

CEREAL

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DAILY

WHEAT

Oct. 5, 2007

Domestic Market Recap

During Thursday's trade, wheat mostly traded steady to down on lower offtake from the consuming units despite the restricted arrivals. But wheat traded up at UP (Kosi) loose and Punjab (Sunam) loose at Rs.930 and Rs.930-935/qlt on good offtake from the consuming units against the arrival of 250 and 400 bags respectively. Traders reported that with the news of the government of India's plan of importing wheat flour with the relaxation of the present 37% import duty and with the arrival of imported wheat at Mundra ports to control the domestic prices further added bearish sentiment. The unloading of stocks by the small farmers further added the negative tone. In Delhi (Lawrence road) Mill Delivery traded down at Rs.995/qlt against the restricted arrival of 12000 qtls. In Rajasthan (Kota), prices dipped Rs.5, 00, as market witnessed no demand from the consumers against the arrival of 1500 qtls. In Delhi mandis, different wheat products quoted steady, as Atta (90 kg) Rs.1037, Maida Grade 1 (90kg) Rs.1220, Suji (50kg) Rs.695 and Chokar (50 kg) traded steady at Rs.369. As per the senior govt. official, India has received 51.836 tonnes of wheat at Mundra port, the first shipment of imported wheat. 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. In the short term, wheat may rule mostly range bound.

Domestic Spot Market Prices

Market	Variety	Prices (Rs/qlt)		Change	Arrivals (Qtls)
		04.10.07	03.10.07		
Delhi (Lawrence Road) Ready Delivery	Mill quality	995	1005	-10	12000
Delhi (Narella) Loose	Mill quality	960	-	-	3000
Haryana (Palwal) Loose	Mill quality	913	915	-2	350
Uttar Pradesh (Mathura) Loose	Mill quality	940	945	-5	1100
Uttar Pradesh (Kosi) Loose	Mill quality	930	920	+10	250
Haryana (Hodal) Loose	Mill quality	915	920	-5	130
Gujarat (Rajkot) Loose	Mill quality	970	970	-	2300
Rajasthan (Kota)	Mill quality	1010-1015	1015-1020	-5	1500
Uttar Pradesh (Kanpur)	Mill quality	1015-1020	1015-1020	-	1000
Madhya Pradesh (Indore)	Mill quality	1030-1035	1030-1035	-	3000
Uttar Pradesh (Bareilly)	Mill quality	1000-1005	995-1005	-	1300

International Futures Quotes (as of October 3, 2007)

CBOT

Contract Month	Open	High	Low	Settle	Change
September 2007	903.00	944.00	902.00	927.00	+4.50
December 2007	910.00	950.00	910.00	935.50	+5.00
March 2008	828.00	857.00	828.00	846.00	+1.00

KCBT

Contract Month	Open	High	Low	Settle	Change
September 2007	902	940	900	927	+7.75
December 2007	895	939	895	923	+6.00
March 2008	845	869	845	858	+8.00

COMMODITIES RESEARCH

International Market Recap**CBOT Wheat Futures Settled Up**

CBOT wheat futures settled up Wednesday. December Wheat finished up 4.5 cent at \$927.00 per bushel; this was 17 cent to the high and 25 up from the low. July Wheat closed up 8.5 cent at \$672.50 per bushel. This was 16.5 up from the low and .5 off the high. With good export demand, wheat futures recovered the overnight loss and settled higher. Steep losses were due to technical losses but wheat fundamental was quite bullish. The USDA announced a sale of 290,000 tonnes of US wheat to unknown destination for delivery in the 2007-08 and 2008-09 seasons. The sale was 116,000 tonnes of hard red spring wheat and 174,000 tonnes of hard red winter wheat. Bangladesh is planning to buy 50,000 tonnes of wheat. The lack of US wheat sales on the Egypt tender yesterday helped spark the long liquidation collapse. Continued dryness concerns for the Australia wheat growing areas helped support the bounce off of the lows as well. For the weekly export sales report, traders are looking for wheat sales near 1.4-1.8 million tonnes as compared with 1.563 million tonnes last week. Sales need to average 210,000 per week to reach the current USDA forecast.

News Analysis**India received first shipment of imported wheat**

As per the senior govt. official, India has received 51.836 toones of wheat at Mundra port, the first shipment of imported wheat contracted this year but not known where it originated. Govt. has agreed to buy 1.3 million tonnes so far in 2007. India has received the entire quantity of wheat it had ordered. The wheat import programme received wide range of criticisms both within and outside the government. According to the farm ministry, India is likely to produce 74.89 million tonnes of wheat in 2007, up from 69.48 million tonnes last year. The official also said that India is expecting to receive the 1.3 million tonnes by the end of October. According to the Food Corporation of India, India had adequate wheat stocks and hopes to build a buffer of 5.3 million tonnes on April 1 2008.

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. The constant lobby pressures on the Government to bend rules to give market access to US wheat exporters. As wheat flour cannot be transported in loose, this needs to be packaged, which would be more expensive.

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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