

## ■ W H E A T

■ Oct. 20, 2007

**Domestic Market Recap**

During Friday's trade, wheat traded mixed in domestic markets. At major mandis of UP, Delhi and Haryana, wheat traded mostly down after successive highs while it traded up in Rajasthan, Gujarat and MP mandis on good festive demand along with the demand from the stockists and suppliers against slightly restricted arrival. In Delhi (Lawrence Road), ready delivery traded down Rs.1065/qrtl against the previous level of Rs.1060-1075 against the increased arrival of 15000 qtls. However, Rajkot (Gujarat) loose and Kota (Rajasthan) loose basis traded up on good buying support from the traders and stockists against slightly restricted supply. On festive demand, wheat products quoted steady at Atta (90kg) Rs.1064, Maida grade 1 (90kg) at Rs.1256, Chhaki atta (90kg) at Rs.1005 while Chokar (50kg) traded down at Rs.394. In various wheat growing areas (North West), wheat plantation has been started. Meanwhile, in Pakistan, Wheat shortage is feared next year as experts anticipate up to 25 per cent less water availability between October 1 and April 30 during Rabi season. In India, head of the Directorate of Wheat Research said that the area sown to the cereal may exceed 29 million hectares (72 million acres), up from 28.5 million hectares last year. Last month, government of India set an output target of 75.5 million tonnes for next year, the most since 2000. Higher MSP will increase the wheat acreage as USA farmers are responding to the high prices by planting more wheat. Sowing in irrigated areas of North West India is expected to gain momentum, as the weather is favourable.

**Domestic Spot Market Prices**

Market	Variety	Prices (Rs/qrtl)		Change	Arrivals (Qtls)
		19.10.07	18.10.07		
Delhi (Lawrence Road) Ready Delivery	Mill quality	1065	1060-1075	-10	15,000
Delhi (Narella) Loose	Mill quality	1010-1040	1020-1045	-5	1800
Delhi (Najafgarh) Loose	Mill Qyality	1018-1035	1025-1035	-	2500
Haryana (Palwal) Loose	Mill quality	988	990	-2	200
Uttar Pradesh (Mathura) Loose	Mill quality	1000	1016	-16	1200
Uttar Pradesh (Kosi) Loose	Mill quality	1002	1000-1008	-6	350
Gujarat (Rajkot) Loose	Mill quality	1030	1015-1020	+10	2000
Rajasthan (Kota)	Mill quality	1080-1085	1065-1070	+15	700
Uttar Pradesh (Kanpur)	Mill quality	1030-1035	1035-1040	-5	2000
Madhya Pradesh (Indore)	Mill quality	1095	1080-1090	+5	500-600
Uttar Pradesh (Bareilly)	Mill quality	1030-1035	1035-1040	-5	1800

**International Futures Quotes (as of October 18, 2007)****CBOT**

Contract Month	Open	High	Low	Settle	Change
December 2007	825.00	832.00	821.00	825.50	+5.00
March 2008	843.00	849.00	840.00	844.50	+3.75
May 2008	798.00	807.00	798.00	804.50	+10.00

**KCBT**

Contract Month	Open	High	Low	Settle	Change
December 2007	836.00	841.00	833.50	839.00	+6.25
March 2008	844.00	848.00	841.50	846.25	+7.25
May 2008	810.00	814.00	809.00	810.00	+7.00

# 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 Thursday. December Wheat finished up 5 cent at \$825.50 per bushel; this was 6.5 off to the high and 4.5 cent up from the low. July Wheat closed up 11.25 cent at \$675.50 per bushel. This was 9.5 up from the low and .5 off the high. The U.S. wheat futures settled higher and traded at upper side with the strong support from the strength in other markets combined with weak dollar. Good export news also helped the early gain in the wheat futures. Egypt bought 150,000 tonnes of wheat with near about half came from the US and the rest from Russia. Increasing wheat planted area for many of the northern hemisphere growing regions continues to provide overhead resistance on rallies. Weekly export sales for wheat came in at 1.091 million metric tonnes as compared to trade expectations between 1.0-1.5 million. Cumulative sales have reached 82.6% of the USDA forecast for the entire marketing year as compared to 51.3% on average over the last five years. Sales of just 164,000 metric tonnes per week are needed to reach the USDA estimate. Weather appears to be a mixed bag but rains in the plains and the south helped winter wheat planting while southwest plains needs more rainfall. The Chief Economist for the USDA presented projections to the House Agriculture Committee indicated planted acreage for wheat for the 2008-09 season at 64 million acres from 60.4 million this year. Ending stocks were pegged at 515 million bushels from 307 million this season.

### News Analysis

#### Government Wants Farmers To Produce 75.5 Million Tonnes Wheat

Wheat futures in CBOT declined on speculation that farmers will increase global planting to capitalize on the highest prices ever. India, second largest wheat consumer, on Tuesday increased the Wheat MSP to encourage the farmers for more wheat planting. Prices have jumped 69% this year in Chicago and set record highs 23 times in the three months ended 28 September. India raised the minimum purchase price of the grain by 18% to encourage domestic planting, finance minister P. Chidambaram said on Wednesday in New Delhi. India had bought 1.3 million tonnes wheat at record prices since July. Government wants farmers to produce 75.5 million tonnes of wheat in the year that ends in June, compared with 74.9 million tonnes in the last year.

#### Pakistan Inflation 8.37% on Wheat Prices

Pakistan's inflation, as measured by the consumer price index, accelerated to a nine-month high in September because of higher wheat costs. Consumer prices rose 8.37 percent from a year earlier after gaining 6.45 percent in August, Federal Bureau of Statistics, Islamabad. September inflation rose because of higher wheat prices. Although Pakistan had a bumper wheat crop in 2007, but hoarding and smuggling pushed prices up 30 percent in August from July. The government plans to import 1 million tonnes of wheat this year to keep prices affordable until the new crop arrives in May.

#### Pakistan is expecting a 25 per cent wheat shortage due to less water availability

Pakistan is expecting a 25 per cent wheat shortage due to less water availability between October 1 and April 30 during Rabi season. Federal Committee on Agriculture (FCA) was expected to finalise next year's crop estimates on October 24. It would, however, find it difficult to fix for next year higher wheat production target than official claims of 23.5 million tonnes output this year. The sources also reported that the Indus River System Authority (Irsa) had yet to officially communicate estimates of water shortage to the FCA. Irsa's technical committee said that water shortage would be about 25 per cent.

### 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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