

CEREAL

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WHEAT

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Domestic Market Recap

During Monday's trade, domestic wheat prices mostly traded mixed. However, in Delhi and its surrounding mandis, wheat prices dipped on subdued offtake from the rolling flour millers as well as consuming units amidst restricted arrival. In Delhi (Lawrence road) ready delivery and Palwal (Haryana) loose prices quoted lower Rs.1045-1048 and Rs.960/qttl against Saturday level of Rs.1048-1055 and Rs.962/qttl respectively against the corresponding daily arrival of 9000 and 300 bags. But in major mandis of Rajasthan, Gujarat and Punjab on good demand from the south roller flour millers against steady supply. In Bangalore, Mumbai and Hyderabad, wheat prices traded range bound Rs.1260-1270, Rs.1140-1170 and Rs.1250-1275/qttl respectively on steady buying by the consumers and suppliers against steady supply. In Delhi mandis, various wheat products traded mixed as Atta (90kg) up at Rs.1090, maida grade 1 (90kg) down at Rs.1202, Suji (50kg) down at Rs.670, Chokar (50kg) steady at Rs.409 and Chakki atta (90 kg) down at Rs.980. 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 on Friday. 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. In coming year, govt. may import wheat due to poor production due to late sowing and lower acreage. Wheat may trade steady to better in coming days.

Domestic Spot Market Prices

Market	Variety	Prices (Rs/qttl)		Change	Arrivals (Qtls)
		31.12.07	29.12.07		
Delhi (Lawrence Road) Ready Delivery	Mill quality	1045-1048	1048-1055	-7	9000
Delhi (Narella) Loose	Mill quality	1000-1020	1000-1015	+5	1200
Delhi (Najafgarh) Loose	Mill Quality	1002-1007	1005-1012	-5	2000
Haryana (Palwal) Loose	Mill quality	960	962	-2	300
Uttar Pradesh (Mathura) Loose	Mill quality	0	985	-	0
Uttar Pradesh (Kosi) Loose	Mill quality	970-975	960-970	+5	300
Gujarat (Rajkot) Loose	Mill quality	1020	1010-1020	-	2000
Rajasthan (Kota)	Mill quality	1050-1065	1050-1060	+5	300
Uttar Pradesh (Kanpur)	Mill quality	1015-1025	1025-1035	-10	800
Madhya Pradesh (Indore)	Mill quality	1065-1075	1060-1070	+5	1000
Uttar Pradesh (Bareilly)	Mill quality	1015-1025	1015	+10	1000

International Futures Quotes (as of December 28, 2007)

CBOT

Contract Month	Open	High	Low	Settle	Change
March 2008	912.00	920.00	885.00	885.00	-30.00
May 2008	915.00	925.50	891.00	893.00	-26.00
July 2008	789.00	801.00	776.00	778.00	-14.00

KCBT

Contract Month	Open	High	Low	Settle	Change
March 2008	944.00	945.00	914.00	914.00	-30.00
May 2008	937.00	942.00	905.50	905.50	-30.00
July 2008	825.00	830.00	809.00	814.00	-10.50

COMMODITIES RESEARCH

International Market Recap**CBOT Wheat Futures Settled Lower On Friday On Technical Selling**

CBOT wheat futures settled lower on Friday on profit taking. March Wheat finished down 30 cent at \$885.00 per bushel; this was 35 off to the high and equal to the low. July Wheat closed down 14 cent at \$778.00 per bushel. This was 2 up from the low and 23 off to the high. On Friday, CBOT wheat futures opened weak and continued trading at lower territory in many of the session. Wheat futures lacked fresh buyers and absences of any supportive news as in soy bean and corn. Wheat export sales have also declined in December. Very good winter wheat crop weather over the wheat growing areas in US and generally fair to good crop conditions elsewhere in the world further added the negative tone to the market sentiment. The fact that funds have not been buyers on the recent break in wheat, despite being strong buyers in corn and soybeans might also have encouraged technical selling. Apparently some traders are also concerned about the potential for reallocation by funds whose positions might have become too heavily weighted toward wheat in 2007 by virtue of the fact that wheat rallied more than corn and other commodities. For several weeks, traders have speculated that funds would need to sell wheat in order to balance the way that capital is distributed among the commodities in which they are invested.

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 cancelling 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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