

■ W H E A T

■ June 30, 2007

Domestic Market Recap

In Friday's trading, most of the major markets witnessed steady to up in wheat prices amidst some demand from local flour millers. Total arrivals in Delhi (Lawrence Road) turned down at 12,000 qtls and prices quoted marginally up between Rs. 972-975 per quintals. At Narela and Najafgarh markets the price remains around 940/ctl, and 925-930/ctl (loose basis) on the back of arrivals around 5000 qtl and 6000 qtl respectively. Karavali market is closed. Achnera market witnessed arrivals around 700 qtl and price remained at Rs.895/ctl.

Domestic Spot Market Prices

Market	Variety	Prices (Rs/ctl)		Change	Arrivals (Qtls)
		29.06.07	28.06.07		
Delhi (Lawrence Road) Ready Delivery	Mill quality	972-975	970	+5	12,000
Delhi (Narela) Loose	Mill quality	940	942-950	-10	5000
Haryana (Palwal) Loose	Mill quality	892	894	-2	1000
Uttar Pradesh (Mathura) Loose	Mill quality	905-906	908	-2	3000
Uttar Pradesh (Kosi) Loose	Mill quality	895-900	900	-	1200
Haryana (Hodal) Loose	Mill quality	902-903	905	-2	500
Gujarat (Rajkot) Loose	Mill quality	925	915	+5	
Rajasthan (Kota)	Mill quality	1033-1038	1012-1017	+21	
Uttar Pradesh (Kanpur)	Mill quality	988-992	980-985	+7	
Madhya Pradesh (Indore)	Mill quality	976-981	970-976	+5	
Uttar Pradesh (Bareilly)	Mill quality	975-980	975-980	-	

International Futures Quotes (as of June 28, 2007)**CBOT**

Contract Month	Open	High	Low	Settle	Change
July 2007	608.00	615.50	606.00	609.00	+3.00
September 2007	623.00	632.00	621.00	623.75	+2.25
December 2007	631.00	638.00	629.50	633.00	+4.50

KCBT

Contract Month	Open	High	Low	Settle	Change
July 2007	593.00	602.00	591.00	600.25	+11.25
September 2007	605.00	612.00	604.00	607.25	+4.75
December 2007	619.00	626.00	618.00	622.75	+6.50

WHEAT

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

CBOT wheat futures finished up Thursday on Strong export demand, production problems. July wheat ended up 3 cents at \$6.09 per bushel September wheat finished up 2.5 cents at \$6.238 per bushel and December wheat settled 4.5 cents higher at \$6.33 per bushel. Supportive export sales news, continued heavy rains in the plains and more news of tightening world supply helped spark the early rally for wheat. July KC wheat led the market higher as wet weather returned to eastern Kansas overnight. Weekly US export sales for wheat came in at 622,800 metric tonnes as compared to trade expectations between 200,000-400,000. Cumulative sales have reached 21.7% of the USDA forecast as compared to 19.4% on average over the last five years. The International Grain Council pegged world wheat production for the 2007/2008 season at 614 million tonnes, down 7 million from last month but still up from 593 million tonnes last year. Ukraine production was revised to 13 million tonnes, down 4 million from last month. The market also found support from higher wheat prices in Europe as more rains in Germany and concerns that further rains in France and/or Germany could lead to yield damage and not just quality damage helped support.

News Analysis**MMTC Ltd. Postpond the 50,000 tonnes Wheat Import Tender**

MMTC Ltd. has reportedly postponed the 50,000 tonnes wheat import tender that had floated on June 7. The reason behind that may be of higher global prices on concerns about the lagging domestic harvest of U.S. winter wheat and unfavourable weather such as drought in Ukraine and Russia coupled with shrinking global supplies. Global wheat price has increased steadily in the recent period. Wheat futures at the Chicago Board of Trade are tested 11-years high and remained at around \$6 per bushel, up more than 28 percent against three to four weeks ago. Presently, India has to pay around \$300 per tonne for the grain that is much higher from the bids of around \$263 per tonne received in the earlier tender of STC.

Global Wheat Production Forecast Down by 7 Mln Tonnes

WHEAT: Forecast production is 7m. tons lower than last month at 614m. tons (593m. last year). This follows hot, dry conditions in Ukraine, southern Russia and south-east Europe. While heavy rains in some northern member States may affect wheat quality, EU production should increase from last year. Spring plantings in Canada were lower than expected and the quality of some US hard winter wheat is below normal, leading to concerns about premium milling wheat supplies. Encouraged by high prices, plantings should increase in Argentina and rains significantly improved prospects in Australia. Projected world wheat consumption is down 5m. tons from last month at 619m. because of reduced feed use estimates, especially in the CIS and EU. The forecast of closing stocks is reduced by 4m. tons to 111m., including 31m. in the five major exporters, the lowest for 12 years. With tighter availabilities, world trade is now forecast to be lower than last year, at 107m. tons, 2m. less than last month. Forecast purchases by Sub-Saharan Africa are reduced because of high import costs. With less wheat available from the Black Sea region, shipments by Argentina, Australia and the US are placed higher than before, but tight supplies will constrain exports by Canada and the EU.

SOURCE: IGC

Weather Impact Analysis

Harvesting of wheat is complete in the country. So weather is not a major concern. However, heavy rains may affect the government procurement activity.

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