

WHEAT

Dec. 26, 2007

Domestic Market Recap

During Monday's trade, domestic wheat prices mostly traded mixed. However, in Delhi and its surrounding mandis, wheat prices slightly dipped from Saturday's level on increased supply against steady demand from the rolling flour millers and consuming units. But on good offtake by southern roller flour millers and suppliers, wheat prices in Punjab, Haryana, UP and Gujarat surged against the steady supply. In southern markets like Mumbai and Bangalore, wheat prices surged in the range of Rs.10-15/qrtl on good demand by the consuming units. In Delhi mandis, various wheat products mostly traded steady to down as Atta (90kg) steady at Rs.1081, maida grade 1 (90kg) down at Rs.1211, Suji (50kg) at Rs.680, Chokar (50kg) at Rs.409 and Chakki atta (90 kg) at Rs.990. Meanwhile, According to a senior govt. official, the latest wheat import tender from State Trading Corporation on behalf of the government was cancelled. The validity period of the tender has lapsed and STC have not received any official communication from the government till now, which implies that the tender has been cancelled, officer said. Due to high quoted price by the three global farm agencies, the tender was cancelled. STC received three bids from global trading firms, between \$459.90 and \$579.62 per metric ton, basis cost and freight. The present climate favours further wheat sowing in eastern UP and Bihar. Govt. is still optimistic of achieving the targeted quantity of 75.5 million tonnes.

Domestic Spot Market Prices

Market	Variety	Prices (Rs/qrtl)		Change	Arrivals (Qtls)
		24.12.07	22.12.07		
Delhi (Lawrence Road) Ready Delivery	Mill quality	1055-1068	1060-1070	-2	16500
Delhi (Narella) Loose	Mill quality	990-1025	1005-1030	-5	1300
Delhi (Najafgarh) Loose	Mill Quality	1010-1018	1013-1021	-3	1200
Haryana (Palwal) Loose	Mill quality	978	975	+3	450
Uttar Pradesh (Mathura) Loose	Mill quality	975	986	-9	750
Uttar Pradesh (Kosi) Loose	Mill quality	990-1000	986	+14	700
Gujarat (Rajkot) Loose	Mill quality	1000	990	+10	2200
Rajasthan (Kota)	Mill quality	1030-1040	1030-1035	-5	500
Uttar Pradesh (Kanpur)	Mill quality	1015-1030	1015-1020	+10	800
Madhya Pradesh (Indore)	Mill quality	1040-1050	1045-1055	-5	1200
Uttar Pradesh (Bareilly)	Mill quality	1010-1025	1000-1005	+20	300

International Futures Quotes (as of December 21, 2007)**CBOT**

Contract Month	Open	High	Low	Settle	Change
March 2008	438.50	448.00	438.50	443.5	+6.00
May 2008	450.00	458.00	449.25	453.75	+5.75
July 2008	457.50	466.00	457.25	462.50	+6.50

KCBT

Contract Month	Open	High	Low	Settle	Change
March 2008	974.00	979.00	962.00	968.75	-7.50
May 2008	970.00	972.00	953.00	968.00	-
July 2008	812.00	828.50	811.00	825.00	+4.00

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

CBOT wheat futures settled mixed on Friday. March Wheat finished down 5 cent at \$949.00 per bushel; this was 11 off to the high and 7.5 cent up from the low. July Wheat closed up 10 cent at \$789.50 per bushel. This was 12.5 up from the low and 1.5 off to the high. CBOT corn futures settled mixed. CBOT March wheat futures made a new low for the week after the open and remainder of the day witnessed choppy trade. The market also traded at lower side on the speculative selling and aggressive buying in corn. Despite the frost in November, Argentina Agriculture Secretariat pegged the wheat production unchanged at 15.4 million tonnes. This is bearish news for the traders. However, in comparison to the USDA's estimate of 15.5 million tonnes, it is .5 million tonnes less. Argentina had suspended export registrations in early December until a full evaluation could be completed. Stronger outside markets and positive economic news firmed the market during mid session and short covering by speculators brought follow-through strength into the close.

News Analysis**Govt. Yet To Decide For Fresh Wheat Import**

According to the Agriculture Minister, govt. is yet to decide whether and when to hold the fresh wheat import tenders. However, on Monday, State Trading Corporation received only three offers in a tender to import around 350,000 metric tons of wheat. Govt. has so far bought around 492,500 tonnes of wheat against a target of 1 million tonnes by March. However, although wheat sowing is lagging compared to last year, the govt. is still optimistic about achieving the target of 75 million tonnes of wheat in the crop year, which starts from April 1. This crop year, the country produced around 74.89 million tonnes of wheat. As per the govt. estimate, overall acreage might be around 500,000 hectares less than last year's record 28.04 million hectares. However, the final output will not be harmed because of higher yields in the main wheat growing provinces of Punjab and Haryana.

Govt. To Take Decision On Wheat Import Today

As per a govt. official, government of India has not yet decided whether to import 3.5 lakh tonnes of wheat at high quoted price by the global trading farms. The official also reported that the decision on canceling or importing the grain is likely to be taken today (Monday). STC had floated the tender on December 10 and bids were valid till December 22. STC had on December 17 received offers from three MNCs for importing wheat at a maximum price of \$579.6 a tonne, a jump of almost 45% over the price decided by two other government agencies for buying the grain barely weeks ago.

STC Wheat Import Tender Was Cancelled: Official

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Weather Impact Analysis

Cool winter forecast for the current year favours wheat crop. However, states like UP and MP requires one to two showers for wheat sowing within 15 days. However, the over all weather condition is favourable for the growth of wheat plant.

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