

■ W H E A T

■ July 07, 2007

Domestic Market Recap

In Friday'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 down at 10,000 qtls and prices quoted flat between Rs. 975-980 per quintals. At Narela and Najafgarh markets the price remains around 942-944/ctl, and 930-934/ctl (loose basis) on the back of arrivals around 3000 qtl and 4000 qtl respectively. Achnera market witnessed arrivals around 500 qtl and price remained at Rs.908-910/ctl. Karavali market witnessed arrivals around 1000 qtls and price remained between Rs. 920/ctl.

Domestic Spot Market Prices

Market	Variety	Prices (Rs/ctl)		Change	Arrivals (Qtls)
		06.07.07	05.07.07		
Delhi (Lawrence Road) Ready Delivery	Mill quality	975-980	975-980	-	10,000
Delhi (Narella) Loose	Mill quality	942-944	942-944	-	3000
Haryana (Palwal) Loose	Mill quality	892	890	+2	500
Uttar Pradesh (Mathura) Loose	Mill quality	910-912	908-912	-	1500
Uttar Pradesh (Kosi) Loose	Mill quality	907-910	907-910	-	600
Haryana (Hodal) Loose	Mill quality	906-908	906-908	-	200
Gujarat (Rajkot) Loose	Mill quality	955-960	955	+5	
Rajasthan (Kota)	Mill quality	1063-1068	1060-1064	+4	
Uttar Pradesh (Kanpur)	Mill quality	998-1002	1000-1005	-3	
Madhya Pradesh (Indore)	Mill quality	1040-1045	1036-1041	+4	300
Uttar Pradesh (Bareilly)	Mill quality	-	975-978	-	

International Futures Quotes (as of July 05, 2007)**CBOT**

Contract Month	Open	High	Low	Settle	Change
July 2007	594.00	594.00	588.00	591.00	+19.50
September 2007	600.00	609.00	594.00	604.00	+21.00
December 2007	609.00	617.00	606.50	616.00	+19.00

KCBT

Contract Month	Open	High	Low	Settle	Change
July 2007	596.00	607.00	596.00	603.50	+18.50
September 2007	590.00	604.00	590.00	599.00	+14.00
December 2007	608.00	615.00	606.00	611.00	+12.50

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

CBOT wheat futures climbed sharply higher Thursday on strong export demand. September wheat ended 21 cents higher at \$6.04 per bushel, and December wheat finished up 19 cents at \$6.16 per bushel. Too much rain for the harvest in Europe and in parts of the US winter wheat belt continue to provide solid support to the market on fears that the rains will hurt quality and quantity of the harvest. Tightening world supply and a surge in export interest for US wheat added to the bullish tone this morning. Iraq bought 100,000 tonnes of US hard red winter wheat and this news helped support the market this morning. There are expectations that foreign countries will continue to come to the U.S. to buy wheat. Global ending stocks are pegged at a 30-year low, and there are production problems in key growing areas, including Ukraine and Europe.

News Analysis**Wheat Procurement Remained Around 11090106 tonnes**

Wheat procurement by Government stood up around 11090106 tonnes so far as on 30.06.07, against 9,231,004 tonnes a year ago. In Bihar, procurement operations continue until Jul 15. Different government agencies of Punjab have procured the lower amount of 6,756,756 tonnes as against the last year procurement around 6,951,404 tonnes. The target this year is stood around 75 lakh tonnes. However, in the states of Haryana, U.P., M.P. and Rajasthan it is higher as compared to last year. The total procurement in Haryana stood up around 3,346,460 tonnes as against the previous year procurement of 2,228,725 tonnes. U.P. has contributed larger amount of wheat around 535731 tonnes to the central pool so far as compared to 48,873 tonnes last year. The procurement in M.P. and Rajasthan remained up around 57308 tonnes and 383288 tonnes respectively as against the total procurement of last year's 20 tonnes and 1582 tonnes respectively. Delhi contributed a good amount of 873 tonnes as compared to nil procurement last year. Bihar also witnessed good procurement around 7856 tonnes by the government agencies as against zero procurement last year. The arrivals are declining in the states of U.P. and M.P., Rajasthan, Chandigarh, Delhi, Bihar. It is learnt that Government is keen on building a wheat buffer of at least 6.5 million tonnes by Apr 1 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.

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 they 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.

Weather Impact Analysis

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

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