

WHEAT

July 16, 2007

Domestic Market Recap

In Saturday's trading, wheat spot prices maintained upward rally in most of the spot market on rising demand from flour millers amidst sluggish 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. The higher prices of wheat products have added further firmness. Atta quoted higher at Rs.1070/90kg. Maida and sooji moved up to Rs.1240/90 kg and Rs.690 a 50 kg bag respectively in line with wheat. Total arrivals in Delhi (Lawrence Road) remained steady to slight down 10,000 qtls and prices quoted up between Rs. 1070-1080 per quintals. At Narela and Najafgarh markets the price remains higher around 1010-1015/qtl, and 985-990/qtl (loose basis) on the back of arrivals around 5000 qtl and 4000 qtl respectively. Achnera market witnessed arrivals around 300 qtl and price remained at Rs.975-980/qtl.

Domestic Spot Market Prices

| Market | Variety | Prices (Rs/qtl) | | Change | Arrivals (Qtls) |
|--------------------------------------|--------------|-----------------|-----------|--------|-----------------|
| | | 14.07.07 | 13.07.07 | | |
| Delhi (Lawrence Road) Ready Delivery | Mill quality | 1070-1080 | 1060-1072 | +10 | 11,000 |
| Delhi (Narella) Loose | Mill quality | 1010-1015 | 1000-1007 | +10 | 3000 |
| Haryana (Palwal) Loose | Mill quality | 985-990 | 970-972 | +15 | 500 |
| Uttar Pradesh (Mathura) Loose | Mill quality | 1000 | 992 | +8 | 2000 |
| Uttar Pradesh (Kosi) Loose | Mill quality | 1005-1010 | 998-1005 | +7 | 800 |
| Haryana (Hodal) Loose | Mill quality | 980-990 | 970-980 | +10 | 700 |
| Gujarat (Rajkot) Loose | Mill quality | 1000 | 1000 | - | 200 |
| Rajasthan (Kota) | Mill quality | 1076-1082 | 1076-1082 | - | |
| Uttar Pradesh (Kanpur) | Mill quality | 1050-1055 | 1050-1055 | - | |
| Madhya Pradesh (Indore) | Mill quality | 1060-1066 | 1060-1066 | - | 300 |
| Uttar Pradesh (Bareilly) | Mill quality | 1055-1060 | 1055-1060 | - | |

International Futures Quotes (as of July 13, 2007)

CBOT

| Contract Month | Open | High | Low | Settle | Change |
|----------------|--------|--------|--------|--------|--------|
| July 2008 | 576.00 | 579.75 | 573.00 | 576.00 | -1.50 |
| September 2007 | 621.00 | 624.00 | 615.75 | 620.75 | -0.75 |
| December 2007 | 635.75 | 638.00 | 630.50 | 635.25 | -1.50 |

KCBT

| Contract Month | Open | High | Low | Settle | Change |
|----------------|--------|--------|--------|--------|--------|
| July 2008 | 570.00 | 577.00 | 569.00 | 574.00 | unch |
| September 2007 | 609.00 | 612.00 | 605.00 | 609.00 | -2.00 |
| December 2007 | 625.00 | 628.00 | 621.25 | 627.25 | -0.50 |

CEREAL

Agriwatch
DAILY

W H E A T

July 16, 2007

International Market Recap

CBOT Wheat Closed Down

CBOT December Wheat finished down 1.5 cents at \$6.353 cents/bushel, 2.75 cents off the high and 4.75 cents up from the low. September Wheat closed down 0.75 cents at \$6.208 cents/bushel. This was 4.75 cents up from the low and 3.25 cents off the high. More heavy rains into the southern plains failed to cause much of a reaction to the market as speculative long liquidation selling helped pressure the market early in the session. Some hedge selling was noted in Kansas City as the winter wheat harvest pushes into the northern plains. Solid export sales news this week helped provide some underlying support but the heat in the forecast for the western sections of the spring wheat belt for next week failed to generate much in the way of new buying and profit-taking selling was noted. Iraq has tendered to buy 50,000 tonnes of hard wheat while news that Indonesia bought 25,000 tonnes of wheat from China was seen as mixed. However, traders see Indonesia as attempting to buy US cargoes for September and October shipment as supportive.

News Analysis

USDA Wheat Weekly Export Sales

Net sales of 1,183,400 metric tons were two and one-fifth times the previous week and two and one-quarter times the prior 4-week average. Increases were reported for Egypt (290,100 MT), unknown destinations (147,500 MT), Guatemala (105,900 MT), Yemen (103,000 MT), Iraq (100,000 MT), South Korea (87,500 MT), El Salvador (62,100 MT), and Sri Lanka (57,000 MT). Exports of 323,200 MT were 45 percent below the previous week and 23 percent under the prior 4-week average. The primary destinations were Mexico (98,200 MT), Indonesia (62,500 MT), Egypt (60,100 MT), Japan (30,900 MT), Nigeria (26,600 MT), and South Korea (21,500 MT).

This summary is based on reports from exporters for the period June 29-July 5, 2007.

Source: USDA

WASDE Projected Higher Global Wheat Out Put by 2.1 Mln Tonnes

Global 2007/08 wheat production is projected 2.1 million tons higher this month, mostly reflecting higher expected production for China. Harvested area and yield are both raised this month for China leaving projected production up 5 million tons. Production in the four major export competitor countries, however, is projected 1.8 million tons lower with major reductions for Canada and EU-27 more than offsetting an increase for Australia. A 2-million-ton reduction for Canada is based on reduced planted area this spring and is consistent with a similar downward revision to 2006/07 production. EU-27 production for 2007/08 is projected 0.7 million tons lower reflecting reduced production prospects mostly in eastern Europe and Greece. Australia production is raised 0.9 million tons reflecting improved rainfall, particularly in the eastern growing areas of the country since early June. Production is lowered for FSU-12 with reductions for Ukraine and Moldova only partly offset by an increase for Kazakhstan.

World exports for 2007/08 are increased only slightly this month as increases for Australia, Kazakhstan, and the United States are nearly offset by reductions for Canada, Ukraine, and Syria. World wheat feeding is lowered 0.9 million tons mainly reflecting reductions in Canada and EU-27. Global ending stocks are projected 4.5 million tons higher this month, mostly reflecting a projected 4.4-million-ton increase for China. Global ending stocks remain at their lowest level since 1981/82.

Source: WASDE

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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