

■ W H E A T

■ Dec. 29, 2007

Domestic Market Recap

During Friday's trade, domestic wheat prices mostly traded mixed. In Delhi and its surrounding mandis, wheat prices quoted higher on good offtake from the rolling flour millers as well as consuming units amidst steady arrival. In Delhi (Lawrence road) ready delivery and Palwal (Haryana) loose prices quoted up Rs.1050-1060 and Rs.965 respectively against the corresponding daily arrival of 12 000 and 400 bags. However, prices surged in the range of Rs.20-25/qtl in Rajkot (Gujarat), Kota (Rajasthan) and Indore (MP) mandis on increased offtake from the consuming units against the steady supply. In Bangalore, Mumbai and Hyderabad, wheat prices quoted steady at yesterday's level Rs.1260-1270, Rs.1140-1160 and Rs.1245-1265/qtl respectively on good buying by the consumers and suppliers against steady supply. In Delhi mandis, various wheat products mostly traded steady Atta (90kg) at Rs.1081, maida grade 1 (90kg) at Rs.1211, Suji (50kg) at Rs.680, Chokar (50kg) at Rs.409 and Chakki atta (90 kg) at Rs.990 but Chokar (30Kg). Indian wheat farmers planted wheat on around 24.93 million hectares as on December 28, down from 26.33 million hectares a year earlier, agriculture minister reported today. Due to dry weather and late crushing of sugar cane in Eastern UP, wheat sowing is lagging. As per the T Storm forecast, there will be very little rainfall towards end of this month over the wheat growing areas as early sowing crops will be in the vegetative stage and requires more water. Govt. cancelled the wheat import tender due to higher quoted price by the global farms. In coming days, wheat may rule range bound at higher side on tight supply situation.

Domestic Spot Market Prices

Market	Variety	Prices (Rs/qtl)		Change	Arrivals (Qtls)
		28.12.07	27.12.07		
Delhi (Lawrence Road) Ready Delivery	Mill quality	1050-1060	1050-1055	+5	12000
Delhi (Narella) Loose	Mill quality	1000-1015	990-1015	-	1200
Delhi (Najafgarh) Loose	Mill Quality	1005-1012	1004-1010	+2	1200
Haryana (Palwal) Loose	Mill quality	965	962	+3	400
Uttar Pradesh (Mathura) Loose	Mill quality	985	985	-	800
Uttar Pradesh (Kosi) Loose	Mill quality	972-980	995	-15	450
Gujarat (Rajkot) Loose	Mill quality	1010-1015	1015-1020	-5	1800
Rajasthan (Kota)	Mill quality	1050-1060	1055-1065	-5	500
Uttar Pradesh (Kanpur)	Mill quality	1015-1030	1015-1025	+5	1000
Madhya Pradesh (Indore)	Mill quality	1060-1070	1060-1070	-	1000
Uttar Pradesh (Bareilly)	Mill quality	1010-1015	1010-1020	-5	1000

International Futures Quotes (as of December 27, 2007)**CBOT**

Contract Month	Open	High	Low	Settle	Change
March 2008	940.75	946.00	912.50	915.00	-26.25
May 2008	948.00	948.00	917.25	919.00	-24.50
July 2008	805.50	813.00	788.00	792.00	-14.50

KCBT

Contract Month	Open	High	Low	Settle	Change
March 2008	967.50	968.50	937.50	944.00	-23.50
May 2008	959.50	959.50	934.50	935.50	-29.00
July 2008	832.00	835.00	807.00	824.50	-8.00

International Market Recap**CBOT Wheat Futures Settled Lower On Thursday On Profit Taking**

CBOT wheat futures settled lower on Thursday on profit taking. March Wheat finished down 26.25 cent at \$915.00 per bushel; this was 22 off to the high and 2.5 cent up from the low. July Wheat closed down 14.5 cent at \$792.00 per bushel. This was 3.5 up from the low and 12.5 off to the high. CBOT wheat futures settled lower on profit taking and the lack of fresh buying. The volume was reduced compared to corn. Wheat futures made corrections from Wednesday's highs and traded at lower side. The lack of fresh export news brought technical selling and long liquidation early in the session. The USDA export sales report is due on Friday and traders are looking for a somewhat larger figure than last week's disappointing 221,500 tonnes, which was below the highs of recent months. Due to tight old crop stocks along with the current price level, farmers are not interested to sell their stuffs. For now, wheat remains on the sidelines in the battle for acres compared to corn and soy bean.

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.

Winter Wheat Sowing Was Lagging

Indian wheat farmers planted wheat on around 24.93 million hectares as on December 28, down from 26.33 million hectares a year earlier, agriculture minister reported today.

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 firms. 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

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.

Weather Impact Analysis

Cool winter forecast for the current year favours wheat crop. However, states like UP and Bihar requires one to two showers for wheat sowing within a week. However, the over all weather condition is favourable for the growth of wheat plant in Punjab, Haryana and Gujarat but it is quite hot in Rajasthan.

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