

■ W H E A T

■ Oct. 25, 2007

Domestic Market Recap

With good buying support from the consuming units on the eve of festive demand and global tight stock, wheat mostly traded steady to up against slightly restricted supply. However, wheat could not gain much as central government lifted ban on non-basmati rice varieties export worth of \$425 per tonne. 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, remained unchanged from the Tuesday level. Wheat also ruled higher in Kanpur (UP) and Indore (MP) loose basis on supply of 1000 and 500 qtls respectively against a steady demand. 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 on good buying amid 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/ctl)		Change	Arrivals (Qtls)
		24.10.07	23.10.07		
Delhi (Lawrence Road) Ready Delivery	Mill quality	1050-1060	1050	-	10000
Delhi (Narella) Loose	Mill quality	-	1010-1025	-	
Delhi (Najafgarh) Loose	Mill Qyality	-	1005-1014	-	
Haryana (Palwal) Loose	Mill quality	970-972	970-972	-	300
Uttar Pradesh (Mathura) Loose	Mill quality	990	990	-	1200
Uttar Pradesh (Kosi) Loose	Mill quality	980-985	980-985	-	300
Gujarat (Rajkot) Loose	Mill quality	1045	1040-1045	-	2000
Rajasthan (Kota)	Mill quality	1075-1080	1080-1085	-5	1200
Uttar Pradesh (Kanpur)	Mill quality	1040-1042	1035-1040	+2	1000
Madhya Pradesh (Indore)	Mill quality	1095-1100	1100-1105	+5	500
Uttar Pradesh (Bareilly)	Mill quality	1015-1020	1015-1020	-5	2400

International Futures Quotes (as of October 23, 2007)**CBOT**

Contract Month	Open	High	Low	Settle	Change
December 2007	874.00	875.00	841.00	841.00	-30.00
March 2008	892.00	892.00	861.50	861.50	-30.00
May 2008	848.00	848.00	818.50	819.25	-26.25

KCBT

Contract Month	Open	High	Low	Settle	Change
December 2007	893.00	893.00	858.00	859.75	-28.25
March 2008	900.00	900.00	866.50	868.50	-26.00
May 2008	851.00	851.00	834.00	834.00	-16.50

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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