

CEREAL

Agriwatch
DAILY

WHEAT

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Domestic Market Recap

During Wednesday's trade, domestic wheat prices mostly traded steady to down on poor offtake from the consuming units and roller flour millers against improved arrival. The unloading of stocks by the stockists and farmers further added the negative tone to the market sentiment. However, Delhi (Lawrence road) ready delivery quoted higher on good demand against the restricted daily supply of 8700 qtls. Although wheat acreage is lagging compared to last year, but still it is progressing well. The good MSP also encourage farmers to bring more land under wheat cultivation. In southern markets, wheat prices traded steady to down on lower demand against steady supply. As per the sources, most of the wheat markets lack potential buyers. Meanwhile, USDA lowered the global wheat production from 603.3 (last month) to 602.31 million tonnes in its latest production. USDA lowered the US wheat stocks around 280 million bushels for 2007-08 marketing year, which will be lowered since Second World War Period. In India, as per sources, due to lower winter wheat acreage, India may import wheat for the year 2008-09 to beef up the buffer stocks. The wheat buffer stocks for April 1, 2008 will be around 3.5 million tonnes. Meanwhile, global grain trading company Canadian Wheat Board (CWB) on Wednesday said it is expecting to sell over one million tonnes of wheat in the Indian market. CWB had exported one million tonnes of the grain to India last year. The board has already exported 3.15 lakh tonnes this year. In Delhi mandis, various wheat products mostly traded steady to down as Atta (90kg) at Rs.1063, maida grade 1 (90kg) at Rs.1238, Suji (50kg) at Rs.690, Chokar (50kg) at Rs.400 and Chakki atta (90 kg) down at Rs.970.

Domestic Spot Market Prices

Market	Variety	Prices (Rs/qty)		Change	Arrivals (Qtls)
		12.12.07	11.12.07		
Delhi (Lawrence Road) Ready Delivery	Mill quality	1035-1040	1035	+5	8700
Delhi (Narella) Loose	Mill quality	-	985-1000	-	-
Delhi (Najafgarh) Loose	Mill Quality	-	972-985	-	-
Haryana (Palwal) Loose	Mill quality	950	950-952	-2	450
Uttar Pradesh (Mathura) Loose	Mill quality	952-955	950	+5	500
Uttar Pradesh (Kosi) Loose	Mill quality	950-965	973	-8	350
Gujarat (Rajkot) Loose	Mill quality	1000	0	-	2000
Rajasthan (Kota)	Mill quality	1030-1040	1040-1045	-5	500
Uttar Pradesh (Kanpur)	Mill quality	990-1000	1010-1015	-15	3000
Madhya Pradesh (Indore)	Mill quality	1030-1040	1030-1040	-	1000
Uttar Pradesh (Bareilly)	Mill quality	980-990	980-990	-	1800

International Futures Quotes (as of December 11, 2007)

CBOT

Contract Month	Open	High	Low	Settle	Change
December 2007	910.75	911.00	890.00	894.00	-15.00
March 2008	929.75	937.25	909.00	910.50	-19.00
May 2008	930.25	936.00	911.75	913.00	-17.00

KCBT

Contract Month	Open	High	Low	Settle	Change
December 2007	947.25	960.00	947.25	949.00	-11.00
March 2008	961.25	967.75	948.00	951.75	-9.75
May 2008	957.50	964.00	944.50	947.75	-15.75

COMMODITIES RESEARCH

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

CBOT wheat futures settled down on Tuesday. March Wheat finished down 19 cent at \$910.50 per bushel; this was 22.5 off to the high and 1.5 cent up from the low. July Wheat closed down 18.5 cent at \$806.00 per bushel. This was 1 up from the low and 18 off to the high. Due to aggressive selling, CBOT corn futures settled lower despite strong closing of soy bean, meal and corn. Much of the weakness was due to liquidation both of long wheat and of long wheat/short corn positions. USDA Supply/Demand Report put US ending stocks at 280 million bushels as compared with the average trade estimate of 297 million bushels and 312 million posted in the September USDA report. The current ending stocks projection would be the lowest since 1950. Hard red stocks were dropped by 12%, but KC was sharply lower as well. The export of wheat stood around 25 million bushels to 1.175 billion bushels which comes into better alignment with the fast pace of export sales to date. World wheat production was lowered to 602.31 million tonnes, compared to 603.3 million tonnes last month. The USDA also lowered its Argentina production estimate to 15.0 million tonnes from 15.5 million tonnes last month. World wheat ending stocks came in at 110.06 million tonnes up slightly from 109.8 million tonnes posted last month.

News Analysis**USDA Lowered US Wheat Ending Stocks By 32 Million Bushels**

On Tuesday, USDA lowered the US wheat stocks around 280 million bushels for 2007-08 marketing year, which will be lowered since Second World War Period. The new ending stocks forecast is a 32-million-bushel drop from the 312 million bushels that USDA predicted last month. Domestic food use for wheat is higher than expected and exports are forecast 25 million bushels due to strong export demand against reduced supply due to crop damage in some major exporting countries. U.S. food production is now expected to consume 945 million bushels of wheat in the 2007-08 marketing year, up from the November forecast of 940 million bushels. U.S. wheat exports, according to the report, are now seen reaching 1.175 billion bushels, up from the November forecast of 1.15 billion bushels. The USDA, in its November supply and demand report, raised its forecast for world wheat production by 2.83 million metric tons to 603.3 million tons. For the December report, USDA lowered that forecast down to 602.31 million tonnes. Source USDA

India May Import in 2008-09 Due To Lower Expected Domestic Production

As per sources, due to lower winter wheat acreage, India may import wheat for the year 2008-09 to beef up the buffer stocks. The wheat buffer stocks for April 1, 2008 will be around 3.5 million tonnes. Although there is political debate on wheat import at higher price, govt. still continues its wheat import effort to fulfill its commitment to provide subsidized wheat under the PDS system. The State Trading Corporation on Monday floated a wheat import tender for an unknown quantity, as part of the Centre's exercise to boost buffer stocks by 1 million tonnes. Although the tender does not specify the total quantity, it has asked for a total wheat delivery of 3.5 lakh tonnes by April 15, 2008, at Mundra, Kakinada, Kandla, Chennai, Visakhapatnam, Tuticorin, Cochin and Mumbai ports. However, STC is likely – as with earlier tenders – to grab all eligible offers up to 5 lakh tonne "at the right price". The govt. was able to made the deal at around \$400 per tonne of late against offers ranging from \$395.88 to \$483 per tonne despite global tight supply. Due to late sowing and lower acreage, total output may fall even last year's output of 74.9 million tonnes which has already necessitated imports.

CWB May Export Wheat To India

Global grain trading company Canadian Wheat Board (CWB) on Wednesday said it is expecting to sell over one million tonnes of wheat in the Indian market. CWB had exported one million tonnes of the grain to India last year. The board has already exported 3.15 lakh tonnes this year. The board is also exploring the possibility of tying up with the Indian government or any other company to undertake branding exercise of Canadian flour in the country. Canada's wheat output is around 18-20 million tonnes out of which country requires for 2 million tonnes for domestic consumption while rest is exported.

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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