

■ W H E A T

■ Nov. 01, 2007

Domestic Market Recap

During Wednesday's trade, wheat mostly traded steady on normal offtake from the consuming units against a steady to slightly improved arrivals. But on sustained supply from the producing centres, wheat traded at lower side in various mandis of Rajasthan and MP against a subdued demand. Although traders and suppliers geared up for festive season, but market sources reported that they have enough stocks to meet the growing festive demand. In southern markets, prices mostly traded at previous day's level on good demand from the consumers. In Delhi (Lawrence road), ready delivery mostly traded steady at Rs.1060/qtl against the supply of 12300 qtls. Prices dipped Rs.10 each in Rajasthan (Kota) and MP (Indore) against the arrival of 1500 and 8000 qtls. As per the market sources, wheat sowing is going on full pace. Farmers are also expecting higher acreage and increase in production due to higher MSP. But according to Rajasthan agriculture department, even after govt. increased the wheat MSP, the Rajasthan government has reduced the land under wheat cultivation. According to an agriculture department, the land for wheat cultivation in ensuing rabi season would be 25 lakh hectares as against 25.65 lakh hectare last year. Lower closing of the CBOT wheat future December also pulled down the domestic prices. Now govt. of India is indecisive in the import of 1 million tonnes of wheat due to non-availability of white wheat and India's consumers rejected accepting red wheat.

Domestic Spot Market Prices

Market	Variety	Prices (Rs/qtl)		Change	Arrivals (Qtls)
		31.10.07	30.10.07		
Delhi (Lawrence Road) Ready Delivery	Mill quality	1060	1060	-	12300
Delhi (Narella) Loose	Mill quality	-	1025	-	
Delhi (Najafgarh) Loose	Mill Quality	-	1000-1010	-	
Haryana (Palwal) Loose	Mill quality	960-965	960-965	-	300
Uttar Pradesh (Mathura) Loose	Mill quality	990	990	-	900
Uttar Pradesh (Kosi) Loose	Mill quality	970-976	975-980	-4	300
Gujarat (Rajkot) Loose	Mill quality	-	1030-1035	-	
Rajasthan (Kota)	Mill quality	1070-1075	1080-1085	-10	1500
Uttar Pradesh (Kanpur)	Mill quality	1045-1050	1040-1048	+2	400
Madhya Pradesh (Indore)	Mill quality	1065-1070	1075-1080	-10	700
Uttar Pradesh (Bareilly)	Mill quality	1010-1015	1000-1005	+10	8000

International Futures Quotes (as of October 30, 2007)**CBOT**

Contract Month	Open	High	Low	Settle	Change
December 2007	814.50	824.00	810.00	814.00	-14.50
March 2008	830.00	843.00	829.00	835.50	-12.50
May 2008	795.00	802.00	794.00	798.00	-10.00

KCBT

Contract Month	Open	High	Low	Settle	Change
December 2007	840.00	847.00	835.00	837.00	-17.25
March 2008	846.00	855.00	843.00	845.50	-17.75
May 2008	790.00	805.00	790.00	797.00	-10.50

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

CBOT wheat futures settled down Tuesday. December Wheat finished down 14.25 cent at \$814.00 per bushel; this was 10 cent off to the high and 4 cent up from the low. July Wheat closed down 15.75 cent at \$675.50 per bushel. This was 2.5 up from the low and 6.5 off the high. Aggressive selling coupled with weakness in other grain as well as commodity markets pulled down the prices and closed lower. Lower Australian crop estimate failed to provide any momentum to the market sentiment. Australia pegged the crop at 12.1 million tonnes as compared with 15.5 from the previous forecast and 13.5 as the last USDA forecast. Traders were looking for 12.0-12.5 million. South Korea bought 22,000 tonnes of US wheat. For the next week, Turkey is tendering to buy 300,000 tonnes, Pakistan in the market for 50,000 tonnes, Morocco for 260,000 and Bangladesh for 50,000 tonnes. The weekly crop updated showed that producers have already planted 88% of the winter wheat crop compared to 90% last year. The 10 year average for this time of year is 88%. Kansas is 91% planted from 94% as the 5-year average. In the first ratings of the year, the winter wheat crop was rated 55% in good/excellent condition compared to 60% last year. The 10 year average for this time of year is 62%.

News Analysis**ABARE Pegged Australian Winter Wheat At 12.1 Million Tonnes**

According to Australian Bureau of Agricultural and Resource Economics, Australia's winter wheat crop for 2007-08 is pegged at 12.1 million tonnes, down of 3.4 million tonnes from its September estimate due to lack of timely rainfall. The bureau said rainfall during the crucial September to October period had been well below average in the country's main grain-growing regions. Coupled with the shortage in rainfall, high temperature and strong winds had led to the rapid deterioration of crop yield potential. As per the bureau report, the three major crops of wheat, barley and canola will amount to 18.0 million tonnes for the year -- about 42 percent below the five-year average but still 4.0 million tonnes above the previous year's output. But the bureau predicted a good summer crop production as the Australian Bureau of Meteorology suggesting above-average rainfall is likely for some farming regions.

Rajasthan has Reduced Wheat Acreage: Agriculture Department

Even after govt. increased the wheat MSP, the Rajasthan government has reduced the land under wheat cultivation by 65,000 hectares. According to an agriculture department, the land for wheat cultivation in ensuing rabi season would be 25 lakh hectares as against 25.65 lakh hectare last year. The overall reduction is 77,000 hectares in rabi season.

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 23.3 million tonnes.

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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