

■ W H E A T

■ Dec. 05, 2007

Domestic Market Recap

During Tuesday's trade, domestic wheat prices mostly traded steady to firm on good offtake by the roller flour millers against the tight supply. However, prices dipped in Delhi and its surrounding mandis on subdued demand against the steady supply. In Rajkot (Gujarat), Mumbai and Bangalore, wheat prices traded up in the range of Rs.10-15/qrtl on good demand against a tight supply. In rest of the major domestic mandis, wheat prices remained unchanged against a steady demand-supply situation. Although lagging, wheat sowing is progressing well. In Punjab, Haryana and Gujarat, sowing is nearing for completion. As of 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 the acreage under wheat during the corresponding period last year's 180 lakh ha. Meanwhile, as per a senior govt. official, Indian state-run trading company PEC Ltd. received six bids for its latest wheat tender in the range of in the range of \$395.88-483.00/tonne. In Delhi mandis, 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) at Rs.403 and Chakki atta (90 kg) at Rs.980.

Domestic Spot Market Prices

Market	Variety	Prices (Rs/qrtl)		Change	Arrivals (Qtls)
		04.12.07	03.12.07		
Delhi (Lawrence Road) Ready Delivery	Mill quality	1045-1050	1045-1052	-2	9500
Delhi (Narella) Loose	Mill quality	1005-1025	1000-1025	-	1500
Delhi (Najafgarh) Loose	Mill Quality	1007-1015	1008-1016	-1	1500
Haryana (Palwal) Loose	Mill quality	965	960	+5	400
Uttar Pradesh (Mathura) Loose	Mill quality	975-980	960-980	-	700
Uttar Pradesh (Kosi) Loose	Mill quality	970-983	978-983	-	300
Gujarat (Rajkot) Loose	Mill quality	975-980	975	+5	2000
Rajasthan (Kota)	Mill quality	1045-1050	1040-1050	-	200
Uttar Pradesh (Kanpur)	Mill quality	1020-1030	1025-1030	-	50
Madhya Pradesh (Indore)	Mill quality	1040-1050	1040-1045	+5	300
Uttar Pradesh (Bareilly)	Mill quality	1000	995-1000	-	400

International Futures Quotes (as of December 03, 2007)**CBOT**

Contract Month	Open	High	Low	Settle	Change
December 2007	863.00	863.00	849.00	855.00	-12.00
March 2008	884.00	886.00	866.00	876.75	-8.75
May 2008	879.00	880.00	865.00	872.00	-8.50

KCBT

Contract Month	Open	High	Low	Settle	Change
December 2007	902.00	904.00	890.00	899.00	-8.00
March 2008	904.00	905.00	888.00	898.50	-7.50
May 2008	893.00	893.00	882.00	885.00	-9.00

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

CBOT wheat futures settled lower on Monday. March Wheat finished down 8.75 cent at \$876.75 per bushel; this was 9.25 off to the high and 10.75 cent up from the low. July Wheat closed down 5 cent at \$757.00 per bushel. This was 7 up from the low and 5 off to the high. CBOT wheat futures settled down after rallies in the past two weeks. The technical selling also added the negative tone to the wheat sentiment. Deliveries against the December contract were lighter than Friday at only 960 contracts. Light rainfall over US's wheat growing areas was also a bearish factor. Export inspections came in at 17.0 million bushels as compared with trade expectations at 16-22 million bushels. Cumulative shipments have already reached 60.8% of the USDA forecast for the entire marketing year as compared with the 5-year average of 50% for this time of the year.

News Analysis**I World Wheat Stocks May Rise by 2008-09: IGC**

According to International Grains Council's report, world wheat stocks is likely to rise for the first time in four years in 2008-09 because of increased plantings. The increase in production also leads to the cheaper wheat prices. Global inventories of the grain are forecast to increase from 110 MMT at the end of June 2008. Plantings are expected to gain 4 percent from a year earlier as record prices encourage farmers to sow more. Global supply fell short of demand after weather-damaged crops in countries such as Australia, Ukraine and Canada. Spring plantings in the northern hemisphere will see intense competition for land between wheat, corn and soybeans, after farmers sowed more winter wheat this year, IGC reported. According to IGC, growth in consumption of the grain may be curbed as rising prices spur a shift in demand from feed wheat to alternatives such as corn, sorghum and soybean meal. As wheat stockpiles increase, corn inventories may decline. World corn stockpiles as of June 30, 2009, will probably fall from an estimated 111 MT a year earlier as farmers cut plantings of the grain to sow more soybeans. Global corn consumption is forecast to rise from an estimated 762 million tons in 2007-08 on demand for biofuel.

PEC wheat import tender gets 6 bids at 395.88-483.00

India's wheat import tender has attracted a total of six bids in the range of \$395.88-483.00/tonne of wheat from various firms. On Nov 26, PEC floated a tender to import 350,000 tonnes of wheat, expected to arrive at various Indian ports by March 10, 2008. The tender is for wheat delivery through eight Indian ports -- Mundra, Kakinada, Kandla, Chennai, Vizag, Tuticorin, Cochin and Mumbai. As per the market sources, there is a larger possibility of country to secure significant amount of wheat between the range of \$400-415/tonne. As per a PEC official, the agency has received the highest bid from Starcom to provide wheat at Tuticorin port, while the lowest bid has been given by JK International at \$395.88/tonne to supply 150,000-250,000 tonnes at Mundra port.

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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