

# CEREAL

**Agriwatch**  
DAILY

## WHEAT

Dec. 07, 2007

### Domestic Market Recap

During Thursday's trade, domestic wheat prices mostly traded steady on normal buying from the roller flour millers against steady supply. In Delhi (Lawrence road) ready delivery and Kanpur (UP) Mill quality traded up on good offtake amidst tight supply. But wheat prices quoted lower in Rajkot (Gujarat) and UP (Mathura) loose basis on subdued demand against sustained supply. The unloading of stocks by the stockists and farmers further added the bearish tone to the wheat sentiment. On a normal demand supply situation, in southern markets, wheat mostly traded steady. Wheat sowing is progressing well. Meanwhile, the State Trading Corporation Ltd. is planning to float a wheat tender on December 10 for 350.000 tonnes, a govt. official reported. The tender is expected to open on December 17 and bids will be valid until December 22 and the deliveries will be made on March and April. The official also reported the final shipment will be made by April 10, 2008. Initially imposed for five days, Argentina's decision to close its wheat export registry temporarily was extended for another 15 days starting from Dec. 5. If Argentina's export restrictions were to be extended, demand would have to switch elsewhere, notably to cover some of India's wheat purchases, which were initially, planned to come from Argentina. 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. In near future, wheat may trade range bound at higher side on global tight supply against growing consumption.

### Domestic Spot Market Prices

Market	Variety	Prices (Rs/qrtl)		Change	Arrivals (Qtls)
		06.12.07	05.12.07		
Delhi (Lawrence Road) Ready Delivery	Mill quality	1045-1055	1045-1052	+3	10000
Delhi (Narella) Loose	Mill quality	1000-1025	-	-	2000
Delhi (Najafgarh) Loose	Mill Quality	1010-1019	-	-	1200
Haryana (Palwal) Loose	Mill quality	965	965	-	275
Uttar Pradesh (Mathura) Loose	Mill quality	970-980	970-982	-2	600
Uttar Pradesh (Kosi) Loose	Mill quality	975-982	970-982	-	350
Gujarat (Rajkot) Loose	Mill quality	980	980-985	-5	1700
Rajasthan (Kota)	Mill quality	1040-1045	1040-1045	-	200
Uttar Pradesh (Kanpur)	Mill quality	1030-1035	1025-1030	+5	100
Madhya Pradesh (Indore)	Mill quality	1040-1045	1040-1045	-	200
Uttar Pradesh (Bareilly)	Mill quality	995-1000	995-1000	-	300

### International Futures Quotes (as of December 05, 2007)

#### CBOT

Contract Month	Open	High	Low	Settle	Change
December 2007	872.00	886.75	857.00	863.75	-11.25
March 2008	892.00	898.00	872.00	885.00	-9.00
May 2008	892.00	892.00	886.50	886.50	-4.50

#### KCBT

Contract Month	Open	High	Low	Settle	Change
December 2007	906.00	910.00	896.00	910.00	-3.00
March 2008	912.00	915.00	896.00	909.50	-5.00
May 2008	897.00	904.00	890.00	904.00	-2.00

COMMODITIES RESEARCH

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

CBOT wheat futures settled lower on Wednesday. March Wheat finished down 9 cent at \$885.00 per bushel; this was 13 off to the high and 13 cent up from the low. July Wheat closed down 2.75 cent at \$771.75 per bushel. This was 12.25 up from the low and 3.25 off to the high. CBOT wheat futures opened lower and subsequently traded at lower side due to technical selling and lack of any fresh export news. The news of crop damage is minimal in Argentina further added the bearish tone to the market sentiment. Informa dropped Argentine wheat production by 500,000 tonnes compared to the latest USDA projection of 15.5 MT. But this was disappointing for the traders as they expected the loss around 2 MT. Egypt bought 60,000 tonnes of wheat from Russia. This also added a negative tone to the market sentiment. Some previously forecast rain was taken out of forecasts for the southwestern wheat belt this morning. This should be somewhat supportive, although the arrival of dormancy and the end of weekly USDA Crop Progress Reports may put the US weather factor on a back burner for the next few months.

**News Analysis****STC To Float Wheat Import Tender On Dec. 10**

The State Trading Corporation Ltd. is planning to float a wheat tender on December 10 for 350,000 tonnes, a govt. official reported. The tender is expected to open on December 17 and bids will be valid until December 22 and the deliveries will be made on March and April. The official also reported the final shipment will be made by April 10, 2008.

**Argentina's 15 Days Wheat Export Closure From 05 Dec**

As per the analyst, the global wheat prices are likely to stay firm on strong export demand and frost damage in Argentina. European wheat prices have gained more than 15 percent in less than three weeks on the foot of strong U.S. wheat futures, due to strong global demand and thin stocks. The rise also got boost from the news that Argentina - one of the main origins supplying international demand in coming months -- would halt exports while assessing damage from a cold wave that hit top growing areas last month. Initially imposed for five days, Argentina's decision to close its wheat export registry temporarily was extended for another 15 days starting from Dec. 5. At present, Turkey, Pakistan and India are in the market for large wheat purchases and Egypt, Morocco and Tunisia are expected soon. But on the supply side, the United States has committed most of its grains, Russia and Ukraine have tightened their borders and Argentina's final crop is being questioned with some analysts putting the potential loss at up to 2 million tonnes. Last year, Argentina exported 10.5 million tonnes of wheat from a harvest of 15.2 million tonnes, USDA reported. If Argentina's export restrictions were to be extended, demand would have to switch elsewhere, notably to cover some of India's wheat purchases, which were initially, planned to come from Argentina.

**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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