

## WHEAT

Dec. 06, 2007

**Domestic Market Recap**

During Tuesday's trade, domestic wheat prices mostly traded steady on normal demand-supply situation. In northwest India, wheat mostly traded at higher side on good offtake from the consuming units against tight supply. However, prices firmed up in Delhi and its surrounding mandis on good demand against the steady supply. In Rajkot (Gujarat), Mumbai and Bangalore, wheat prices traded mostly steady on good demand against a tight supply. 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)
		05.12.07	04.12.07		
Delhi (Lawrence Road) Ready Delivery	Mill quality	1045-1052	1045-1050	+2	12000
Delhi (Narella) Loose	Mill quality	-	1005-1025	-	-
Delhi (Najafgarh) Loose	Mill Quality	-	1007-1015	-	-
Haryana (Palwal) Loose	Mill quality	965	965	-	275
Uttar Pradesh (Mathura) Loose	Mill quality	970-982	975-980	+2	650
Uttar Pradesh (Kosi) Loose	Mill quality	970-982	970-983	+1	250
Gujarat (Rajkot) Loose	Mill quality	980-985	975-980	+5	2500
Rajasthan (Kota)	Mill quality	1040-1045	1045-1050	-5	150
Uttar Pradesh (Kanpur)	Mill quality	1025-1030	1020-1030	-	100
Madhya Pradesh (Indore)	Mill quality	1040-1045	1040-1050	-5	200
Uttar Pradesh (Bareilly)	Mill quality	995-1000	1000	-	300

**International Futures Quotes (as of December 04, 2007)****CBOT**

Contract Month	Open	High	Low	Settle	Change
December 2007	857.75	875.00	855.75	875.00	+20.00
March 2008	882.25	896.00	875.00	894.00	+17.25
May 2008	878.25	895.00	872.00	891.00	+19.00

**KCBT**

Contract Month	Open	High	Low	Settle	Change
December 2007	908.75	914.00	900.00	913.00	+14.00
March 2008	900.00	916.00	896.75	914.50	+16.00
May 2008	893.75	906.25	893.00	906.00	+21.00

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

CBOT wheat futures settled moderately higher on Tuesday. March Wheat finished up 17.25 cent at \$894.00 per bushel; this was 2 off to the high and 19 cent up from the low. July Wheat closed up 17.5 cent at \$774.50 per bushel. This was 21 up from the low and 1.5 off to the high. CBOT wheat futures opened higher and initially traded up with the support from corn and soy meal but mid session onwards wheat traded up on its own and settled the day's highs. With the good export news along with technical speculative buying further supported the wheat sentiment. The markets also witnessed sellers away from the market. The most important bullish news is that Argentine wheat crop output. The recent frost over the wheat growing region have damaged the crop. Meanwhile, govt. of Argentina has extended the closure of wheat registry export for another 15 working days. In addition to Turkey's announcement of a 200,000 tonne tender for optional origin soft wheat and Jordan tendering for 50,000 tonne added the positive tone. India will tender soon for another 350,000 tonnes of wheat, Japan will seek 195,000 tonnes of US, Canadian and Australian wheat on Thursday and South Korea is in for another 23,000 tonnes. Tight old crop stocks for wheat also provide background support. Deliveries against the December contract totaled a light 878 contracts, another supportive factor.

**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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