

■ W H E A T

■ July 05, 2007

Domestic Market Recap

In Wednesday's trading, most of the major markets witnessed steady to up in wheat prices on rising demand from flour millers amidst lower arrivals. Flour millers have accelerated their buying due to strong demand for bakery products. The price of different wheat products have also increased. Flour millers are interested to pile up their stocks in order to make profit in off season. It is learnt that flourmillers are not able to get required stocks directly from the market because despite the good stocks the food grain is offered at higher prices from private trading firms. Total arrivals in Delhi (Lawrence Road) remained steady at 11,000 qtls and prices quoted up between Rs. 975-980 per quintals. Narela and Najafgarh markets are closed. Achnera market witnessed arrivals around 700 qtl and price remained at Rs.910/qtl. Karavali market witnessed arrivals around 1500 qtls and price remained up between Rs. 920-925/qtl.

Domestic Spot Market Prices

Market	Variety	Prices (Rs/qrtl)		Change	Arrivals (Qtls)
		04.07.07	03.07.07		
Delhi (Lawrence Road) Ready Delivery	Mill quality	975-980	975-978	+2	11,000
Delhi (Narella) Loose	Mill quality	Closed	942-944	-	-
Haryana (Palwal) Loose	Mill quality	888	895	-7	700
Uttar Pradesh (Mathura) Loose	Mill quality	905-910	908	+2	2500
Uttar Pradesh (Kosi) Loose	Mill quality	907-908	898-902	+6	1000
Haryana (Hodal) Loose	Mill quality	906-907	902-905	+2	300
Gujarat (Rajkot) Loose	Mill quality	950	950	-	
Rajasthan (Kota)	Mill quality	1053-1058	1035-1040	+18	
Uttar Pradesh (Kanpur)	Mill quality	992-997	995-1000	-3	
Madhya Pradesh (Indore)	Mill quality	1023-1028	1010-1014	+14	300
Uttar Pradesh (Bareilly)	Mill quality	970-975	-	-	

International Futures Quotes (as of July 03, 2007)**CBOT**

Contract Month	Open	High	Low	Settle	Change
July 2007	570.00	574.00	564.00	571.50	+2.00
September 2007	581.00	589.00	574.00	583.00	-0.25
December 2007	594.00	599.75	588.00	597.00	-0.50

KCBT

Contract Month	Open	High	Low	Settle	Change
July 2007	578.00	585.50	576.50	585.00	+3.00
September 2007	578.00	585.00	572.50	585.00	+0.50
December 2007	590.00	599.00	589.00	598.50	-

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

CBOT wheat futures settled mix Tuesday. September wheat slipped 0.25 cent to \$5.83 a bushel, while December wheat ended down 0.50 cent at \$5.97 per bushel. As of Sunday, 40% of the winter wheat crop had been harvested, down from 62% last year and the five-year average of 54%, according to the USDA. Harvest in soft red winter wheat states, such as Illinois and Indiana, is on target with five-year averages, while hard red winter wheat states, such as Kansas and Oklahoma, continue to lag sharply behind average. The spring wheat crop is in good condition and while there are some high temperatures in the forecast into early next week, North Dakota top soil conditions appear to be in good shape to withstand a few days of heat. However, a sharp break in the other grains and increased long liquidation selling from funds helped pressure the market

News Analysis**India has Received 7 bids to Import 1 Mln Tonnes of Wheat**

India has issued a wheat tender to import of 1 million tonnes of the food grain. The bids would open on July 4 and would be valid until July 10. Shipments would be made between August and November. The quality specifications remained same as in previous tenders. Earlier in the month of May an identical amount of wheat tender was cancelled due to higher global prices. However, 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 \$300-320 per tonne for the grain that is much higher from the bids of around \$263 per tonne received in the earlier tender. It is learnt that, India has received seven bids against the tender so far as on 04.07.07. It is also known that, Toepfer and Glencore and Toepfer are among the bidders.

Wheat Trades Up on Millers Demand and Private Purchasing

Wheat prices increased in major domestic markets in the country on rising demand from flour millers amidst lower arrivals. Flour millers have accelerated their buying due to strong demand for bakery products. The price of different wheat products have also increased. Flour millers are interested to pile up their stocks in order to make profit in off season. It is learnt that flourmillers are not able to get required stocks directly from the market because despite the good stocks the food grain is offered at higher prices from private trading firms. Earlier millers were very optimistic about weakness in wheat prices after the termination of wheat procurement by government agencies. However, the situation has turned murky as private players enter the market and purchasing at higher prices. The wheat prices have increased around Rs.30-40/ qtl after the procurement from the government agencies are over in Punjab and Haryana. As a result, the cost of wheat that will be supplied to the mills of South India will be around Rs.1150/ qtl including freight rates. It is now very unlikely to fall in wheat prices as big private houses that are procuring wheat in market prices have to pay a good amount as storage charge per month. Therefore, in the time of release their stocks the will count the storage charge in addition. The rising prices of wheat products will no doubt add firmness in the wheat sentiments in coming days. Government likely to build wheat buffer of at least 6.5 million tonnes by Apr 1 next year as against the buffer norms of 4 million tonnes. Therefore, the government is planning to import around 5 million tonnes of wheat by the month of March next year. The import cost will be higher this time as global wheat price has reached to a significant high on erratic weather disrupting the U.S. harvest, and drought in Ukraine and Russia..

Weather Impact Analysis

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

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