

CEREAL

Agriwatch
DAILY

WHEAT

Dec. 31, 2007

Domestic Market Recap

During Friday's trade, domestic wheat prices mostly traded mixed. 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.1048-1055 and Rs.962/qrtl from yesterday's level of Rs.1050-1060 and Rs.965 against the corresponding daily arrival of 8200 and 300 bags. Prices also dipped as stockists unloading their stocks in hope of further price decline. However, prices surged in the range of Rs.5/qrtl in Rajkot (Gujarat) and Kanpur (UP) mandis on increased offtake from the consuming units against the steady supply. In Bangalore, Mumbai and Hyderabad, wheat prices traded range bound Rs.1260-1270, Rs.1140-1160 and Rs.1245-1265/qrtl respectively on steady 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). 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. 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/qrtl)		Change	Arrivals (Qtls)
		29.12.07	28.12.07		
Delhi (Lawrence Road) Ready Delivery	Mill quality	1048-1055	1050-1060	-5	8200
Delhi (Narella) Loose	Mill quality	1000-1015	1000-1015	-	1200
Delhi (Najafgarh) Loose	Mill Quality	1005-1012	1005-1012	-	1200
Haryana (Palwal) Loose	Mill quality	962	965	-3	300
Uttar Pradesh (Mathura) Loose	Mill quality	985	985	-	900
Uttar Pradesh (Kosi) Loose	Mill quality	960-970	972-980	-10	500
Gujarat (Rajkot) Loose	Mill quality	1010-1020	1010-1015	+5	2000
Rajasthan (Kota)	Mill quality	1050-1060	1050-1060	-	500
Uttar Pradesh (Kanpur)	Mill quality	1025-1035	1015-1030	+5	600
Madhya Pradesh (Indore)	Mill quality	1060-1070	1060-1070	-	1000
Uttar Pradesh (Bareilly)	Mill quality	1015	1010-1015	-	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 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.

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