

## WHEAT

Dec. 15, 2007

**Domestic Market Recap**

During Friday's trade, domestic wheat prices firmed up on good offtake from the rolling flour millers and suppliers amidst steady supply. The wheat acreage released by the ministry today was down from the last year, which supported the positive tone to the market sentiment. As of today, wheat has been sown in 206.32 lakh ha as compared to 234.48 lakh ha during the corresponding period last year. In Delhi (Lawrence road) ready delivery quoted up at Rs.1050/qtl from Thursday's level of Rs.1035 on good demand against the improved arrival of 7000 qtls. However, on increased unloading of stocks by the stockists in Gujarat (Rajkot) and Karnal (Haryana), wheat price dipped against subdued offtake by the consuming units. In Delhi mandis, various wheat products mostly traded steady as Atta (90kg) at Rs.1063, maida grade 1 (90kg) down at Rs.1220, Suji (50kg) at Rs.680, Chokar (50kg) at Rs.394 and Chakki atta (90 kg) up at Rs.975. Although the acreage is lower compared to last year, still govt. optimistic about the production of 75 million tonnes of wheat in this marketing year. According to Agriculture Commissioner, govt. of India is confident of achieving wheat production in the current Rabi season around 75 million tonnes although the acreage may dip marginally compared to last year. The present weather conditions also favours wheat plantation. According to the Canadian Wheat Board official, due to India's increasing consumption of wheat due to growing population against stagnant production, India is going to be a regular importer of wheat in coming years despite being the world's second-biggest wheat producer. French farmers planted 4.96 million hectares of soft wheat in this crop year, a rise of 3.4%. This rise in plantation is due to the higher wheat prices from last season.

**Domestic Spot Market Prices**

Market	Variety	Prices (Rs/qtl)		Change	Arrivals (Qtls)
		14.12.07	13.12.07		
Delhi (Lawrence Road) Ready Delivery	Mill quality	1050	1035	+15	7000
Delhi (Narella) Loose	Mill quality	990-1015	985-1000	+15	1000
Delhi (Najafgarh) Loose	Mill Quality	990-997	987-996	+1	1500
Haryana (Palwal) Loose	Mill quality	955	952	+3	450
Uttar Pradesh (Mathura) Loose	Mill quality	985	974	+11	600
Uttar Pradesh (Kosi) Loose	Mill quality	968-973	950-962	+11	350
Gujarat (Rajkot) Loose	Mill quality	990	1000	-10	2500
Rajasthan (Kota)	Mill quality	1035-1040	1035-1040	-	500
Uttar Pradesh (Kanpur)	Mill quality	1015-1020	1000-1015	+5	1500
Madhya Pradesh (Indore)	Mill quality	1035-1040	1035-1040	-	1500
Uttar Pradesh (Bareilly)	Mill quality	995-1000	990-1000	-	1000

**International Futures Quotes (as of December 13, 2007)****CBOT**

Contract Month	Open	High	Low	Settle	Change
December 2007	948.00	950.00	911.00	934.00	-
March 2008	940.00	970.50	928.00	953.50	+13.00
May 2008	939.00	966.00	927.00	955.50	+12.50

**KCBT**

Contract Month	Open	High	Low	Settle	Change
December 2007	980.00	997.00	960.00	983.00	+4.00
March 2008	986.00	1003.00	962.00	983.00	+1.25
May 2008	981.00	990.00	959.00	979.25	+1.50

# CEREAL

Agriwatch  
DAILY

## W H E A T

Dec. 15, 2007

### International Market Recap

#### CBOT Wheat Futures Settled Moderately Higher

CBOT wheat futures opened higher but dipped due to speculative selling. But the market recovered by mid session with support from out side markets coupled with good news for some new wheat export sales. KC March wheat made a new all-time high early before retreating in a reaction that was closely followed in Chicago. The market is torn between high price levels and somewhat bearish weather developments on the one hand and unprecedented export demand and tight stocks on the other. Tight supply of red hard winter wheat from USA further added the bullish tone to the market sentiment. Turkey bought 55,000 tonnes of Black Sea origin wheat for January and February delivery. Weekly US export sales for wheat came in at 516,800 metric tonnes, well above the high end of trade expectations of 300,000-400,000. Cumulative sales have reached an astonishing 89.6% of the USDA forecast as compared to 66.7% on average over the last five years. Sales of 132,000 metric tonnes per week are needed to reach the USDA estimate. The continued strong pace of sales, plus the drop in projected ending stocks to historically low levels on this week's Supply-Demand Report raises the possibility that old crop stocks will at some point be wiped out and the US may be forced to curtail or embargo further sales.

### News Analysis

#### Argentina's Oct Wheat Grind Up 23% On Year

As per the Agriculture Secretariat, Argentina milled 507,608 metric tonnes of wheat in October, up 23% from 411,841 tonnes in October 2006. Flour production totaled 380,208 tonnes in October, up from 306,648 tonnes during the same month a year earlier.

#### Egypt GASC Buys 30,000 Tonnes Of Russian Wheat

The state-owned General Authority for Supply Commodities of Egypt bought 30,000 metric tons of Russian wheat in a tender. The wheat was purchased at \$400.2/tonne from United Trading for February delivery on a free-on-truck basis.

#### French Soft Wheat Plantings Up 3.4% On Year

French farmers planted 4.96 million hectares of soft wheat in this crop year, a rise of 3.4%. This rise in plantation is due to the higher wheat prices from last season. French barley plantings were also estimated to be up 3.8% from the 2007-08 crop year at 1.23 million hectares.

#### India May Import Wheat In Regular Interval: CWB

According to the Canadian Wheat Board official, due to India's increasing consumption of wheat due to growing population against stagnant production, India is going to be a regular importer of wheat in coming years despite being the world's second-biggest wheat producer. India imported 5.5 million tonnes of wheat in 2006, its first overseas buys in six years, and has tied up contracts for 1.8 million tonnes this year. As per the estimate, India consumes annually 70 million tonnes of wheat and its production stands around 70-74 million tonnes. Due to high temperature in February 2006, Indian output stood around 69.3 million tonnes, forcing the government to look overseas for stocks. According to government estimates, India produced 74.9 million tonnes in 2007. According to Statistics Canada, Canada produced 20.05 million tonnes this year.

#### Wheat Output Around 75 Million Tonnes: Govt.

According to Agriculture Commissioner, govt. of India is confident of achieving wheat production in the current Rabi season around 75 million tonnes although the acreage may dip marginally compared to last year. The govt. expects normal area cultivation under wheat in the current rabi season. But last year, acreage under winter wheat plantation stood around 28 million hectares, an all time high.

### 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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