

# CEREAL

**Agriwatch**  
DAILY

## WHEAT

Oct. 6, 2007

### Domestic Market Recap

During Friday's trade, wheat traded mixed on a normal-demand supply situation. However, wheat traded firm in Delhi, UP and Rajasthan mandis on a good offtake from the consuming units against restricted supply while traded down in MP, Haryana and Gujarat mandis on a subdued demand against the slightly increased arrivals. In Delhi (Lawrence road) ready delivery traded up on good buying from the roller flour millers ahead of the festive season against the daily arrival of 11000 qtls. With the good MSP of Rs.1000/qrtl and expected increased acreage further propped up the prices. Against the increased daily arrivals of 3000 and 150 qtls on a subdued demand, Gujarat (Rajkot) and Haryana (Hodal) on loose basis traded down Rs.965 and Rs.910/qrtl respectively. 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 while Chokar (50 kg) traded up at Rs.372. With the continuous dry spell over Australia and lower crop estimation in Canada further added the positive tone to a already tight world wheat supply. As per a senior govt. official, India has received 51.836 tonnes of wheat at Mundra port, the first shipment of imported wheat this year. 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/qrtl)		Change	Arrivals (Qtls)
		05.10.07	04.10.07		
Delhi (Lawrence Road) Ready Delivery	Mill quality	995-998	995	+3	11000
Delhi (Narella) Loose	Mill quality	950-960	960	-	3000
Haryana (Palwal) Loose	Mill quality	910	913	-3	250
Uttar Pradesh (Mathura) Loose	Mill quality	940-945	940	+5	1600
Uttar Pradesh (Kosi) Loose	Mill quality	928-935	930	+5	200
Haryana (Hodal) Loose	Mill quality	910	915	-5	150
Gujarat (Rajkot) Loose	Mill quality	965	970	-5	3000
Rajasthan (Kota)	Mill quality	1015-1020	1010-1015	+5	1100
Uttar Pradesh (Kanpur)	Mill quality	1025-1030	1015-1020	+10	800
Madhya Pradesh (Indore)	Mill quality	1030-1035	1030-1035	-	3000
Uttar Pradesh (Bareilly)	Mill quality	990-1000	1000-1005	-5	1500

### International Futures Quotes (as of October 4, 2007)

#### CBOT

Contract Month	Open	High	Low	Settle	Change
September 2007	934.00	938.00	904.00	906.00	-21.00
December 2007	943.00	946.00	914.00	916.00	-19.50
March 2008	852.00	858.00	831.00	831.00	-15.00

#### KCBT

Contract Month	Open	High	Low	Settle	Change
September 2007	939.00	939.00	906.00	910.00	-17.00
December 2007	935.00	936.00	907.00	911.00	-12.00
March 2008	870.00	870.00	846.00	846.00	-12.00

COMMODITIES RESEARCH

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

CBOT wheat futures settled mixed Thursday. December Wheat finished down 21 cent at \$906.00 per bushel; this was 32 cent to the high and 2 up from the low. July Wheat closed up 6.5 cent at \$679.00 per bushel. This was 13 up from the low and 7 off the high. December CBOT wheat futures settled lower on technical selling and long liquidation selling but July wheat futures settled up as spread traders were active. December wheat futures traded lower on lack of fresh buying report. Although continued dry weather over Australia supported the early gain but long liquidation selling pulled down the prices. Traders also said there is good demand for the week. Weekly US export sales for wheat came in at 1.59 million metric tonnes as compared to trade expectations between 1.4-1.8 million. Cumulative sales have reached 80.0% of the USDA forecast as compared to 48.0% on average over the last five years. Sales of just 170,500 metric tonnes per week are needed to reach the USDA estimate. The Canadian wheat crop estimate, also released this morning, came in above trade expectations and helped trigger some of the selling pressure. Wheat production is expected at 20.64 million tonnes, up slightly from the July estimate of 20.3 million tonnes but still down from 25.27 million tonnes last year.

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

As per the senior govt. official, India has received 51.836 tonnes 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.

**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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