

■ W H E A T

■ Dec. 24, 2007

Domestic Market Recap

During Saturday's trade, domestic wheat prices mostly traded mixed. However, in Delhi and its surrounding mandis, wheat prices surged on increased offtake from the rolling flour millers and consuming units amidst improved arrivals. However, prices dipped in the various mandis of UP, Gujarat and MP on subdued offtake from the buyers against steady to slightly improved arrivals. As per the traders, due to increased unloading of stocks by the stockists, wheat prices further dipped. In Delhi (Lawrence road) ready deliver traded up Rs.1055-1070 from the Friday's level of Rs.1055-1065/qtl on good demand and arrival increased from 9000 to 16000 qtls. In Rajkot (Gujarat) prices dipped as stockists and private companies started aggressive selling of the wheat stocks, traders reported. In southern markets, wheat mostly ruled at previous day's level on steady demand-supply situation. In Delhi mandis, various wheat products mostly traded steady to up as Atta (90kg) steady up at Rs.1081, maida grade 1 (90kg) at Rs.1220, Suji (50kg) at Rs.680, Chokar (50kg) at Rs.409 and Chakki atta (90 kg) at Rs.990. However, although winter wheat acreage is lagging compared to last year's but govt. is optimistic about the achieving of the targeted quantity of 75.5 million tonnes provided good climate continues during the crop growth stage. However, in coming days, wheat may trade range bound at higher side.

Domestic Spot Market Prices

Market	Variety	Prices (Rs/qtl)		Change	Arrivals (Qtls)
		22.12.07	21.12.07		
Delhi (Lawrence Road) Ready Delivery	Mill quality	1060-1070	1050-1065	+5	16000
Delhi (Narella) Loose	Mill quality	1005-1030	1010-1025	+5	1500
Delhi (Najafgarh) Loose	Mill Quality	1013-1021	1013-1021	-	1200
Haryana (Palwal) Loose	Mill quality	975	970-975	-	300
Uttar Pradesh (Mathura) Loose	Mill quality	986	980-985	+1	750
Uttar Pradesh (Kosi) Loose	Mill quality	986	990-996	-10	750
Gujarat (Rajkot) Loose	Mill quality	990	990-1000	-10	2000
Rajasthan (Kota)	Mill quality	1030-1035	1030-1040	-5	800
Uttar Pradesh (Kanpur)	Mill quality	1015-1020	1020-1025	-5	1200
Madhya Pradesh (Indore)	Mill quality	1045-1055	1040-1045	+10	900
Uttar Pradesh (Bareilly)	Mill quality	1000-1005	1000-1010	-5	400

International Futures Quotes (as of December 21, 2007)**CBOT**

Contract Month	Open	High	Low	Settle	Change
March 2008	438.50	448.00	438.50	443.5	+6.00
May 2008	450.00	458.00	449.25	453.75	+5.75
July 2008	457.50	466.00	457.25	462.50	+6.50

KCBT

Contract Month	Open	High	Low	Settle	Change
March 2008	974.00	979.00	962.00	968.75	-7.50
May 2008	970.00	972.00	953.00	968.00	-
July 2008	812.00	828.50	811.00	825.00	+4.00

International Market Recap**CBOT Wheat Futures Settled Mixed On Saturday**

CBOT wheat futures settled mixed on Friday. March Wheat finished down 5 cent at \$949.00 per bushel; this was 11 off to the high and 7.5 cent up from the low. July Wheat closed up 10 cent at \$789.50 per bushel. This was 12.5 up from the low and 1.5 off to the high. CBOT corn futures settled mixed. CBOT March wheat futures made a new low for the week after the open and remainder of the day witnessed choppy trade. The market also traded at lower side on the speculative selling and aggressive buying in corn. Despite the frost in November, Argentina Agriculture Secretariat pegged the wheat production unchanged at 15.4 million tonnes. This is bearish news for the traders. However, in comparison to the USDA's estimate of 15.5 million tonnes, it is .5 million tonnes less. Argentina had suspended export registrations in early December until a full evaluation could be completed. Stronger outside markets and positive economic news firmed the market during mid session and short covering by speculators brought follow-through strength into the close.

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.

STC Received Bids at \$460-580 a tonne for imported wheat

On Monday, STC on behalf of central govt. received offers from three multinational firms for importing wheat at a maximum price of \$ 579.6 a tonne. The bids for STC tender are 45-46 per cent higher than the price finalised by the other two state trading firms. As per the trade sources, Swiss firm Glencore, US trading company Cargill and Germany's Toepfer submitted bids in a range of \$459.9 to a record of \$579.6 per tonne for supply of about 3.15 lakh tonnes. However, earlier in this month, the Ministry of Commerce had allowed PEC Ltd to import 1.5 lakh tonnes of wheat at \$ 396.9 per tonne. Earlier, on November 23, MMTC Ltd decided to buy 3.425 lakh tonnes at an average price of \$ 400.19 a tonne. Interestingly, as prices surged to a record of \$ 579.6 a tonne, the quantity that bidders offered to STC has drastically come down. MMTC had received bids for 10.15 lakh tonnes for its tender floated on November 12. PEC had received bids for a total quantity of 6.3 lakh tonnes of imported wheat. Meanwhile, the government is confident of 75 million tonnes wheat production in the current Rabi season although it estimates the area under coverage to marginally dip compared to last year. The country produced 74.89 million tonnes of wheat in 2006-07.

Weather Impact Analysis

Cool winter forecast for the current year favours wheat crop. However, states like UP and MP requires one to two showers for wheat sowing within 15 days. However, the over all weather condition is favourable for the growth of wheat plant.

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