

■ W H E A T

■ Dec. 08, 2007

Domestic Market Recap

During Friday's trade, domestic wheat prices dipped in almost all major mandis on lower offtake by the roller flour millers against sustained supply. The unloading of wheat by stockists and farmers further added the negative tone to the market sentiment. However, in Rajkot (Gujarat), wheat prices traded up on good demand against tight supply of 1500 bags. In Delhi (Lawrence road), wheat ready delivery mostly traded steady on normal buying from the roller flour millers against steady supply. In Delhi (Lawrence road) ready delivery quoted steady on good demand despite the improved arrival of 17000 qtls. In Delhi (Narella Loose) quoted lower Rs.990-1010 from its previous level of Rs.1000-1025/qty against the daily arrival of 2000 qtls. In southern markets, wheat mostly traded steady to down on lower demand against steady supply. In Delhi, various wheat products mostly traded steady as Atta (90kg) at Rs.1063, maida grade 1 (90kg) at Rs.1265, Suji (50kg) at Rs.705, Chokar (50kg) down at Rs.400 and Chakki atta (90 kg) at Rs.980. Meanwhile, the State Trading Corporation Ltd. is planning to float a wheat tender on December 10 for 350.000 tonnes, a govt. official reported. The tender is expected to open on December 17 and bids will be valid until December 22 and the deliveries will be made on March and April. The official also reported the final shipment will be made by April 10, 2008. As on today, wheat rabi acreage stood around 17.48 million hectares, down from 21.37 million hectares a year earlier. Despite lagging, wheat plantation is progressing steadily and climate also favours wheat plantation. In near future, wheat may trade range bound at higher side on global tight supply against growing consumption.

Domestic Spot Market Prices

Market	Variety	Prices (Rs/qty)		Change	Arrivals (Qtls)
		07.12.07	06.12.07		
Delhi (Lawrence Road) Ready Delivery	Mill quality	1045-1055	1045-1055	-	17000
Delhi (Narella) Loose	Mill quality	990-1010	1000-1025	-15	2000
Delhi (Najafgarh) Loose	Mill Quality	1005-1012	1010-1019	-7	1500
Haryana (Palwal) Loose	Mill quality	963	965	-2	325
Uttar Pradesh (Mathura) Loose	Mill quality	960-970	970-980	-10	1100
Uttar Pradesh (Kosi) Loose	Mill quality	960-980	975-982	-2	350
Gujarat (Rajkot) Loose	Mill quality	990	980	+10	1500
Rajasthan (Kota)	Mill quality	1040-1042	1040-1045	-3	300
Uttar Pradesh (Kanpur)	Mill quality	1030	1030-1035	-5	300
Madhya Pradesh (Indore)	Mill quality	1040-1045	1040-1045	-	400
Uttar Pradesh (Bareilly)	Mill quality	980-990	995-1000	-10	800

International Futures Quotes (as of December 06, 2007)**CBOT**

Contract Month	Open	High	Low	Settle	Change
December 2007	855.00	876.00	855.00	871.00	+7.25
March 2008	883.75	898.00	875.00	891.50	+6.50
May 2008	885.75	897.50	876.00	891.00	+4.50

KCBT

Contract Month	Open	High	Low	Settle	Change
December 2007	915.50	920.00	905.00	919.00	+9.00
March 2008	909.25	925.00	901.50	920.00	+10.50
May 2008	905.50	919.00	902.00	919.00	+15.00

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

CBOT wheat futures settled moderately higher on Thursday. March Wheat finished up 6.5 cent at \$891.50 per bushel; this was 6.5 off to the high and 13.5 cent up from the low. July Wheat closed up 6.25 cent at \$778.00 per bushel. This was 11 up from the low and 4.25 off to the high. CBOT wheat futures opened higher and continued trading at higher side in making new highs in the first half of the trade and dipped thereafter and settled moderately higher. The early strength came from the Statistics Canada's 3% reduction in the 2007 Canadian wheat crop from its latest October estimate. This is down 20.6% from last year and at the low end of trade estimates. The rally was also based on a sharp recovery in outside markets. Weekly US export sales for wheat came in at 367,400 metric tons, the smallest total in five weeks. This compared to trade expectations of 300,000-500,000. Cumulative sales have reached 89.9% of the USDA forecast as compared to 65.1% on average over the last five years. Japan bought 195,000 tonnes of wheat from the US, Canada and Australia at its regular weekly tender. There is slight rain forecast across dry areas of the southwestern US wheat belt over the next few days. Gulf basis levels remain steady in the face of light demand.

News Analysis**STC To Float Wheat Import Tender On Dec. 10**

The State Trading Corporation Ltd. is planning to float a wheat tender on December 10 for 350,000 tonnes, a govt. official reported. The tender is expected to open on December 17 and bids will be valid until December 22 and the deliveries will be made on March and April. The official also reported the final shipment will be made by April 10, 2008.

Argentina's 15 Days Wheat Export Closure From 05 Dec

As per the analyst, the global wheat prices are likely to stay firm on strong export demand and frost damage in Argentina. European wheat prices have gained more than 15 percent in less than three weeks on the foot of strong U.S. wheat futures, due to strong global demand and thin stocks. The rise also got boost from the news that Argentina - one of the main origins supplying international demand in coming months -- would halt exports while assessing damage from a cold wave that hit top growing areas last month. Initially imposed for five days, Argentina's decision to close its wheat export registry temporarily was extended for another 15 days starting from Dec. 5. At present, Turkey, Pakistan and India are in the market for large wheat purchases and Egypt, Morocco and Tunisia are expected soon. But on the supply side, the United States has committed most of its grains, Russia and Ukraine have tightened their borders and Argentina's final crop is being questioned with some analysts putting the potential loss at up to 2 million tonnes. Last year, Argentina exported 10.5 million tonnes of wheat from a harvest of 15.2 million tonnes, USDA reported. If Argentina's export restrictions were to be extended, demand would have to switch elsewhere, notably to cover some of India's wheat purchases, which were initially, planned to come from Argentina.

Wheat Rabi Acreage Is lagging

As per data compiled by Agriculture Ministry as on 30th November, Wheat has been sown in 146 lakh ha as compared to 80 lakh ha at the end of last week. However, it is yet low as compared to 180 lakh ha, the acreage under wheat during the corresponding period last year.

ABARE Raises Australia's Wheat Harvest Forecast 5% on Yields

Australia raised current crop forecast by 5 percent on better-than-expected yields in parts of the country. As per the Canberra-based Australian Bureau of Agricultural and Resource Economics, output may be 12.7 MMT in the harvest started in October, up from 12.1 MMT previously estimated. For the second consecutive year, Australia's crop output has been lower due to drought which pushed wheat prices up 75 percent in the past year, touching a record on Sept. 28.

Weather Impact Analysis

Sowing conditions are good following good monsoon in rain-fed areas. Cool winter forecast for the current year favours wheat crop. However, states like UP and MP requires one to two showers for wheat sowing.

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