

■ W H E A T

■ Oct. 30, 2007

Domestic Market Recap

During Monday's trade, on lower buying from the stockists and retailers along with the roller flour millers, in most of the major trading centres, wheat prices mostly traded steady to down against slightly increased arrivals. But in Uttar Pradesh (Kanpur), Mill quality quoted higher on good demand from the consuming units against slightly restricted arrivals. According to the market sources, markets experienced subdued trading activity. In Karnataka (Bangalore) and Maharashtra (Mumbai) wheat mostly traded down in the range of Rs.1250-1270 and Rs.1140-1155/qtt against sustained arrival. In most of the wheat growing areas, wheat sowing has picked the pace. This year, traders and farmers expect a higher acreage and increased production due to higher MSP. In Delhi mandis, wheat mostly traded steady on good offtake from the roller flour millers ahead of the festive season. In expectation of higher acreage and favourable climate for the wheat sowing, farmers and stockists in Punjab and Haryana have started unloading their stocks. Lower closing in CBOT also supported the downward movement of the wheat price. CBOT closed lower as Pakistan is planning to cancel the import order. Global wheat production is forecast at 602 million tonnes, 1 million more than last month, increases in Russia and Kazakhstan more than offsetting reductions in the EU and the US. Very high prices are having some effect on consumption. The forecast of world trade is also unchanged at 105 million tonnes. Shipments by Russia have surged ahead of the planned introduction of a 10% export tax. Various wheat products in Delhi mostly traded steady.

Domestic Spot Market Prices

Market	Variety	Prices (Rs/qtt)		Change	Arrivals (Qtls)
		29.10.07	27.10.07		
Delhi (Lawrence Road) Ready Delivery	Mill quality	1060	1060	-	14000
Delhi (Narella) Loose	Mill quality	1020	1025-1040	-20	1000
Delhi (Najafgarh) Loose	Mill Quality	1013	1024-1030	-17	2500
Haryana (Palwal) Loose	Mill quality	970	970-975	-5	250
Uttar Pradesh (Mathura) Loose	Mill quality	988	990	-2	1200
Uttar Pradesh (Kosi) Loose	Mill quality	978	975-986	-8	500
Gujarat (Rajkot) Loose	Mill quality	1030	1030-1035	-5	3000
Rajasthan (Kota)	Mill quality	1085-1090	1085-1092	-2	1100
Uttar Pradesh (Kanpur)	Mill quality	1035-1042	1035-1040	+2	500
Madhya Pradesh (Indore)	Mill quality	1075-1085	1085-1090	-5	500
Uttar Pradesh (Bareilly)	Mill quality	1010-1015	1010-1015	-	11000

International Futures Quotes (as of October 26, 2007)**CBOT**

Contract Month	Open	High	Low	Settle	Change
December 2007	808.00	809.00	795.00	800.00	-2.00
March 2008	828.00	828.50	815.00	822.00	+0.75
May 2008	787.00	788.00	782.00	784.50	+4.00

KCBT

Contract Month	Open	High	Low	Settle	Change
December 2007	830.00	833.00	820.00	827.50	+2.50
March 2008	840.00	841.00	829.00	837.00	+2.50
May 2008	803.00	804.00	792.00	793.00	-4.50

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

CBOT wheat futures settled down Friday. December Wheat finished down 2 cent at \$800.00 per bushel; this was 9 cent off to the high and 5 cent up from the low. July Wheat closed up 14.5 cent at \$677.00 per bushel. This was 11 up from the low and 2 off the high. In the early session, wheat futures traded higher with the support from the strength of the outside markets but could not sustain due to aggressive selling and settled lower. New crop July wheat closed sharply higher on the session as spreads corrected. News is that there may be more rain in the southwestern plains. Talk of poor yields for the Australian wheat harvest failed to provide much support as there is a perception that a low Australian crop has already been absorbed by the market. South Korea bought 25,000 tonnes of US wheat. Slower than expected export sales news Thursday and ideas that world planted area will soar for the 2008 crop helped limit the buying support early.

News Analysis**China To Auction 200,000 Tonnes Of Imported Wheat**

According to China's National Grain & Oil Trade Center, China is all set to sell 200,000 metric tons of imported wheat from state reserves in an auction on Nov. 1. China usually holds auctions of imported wheat once or twice a month to meet domestic demand. On its latest auction on Oct. 25, govt. sold 9,114 tonnes of imported wheat.

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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 record of 23.3 million tonnes. With the good export demand along with the disappointing harvest results caused the wheat price surge since mid-summer. Now the wheat price has fallen about \$1.25 per bushel from the high and has firmly established a down trend.

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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