

## ■ W H E A T

■ May 31, 2007

**Domestic Market Recap****Punjab, Haryana, U.P. and Rajasthan Contribute for Procurement**

Total arrivals in Delhi markets stood down around 20,000qtls and prices at Lawrence Road were quoted down at Rs. 912 per quintal with the higher arrivals about 14,000qtls for ready delivery (truck loaded). Local flour millers and ITC are active in the markets. However, increased arrivals of new crop from Punjab and Haryana and fall in demand from rolling flourmills pressurised the tone. Narela and Najafgarh markets are closed. At Alwar wheat price remained around 850/qrtl. However, poor quality of the grains are traded at Rs.835/qrtl. Wheat trades at Rs. 865-870/qrtl in Karavali market on the back of arrivals 800qtls. At Achnera market wheat trades at Rs.870-890/qrtl on the back of arrivals around 1000 qtls

**Domestic Spot Market Prices**

Market	Variety	Prices (Rs/qrtl)		Change	Arrivals (Bags)
		30.05.07	29.05.07		
Delhi (Lawrence Road) Ready Delivery	Mill quality	912	915	-3	14,000
Delhi (Narela) Loose	Mill quality	Closed	860-870	-	-
Haryana (Palwal) Loose	Mill quality	850-851	850	+1	2800
Uttar Pradesh (Mathura) Loose	Mill quality	855-865	870-875	-10	2500
Uttar Pradesh (Kosi) Loose	Mill quality	856-872	870	+2	5000
Haryana (Hodal) Loose	Mill quality	850	850	-	3500
Gujarat (Rajkot) Loose	Mill quality	865	870	-5	2000
Rajasthan (Kota)	Mill quality	965-970	960-965	+5	
Uttar Pradesh (Kanpur)	Mill quality	950-955	955-960	-5	
Madhya Pradesh (Indore)	Mill quality	920-925	912-918	+7	
Uttar Pradesh (Bareilly)	Mill quality	920-925	920-925	-	

**International Futures Quotes (as of Mar 29, 2007)****CBOT**

Contract Month	Open	High	Low	Settle	Change
July 2007	497.00	498.00	488.50	491.00	-10.00
September 2007	509.50	511.00	502.00	505.25	-9.50
December 2007	520.00	521.00	513.00	516.00	-8.50

**KCBT**

Contract Month	Open	High	Low	Settle	Change
July 2007	485.25	488.00	479.50	481.00	-8.25
September 2007	495.00	497.50	491.00	493.00	-9.00
December 2007	510.00	512.00	506.50	507.00	-8.00

**International Market Recap****CBOT Wheat Futures Slumped Down**

CBOT wheat futures slumped down Tuesday on spillover pressure from neighboring markets. The July wheat settled down 10 cents to \$4.91 per bushel, that was 7 off the high and 2.5 up from the low. December Wheat closed down 8.5cents at \$5.165 per bushel. This was 3.5 up from the low and 4.5 off the high. Weakness in the other grains and some additional rains for dry areas of Europe over the weekend helped to increase long liquidation selling early in the session. Fears of further decline in production from Ukraine if the drought conditions linger added some firmness.

**News Analysis****Govt. Procured around 10.93 Mln Tonnes Wheat So Far**

Wheat procurement by Government surpasses last year procurement and stood around 10.93 Mln Tonnes including 6 lakh tonnes procured by state government of Punjab so far as on May 29. The procurement has increased by 12% till now as against last year. The Centre had bought a total of 9.22 Mln Tonnes of the food grain last year. The procurement is still short of the targeted 15 Mln Tonnes despite a 4 Mln Tonnes projected increase in output. The trend is showing that Govt. will be able to procure around 12 Mln Tonnes of the food grain this year. Daily arrivals are still strong. The procurement of Punjab is still lower whereas, in Haryana, U.P., M.P. and Rajasthan it is higher as compared to last year. In Punjab, wheat procurement, till date, is lagging at 6.47 Mln Tonnes, down 6.8% from 6.94 Mln Tonnes a year ago period.

**India to Buy 370,000 Tonnes of Wheat From The 1 Mln Tonnes Tender**

India is likely to buy around 370,000 tonnes of wheat at about \$263.50 per tonne from the tender that STC has floated last month to import one million tonnes of the food grain from global markets. The decision of lower amount of import from Government may be because of high prices quoted in the tender. STC received seven bids from Indian and Global suppliers. However, the price quoted is on average 20 percent higher than those paid last year. The prices range between \$265 and \$302 per tonne on cost and freight basis. The companies are US agri giant Cargill, Topfer, Concordia, Glencore and two companies of Ahmedabad-based Adani group. Glencore and Cargill reportedly bid at between \$265.50 to \$296 per tonne. However, A.C. Toepfer of Germany and Glencore International of Switzerland are likely to get the deal to sell wheat in the latest tender as the two trading firms lowered their bids by about \$2 a tonne and most of the grain would be delivered at the western port of Mundra. Both Toepfer of Germany and Glencore of Switzerland were likely to supply equal quantities totalling 370,000 tonnes. It seems that Government is not in a hurry of huge import at a time as the government has sufficient stocks of wheat and it will prefer to wait for the coming months of July and August when wheat from countries like Canada reach international markets and will ease down the global wheat markets. India's wheat buffer stocks were at 5 million tonnes on April 1 against a government norm of 4 million tonnes. The steady procurement in recent period will no doubt increase the stock position.

**Weather Impact Analysis**

Harvesting of wheat is complete in the northwestern parts. Threshing and drying is in progress in Punjab and Haryana. Isolated rain/thunderstorms over this region may affect post harvest activities.

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