

CEREAL

Agriwatch
DAILY

WHEAT

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Domestic Market Recap

During Saturday's trade, domestic wheat prices mostly traded steady to better on good offtake from the rolling flour millers amidst steady supply. The lower winter wheat acreage further added the positive tone to the market sentiment. According to the Agriculture Ministry's latest Crop Weather Watch Report, as on December 7, the wheat planting stood around 174.82 lakh hectares against 213.74 lakh hectares during the same period last year. The normal total area under wheat is 261.97 lakh hectares, and touched a record 279.84 lakh hectares last year. The lower acreage is due to late sowing as no rainfall since August in the wheat growing areas. However, wheat traded down in various Punjab and Haryana mandis as farmers and stockists started unloading of wheat stocks in anticipation of price decline in future due to good acreage. In Delhi (Lawrence road) ready delivery mostly traded at Friday's level of Rs.1045-1055/qtl on normal against the restricted daily arrival of 14000 bags. In Bangalore and Mumbai, wheat traded in the range of Rs.1250-1260 and Rs.1140-1155/qtl on normal demand against steady supply. Meanwhile, Public sector PEC Ltd on December 7 finalised purchase of 1.5 lakh tonnes of wheat from JK International Ptv Ltd of Australia in its tender for import of up to 3.5 lakh tonnes with the worth of average \$396.9/tonne. In coming days, wheat may trade range bound at higher side on good demand against tight supply as well as lower wheat acreage which may also put pressure on production. In Delhi mandis, various wheat products mostly traded steady to down as Atta (90kg) at Rs.1063, maida grade 1 (90kg) down at Rs.1256, Suji (50kg) down at Rs.700, Chokar (50kg) down at Rs.400 and Chakki atta (90 kg) down at Rs.978.

Domestic Spot Market Prices

Market	Variety	Prices (Rs/qtl)		Change	Arrivals (Qtls)
		08.12.07	07.12.07		
Delhi (Lawrence Road) Ready Delivery	Mill quality	1045-1055	1045-1055	-	14000
Delhi (Narella) Loose	Mill quality	995-1010	990-1010	-	1500
Delhi (Najafgarh) Loose	Mill Quality	996-1005	1005-1012	-7	1500
Haryana (Palwal) Loose	Mill quality	964	963	+1	1000
Uttar Pradesh (Mathura) Loose	Mill quality	965	960-970	-5	1100
Uttar Pradesh (Kosi) Loose	Mill quality	970-986	960-980	+6	400
Gujarat (Rajkot) Loose	Mill quality	980-985	990	-5	2200
Rajasthan (Kota)	Mill quality	1040-1045	1040-1042	+3	300
Uttar Pradesh (Kanpur)	Mill quality	1025-1030	1030	-	400
Madhya Pradesh (Indore)	Mill quality	1045-1050	1040-1045	+5	400
Uttar Pradesh (Bareilly)	Mill quality	990-1000	980-990	+10	700

International Futures Quotes (as of December 07, 2007)

CBOT

Contract Month	Open	High	Low	Settle	Change
December 2007	875.00	903.50	875.00	903.50	+32.50
March 2008	898.00	921.50	890.00	921.50	+30.00
May 2008	897.00	921.00	893.50	918.50	+27.50

KCBT

Contract Month	Open	High	Low	Settle	Change
December 2007	924.00	949.00	924.00	949.00	+30.00
March 2008	925.00	950.00	920.00	950.00	+30.00
May 2008	925.00	949.00	922.00	949.00	+30.00

COMMODITIES RESEARCH

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

CBOT wheat futures settled moderately higher on Friday. March Wheat finished up 30 cent at \$921.50 per bushel; this was equal to the high and 31.5 cent up from the low. July Wheat closed up 30 cent at \$808.00 per bushel. This was 28 up from the low and equal to the high. CBOT wheat futures opened higher and settled moderately at higher side on continuous massive short covering by funds and small speculators. Market also gained with support from outside markets particularly rallies in soy bean meal and corn. Good export news also added the positive tone to the market sentiment. Egypt bought 115,000 tonnes of wheat from Russia. India's State Trading Corporation said that it may buy up to 550,000 tonnes of wheat in a tender on Monday. India's total has been raised since PEC Ltd. only bought 150,000 tonnes against a tender for 350,000 tonnes that was announced earlier. Forecasts call for increases moisture across the Great Plains over the weekend with some light, beneficial coverage in dry areas of the south-western wheat belt. However, this rainfall could damage the wheat crop if it is accompanied by more freezing and thawing. Deliveries against the December contract were fairly heavy again at 1,142 contracts.

News Analysis**JK International Will Provide 1.5 Lakh Tonnes Wheat At \$396.9/T**

Public sector PEC Ltd on December 7 finalised purchase of 1.5 lakh tonnes of wheat from JK International Ptv Ltd of Australia in its tender for import of up to 3.5 lakh tonnes with the worth of average \$396.9/tonne. The other bidders are the US-based Cargill, Glencore International AG of Switzerland, Alfred C. Toepfer of Germany, Concordia Agritrading and Starcom Resources of Singapore. All the bidders offered to supply an aggregate quantity of 6.30 lakh tonnes against the tendered 3.5 lakh tonnes, the Centre finalised to purchase only 1.5 lakh tonnes through JK International. According to an official, since the present price bids are valid till Saturday, there is a possibility still of contracting additional quantities. JK International had offered the lowest quote of \$395.88 a tonne (cost & freight) for 65,000 tonnes at Mundra port, besides \$398.97 a tonne for 45,000 tonnes at Kandla, \$401.94 a tonne for 35,000 tonnes at Mumbai and \$418.95 a tonne for 40,000 tonnes at Tuticorin. It seems that the Centre has basically accepted the company's offers for Mundra, Kandla and Mumbai delivery. JK International will procure the wheat from Argentina, Canada or Russia. STC is scheduled to float a fresh tender on December 10. According to agency reports, it might seek bids for over five lakh tonnes, as against the earlier planned 3.3 lakh tonnes. The Centre has targeted import of 23 lakh tonnes during the current fiscal, of which it has so far contracted about 18 lakh tonnes, STC may be asked to buy more mainly to meet the shortfall from PEC's latest tender. Source: Business Line

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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