

## ■ W H E A T

■ Oct. 26, 2007

**Domestic Market Recap**

On increased buying from the stockists and retailers, wheat prices mostly traded steady to better against the tight supply ahead of the festive season. Good demand from the rolling flour millers also supported the steady sentiment. In Karnataka, wheat traded in the range of Rs.1290-1300 and in Maharashtra, it traded in the range of Rs.1180-1200/qty on good demand against tight supply. However, on a subdued demand from the consuming units, wheat dipped in the various mandis of UP and MP against sustained supply. In Delhi (Lawrence road) ready delivery traded steady on good buying from the consuming units against a tight supply of 6500 qtls. Meanwhile, Rajasthan govt. asked the Union agriculture minister to order FCI to provide only indigenous wheat. Rajasthan civil supplies minister also said that since last one year, FCI has been supplying lower quality imported wheat to the state for public distribution which public no more interested to take. In Delhi, various wheat products mostly traded steady on normal buying from the consuming units. Wheat sowing has picked up the pace in the wheat growing areas. 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/qty)		Change	Arrivals (Qtls)
		25.10.07	24.10.07		
Delhi (Lawrence Road) Ready Delivery	Mill quality	1060	1050-1060	-	6500
Delhi (Narella) Loose	Mill quality	1015	-	-	2000
Delhi (Najafgarh) Loose	Mill Quality	1019	-	-	2500
Haryana (Palwal) Loose	Mill quality	979	970-972	+7	400
Uttar Pradesh (Mathura) Loose	Mill quality	1003	990	+13	800
Uttar Pradesh (Kosi) Loose	Mill quality	985	980-985	-	300
Gujarat (Rajkot) Loose	Mill quality	1045	1045	-	2000
Rajasthan (Kota)	Mill quality	1080-1085	1075-1080	+5	1200
Uttar Pradesh (Kanpur)	Mill quality	1030-1035	1040-1042	-7	1000
Madhya Pradesh (Indore)	Mill quality	1085-1090	1095-1100	-10	500
Uttar Pradesh (Bareilly)	Mill quality	1020-1025	1015-1020	-5	2400

**International Futures Quotes (as of October 24, 2007)****CBOT**

Contract Month	Open	High	Low	Settle	Change
December 2007	823.00	825.00	811.00	811.00	-30.00
March 2008	840.00	843.00	831.50	831.50	-30.00
May 2008	802.00	802.50	789.25	789.25	-30.00

**KCBT**

Contract Month	Open	High	Low	Settle	Change
December 2007	850.00	850.00	829.75	829.75	-30.00
March 2008	842.00	851.00	838.50	838.50	-30.00
May 2008	820.00	820.00	804.00	804.00	-30.00

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

CBOT wheat futures settled down Wednesday. December Wheat finished down 30 cent at \$811.00 per bushel; this was 14 cent off to the high and equal to the low. July Wheat closed down 21.75 cent at \$657.75 per bushel. This was 4.75 up from the low and 10.25 off the high. On increased selling pressure at higher level and lack of any fresh export news pulled down the wheat prices. News that Russia will not impose a 30% export tariff in the near future and will wait to see what happens with a 10% tariff on November 12th foreword helped trigger the early selling pressure. Ideas that planted acreage in the US and around the world will be increased significantly for 2008 crops added to the bearish tone early. South Korea is tendering to buy 24,000 tonnes of US wheat. For the weekly export sales report, traders are looking for wheat sales near 850,000 to 1.05 million tonnes as compared with 1.091 million tonnes last week.

**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.

**Rajasthan Appeals Union Agriculture Minister To Supply Only Indigenous Wheat**

Reporting to the quality of imported wheat is poor quality which led to the public dissatisfaction, government of Rajasthan has asked the centre to supply only indigenous wheat. Writing a letter to Union Agriculture Minister, state food and civil supplies minister said that Rajasthan has been receiving imported wheat of small size and red colour for the past one year. Minister has also asked the Minister to order FCI to supply only indigenous wheat to the state so as to redress the grievance of people at large

**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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