

■ W H E A T

■ Dec. 28, 2007

Domestic Market Recap

During Thursday's trade, domestic wheat prices dipped in Delhi and its surrounding mandis on lower offtake from the rolling flour millers as well as consuming units despite the steady to restricted arrival. In Delhi (Lawrence road) ready delivery and Palwal (Haryana) loose prices dipped Rs.1050-1055 and Rs.962 from the Monday's level of Rs.1055-1068 and Rs.978/ctl respectively and daily arrival restricted to 13 000 and 400 bags respectively. However, prices surged in the range of Rs.20-25/ctl 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 firmed up Rs.1260-1270, Rs.1140-1160 and Rs.1245-1265/ctl 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) traded down Rs.271. Compared to last year, wheat acreage is lagging but govt. is still optimistic about the production of 75.5 million tonnes if weather favours during the growth stage. Although climate is favourable in Punjab, Haryana and Gujarat for the growth of crop, but it is quite hot in Rajasthan which may damage the early vegetative wheat crop. Still wheat sowing is going on in Eastern UP and Bihar. Meanwhile, 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/ctl)		Change	Arrivals (Qtls)
		27.12.07	24.12.07		
Delhi (Lawrence Road) Ready Delivery	Mill quality	1050-1055	1055-1068	-13	13000
Delhi (Narella) Loose	Mill quality	990-1015	990-1025	-10	1200
Delhi (Najafgarh) Loose	Mill Quality	1004-1010	1010-1018	-8	1700
Haryana (Palwal) Loose	Mill quality	962	978	-16	400
Uttar Pradesh (Mathura) Loose	Mill quality	985	975	-10	1000
Uttar Pradesh (Kosi) Loose	Mill quality	995	990-1000	-5	500
Gujarat (Rajkot) Loose	Mill quality	1015-1020	1000	+20	2000
Rajasthan (Kota)	Mill quality	1055-1065	1030-1040	+25	300
Uttar Pradesh (Kanpur)	Mill quality	1015-1025	1015-1030	-5	1000
Madhya Pradesh (Indore)	Mill quality	1060-1070	1040-1050	+20	1000
Uttar Pradesh (Bareilly)	Mill quality	1010-1020	1010-1025	-5	500

International Futures Quotes (as of December 26, 2007)**CBOT**

Contract Month	Open	High	Low	Settle	Change
March 2008	940.00	952.50	935.00	941.25	+6.00
May 2008	939.00	953.00	939.00	943.50	+7.25
July 2008	794.00	809.00	794.00	806.50	+14.5

KCBT

Contract Month	Open	High	Low	Settle	Change
March 2008	970.00	973.50	962.00	967.50	+3.50
May 2008	968.00	970.00	964.00	964.50	+7.25
July 2008	824.00	838.00	824.00	832.50	+9.25

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

CBOT wheat futures settled moderately higher on Wednesday. March Wheat finished up 6 cent at \$941.25 per bushel; this was 11.25 off to the high and 6.25 cent up from the low. July Wheat closed up 14.5 cent at \$806.50 per bushel. This was 11.5 up from the low and 2.5 off to the high. CBOT wheat futures settled higher on Wednesday as it mostly followed the soybean and corn. Both soybean and corn opened higher and moved sharply higher in the early mid session. Higher metal and energy prices also further added the positive tone to the market sentiment. Floor traders reported that funds were buyers on the early strength in a thin market. Cash markets were also quiet which only added to the lack of resistance. The USDA reported a sale of 120,000 tonnes of US soft red winter wheat to unknown destinations on Wednesday. Argentina extended its ban on export registrations indefinitely on Wednesday. This week's export inspections for wheat were 18.5 million bushels, down slightly from 19.8 million bushels last week. Cumulative inspections for 2007-08 are 65.7% of the total projected by the USDA for this crop year compared to an average of only 55.4% as of this date.

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 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.

Disclaimer

The information and opinions contained in the document have been compiled from sources believed to be reliable. The company does not warrant its accuracy, completeness and correctness. Use of data and information contained in this report is at your own risk. This document is not, and should not be construed as, an offer to sell or solicitation to buy any commodities. This document may not be reproduced, distributed or published, in whole or in part, by any recipient hereof for any purpose without prior permission from the Company. IASL and its affiliates and/or their officers, directors and employees may have positions in any commodities mentioned in this document (or in any related investment) and may from time to time add to or dispose of any such commodities (or investment). Please see the detailed disclaimer at <http://www.agriwatch.com/Disclaimer.asp>