

## ■ W H E A T

■ Oct. 9, 2007

**Domestic Market Recap**

During Monday's trade, wheat firmed up on good offtake by stockists and locals amid slightly reduced supply from the producing centres. Markets also witnessed good demand from the roller flour millers ahead of the festive and winter season. In Delhi (Lawrence road) ready delivery firmed up Rs.1005/qlt against the steady arrival of 12000 qtls. According to FAO, International wheat prices is reaching successive highs which causes buyers paying higher prices in poor and developing countries. Wheat prices have risen sharply since June because of tightening of global supplies, historically low levels of stocks and sustained demand, according to the latest issue of the FAO Crop Prospects and Food Situation report. Wheat stocks are close to their lowest level in 25 years. The FAO report further imparted bullish sentiment in the domestic market sentiment as it predicted this year's harvest will just meet the expected consumption. In Delhi mandis, various wheat products also quoted steady while Chokar 50kg ruled higher at Rs.377. Traders and stockists also optimistic about the price rise with the arrival of first imported wheat volume and government's planning of wheat flour import. On the unloading of wheat stocks to house soy crops in MP, prices traded down against lower offtake from the millers and stockists. In the short term, wheat may rule mostly range bound with firm bias.

**Domestic Spot Market Prices**

Market	Variety	Prices (Rs/qlt)		Change	Arrivals (Qtls)
		08.10.07	06.10.07		
Delhi (Lawrence Road) Ready Delivery	Mill quality	1005	995-1000	+5	12000
Delhi (Narella) Loose	Mill quality	965-990	965	+25	2000
Haryana (Palwal) Loose	Mill quality	925	916	+9	300
Uttar Pradesh (Mathura) Loose	Mill quality	961	950	+11	1200
Uttar Pradesh (Kosi) Loose	Mill quality	945-950	929	+21	350
Haryana (Hodal) Loose	Mill quality	-	912	-	0
Gujarat (Rajkot) Loose	Mill quality	975	970	+5	2000
Rajasthan (Kota)	Mill quality	1020-1025	1015-1020	+5	1200
Uttar Pradesh (Kanpur)	Mill quality	1020-1030	1020-1025	+5	600
Madhya Pradesh (Indore)	Mill quality	1030-1040	1030	+10	2500
Uttar Pradesh (Bareilly)	Mill quality	1015-1020	1005-1010	+10	500

**International Futures Quotes (as of October 5, 2007)****CBOT**

Contract Month	Open	High	Low	Settle	Change
December 2007	907.25	912.25	888.00	890.00	-16.00
March 2008	916.00	921.75	898.00	902.00	-14.00
May 2008	836.75	839.75	825.00	832.50	+1.50

**KCBT**

Contract Month	Open	High	Low	Settle	Change
December 2007	907.50	916.50	894.00	894.50	-15.50
March 2008	911.00	914.50	895.50	895.75	-15.25
May 2008	846.00	847.00	833.00	833.00	-13.00

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

CBOT wheat futures settled mixed Saturday. December Wheat finished down 16 cent at \$890.00 per bushel; this was 20 cent to the high and 1.5 up from the low. July Wheat closed up 7.5 cent at \$686.50 per bushel. This was 13.5 up from the low and 1.5 off the high. US wheat futures settled mixed as profit taking and bear spreading pressure nearby contracts. With the news of Australia expecting some rainfall in next week, which is likely to stabilize the crop, yield and the weaknesses in soya crop further added the negative tone. Algeria bought 200,000 tonnes of US wheat for delivery in the 2008/2009 season, which supported July wheat. South Korea bought 46,000 tonnes of US wheat, which was seen as routine business. Tightness in world supply and fears that the Australia crop numbers could tighten further due to a lack of widespread rain in the past week helped provide underlying support. Analysts in Australia believe that the crop is likely less than 15 million tonnes and might move toward 12 million without rains late in the growing season.

**News Analysis****Haryana Targets For 102 lakh Metric Tonne Wheat For Coming Rabi Season**

According to Agriculture Department, Haryana is likely to achieve higher wheat yield of 42.50 quintal per hectare with a total production target of 102 lakh metric tonnes for the coming Rabi season. The state achieved maximum wheat productivity last year at 42.32 quintal per hectare after experiencing a decline in previous years. The wheat yield in the state had declined from 41.65 quintal per hectare in 1999-2000 to 38.44 quintal in 2005-06, but suddenly shot up to 42.32 quintal in 2006-07 because of favourable weather conditions. Source: The Hindu

**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.

**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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