ready delivery quoted steady against the tight supply of 10000 qtls. However, prices dipped in Bareilly (UP), palwal (Haryana) on lower demand from the consuming units against sustained supply. In Delhi mandis, various wheat products mostly traded steady while Choka (50kg) quoted higher at Rs.394. Due to tight supply from the roller flour millers, wheat at Bangalore (Karnataka) and Mumbai (Maharashtra) traded slightly higher on good demand. Wheat sowing has been picked up the pace in Punjab, Haryana, Gujarat, MP, etc. As per the traders, climate is also favouring for the wheat sowing. Farmers are expecting an increased acreage as well as higher production. Meanwhile, Australian Bureau of Agricultural and Resource Economics said Australia's winter wheat crop for 2007-08 is pegged at 12.1 million tonnes, down of 3.4 million tonnes from its September estimate due to lack of timely rainfall.

Domestic Spot Market Prices

Market	Variety	Prices (Rs/qty)		Change	Arrivals (Qtls)
		30.10.07	29.10.07		
Delhi (Lawrence Road) Ready Delivery	Mill quality	1060	1060	-	10000
Delhi (Narella) Loose	Mill quality	1025	1020	+5	1000
Delhi (Najafgarh) Loose	Mill Quality	1000-1010	1013	-3	2000
Haryana (Palwal) Loose	Mill quality	960-965	970	-5	300
Uttar Pradesh (Mathura) Loose	Mill quality	990	988	+2	800
Uttar Pradesh (Kosi) Loose	Mill quality	975-980	978	+2	300
Gujarat (Rajkot) Loose	Mill quality	1030-1035	1030	+5	3000
Rajasthan (Kota)	Mill quality	1080-1085	1085-1090	-5	1100
Uttar Pradesh (Kanpur)	Mill quality	1040-1048	1035-1042	+6	500
Madhya Pradesh (Indore)	Mill quality	1075-1080	1075-1085	+5	500
Uttar Pradesh (Bareilly)	Mill quality	1000-1005	1010-1015	-10	11000

International Futures Quotes (as of October 29, 2007)**CBOT**

Contract Month	Open	High	Low	Settle	Change
December 2007	812.00	830.00	812.00	828.50	+28.50
March 2008	832.00	852.00	832.00	848.00	+26.00
May 2008	798.00	811.00	798.00	808.00	+23.50

KCBT

Contract Month	Open	High	Low	Settle	Change
December 2007	845.00	857.50	838.00	854.25	+26.75
March 2008	855.00	865.50	848.00	863.25	+26.25
May 2008	805.00	818.00	805.00	807.50	+14.50

International Market Recap**CBOT December Wheat Futures Closed Lower**

CBOT wheat futures settled up Monday. December Wheat finished up 28.5 cent at \$828.00 per bushel; this was 1.5 cent off to the high and 16.5 cent up from the low. July Wheat closed up 14.25 cent at \$691.25 per bushel. This was 6.25 up from the low and 3.75 off the high. Lack of new selling pressure and short covering helped the wheat market gained in early. With the news of good export demand, wheat traded up and settled higher. Market also found support from strong soybean and crude oil markets. Continued talk of poor yields for the Australian wheat harvest added to the positive tone early in the day. Egypt bought 190,000 tonnes of wheat from Russia which was more than expected and traders see the Morocco tender (260,000 tonnes) and the Turkey tender (300,000 tonnes) as potential supportive events this week and next week. South Korea is tendering to buy 22,000 tonnes of US wheat. Weekly export inspections came in at 31.2 million bushels as compared with trade expectations at 26-31 million bushels. Cumulative shipments have reached 51.1% of the USDA forecast for the season as compared with the 5-year average of 41.1% for this time of the year. Shipments need to average 17.9 million bushels per week to reach the USDA projection for the year.

News Analysis**ABARE Pegged Australian Winter Wheat At 12.1 Million Tonnes**

According to Australian Bureau of Agricultural and Resource Economics, Australia's winter wheat crop for 2007-08 is pegged at 12.1 million tonnes, down of 3.4 million tonnes from its September estimate due to lack of timely rainfall. The bureau said rainfall during the crucial September to October period had been well below average in the country's main grain-growing regions. Coupled with the shortage in rainfall, high temperature and strong winds had led to the rapid deterioration of crop yield potential. As per the bureau report, the three major crops of wheat, barley and canola will amount to 18.0 million tonnes for the year -- about 42 percent below the five-year average but still 4.0 million tonnes above the previous year's output. But the bureau predicted a good summer crop production as the Australian Bureau of Meteorology suggesting above-average rainfall is likely for some farming regions.

India May Import Around 1 Million Metric Tons Wheat

According to a senior government official, India is planning to import around 1 million metric tons of wheat to build up its buffer stocks. Importing charges have been given to the three state-run trading companies, namely, State Trading Corp. of India Ltd, MMTCL Ltd. and PEC Ltd. Timeframe for the delivery is yet to be disclosed.

CBOT Wheat Prices Fell On Report of Pakistan May not Import

With the expectations of a good crop across the globe and reports that Pakistan will curb wheat imports next year have caused the price of the grain to fall in the international market. In Pakistan, recently the price of a bag of 100kg of wheat rose by another Rs50 in Punjab. On Saturday, a 100-kg bag was sold at Rs1,550. In Chicago, wheat fell price the maximum amount permitted by the Chicago Board of Trade 30 cents per bushel on speculation Pakistan will curb imports after forecasting a record domestic crop for a second straight year. Pakistan is expecting to harvest 24 million tonnes of the grain in the marketing year that started on July 1, up 3 per cent from last year's 23.3 million tonnes.

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.

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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