

■ W H E A T

■ July 13, 2007

Domestic Market Recap

In Thursday'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. The higher prices of wheat products have added further firmness. Atta quoted higher at Rs.1050/ 90kg. Maida and sooji moved up to Rs.1195/ 90 kg and Rs.665 a 50 kg bag respectively in line with wheat. Total arrivals in Delhi (Lawrence Road) remained down 9,000 qtls and prices quoted up between Rs. 1035-1040 per quintals. At Narela and Najafgarh markets the price remains around 975-980/ctl, and 970-980/ctl (loose basis) on the back of arrivals around 3000 qtl and 4000 qtl respectively.

Domestic Spot Market Prices

Market	Variety	Prices (Rs/ctl)		Change	Arrivals (Qtls)
		12.07.07	11.07.07		
Delhi (Lawrence Road) Ready Delivery	Mill quality	1040	1040	-	9000
Delhi (Narella) Loose	Mill quality	975-980	-	-	3000
Haryana (Palwal) Loose	Mill quality	950-955	950-955	-	500
Uttar Pradesh (Mathura) Loose	Mill quality	952	950	+2	1500
Uttar Pradesh (Kosi) Loose	Mill quality	945-955	940-950	+5	500
Haryana (Hodal) Loose	Mill quality	950	950	-	400
Gujarat (Rajkot) Loose	Mill quality	990	990	-	200
Rajasthan (Kota)	Mill quality	1076-1082	1075-1080	+2	
Uttar Pradesh (Kanpur)	Mill quality	1030-1035	1030-1035	-	
Madhya Pradesh (Indore)	Mill quality	1063-1068	1063-1068	-	300
Uttar Pradesh (Bareilly)	Mill quality	1055-1060	1055-1060	-	

International Futures Quotes (as of July 11, 2007)**CBOT**

Contract Month	Open	High	Low	Settle	Change
July 2007	597.00	613.50	597.00	611.00	+19.00
September 2007	604.00	624.00	603.50	622.00	+20.25
December 2007	619.00	636.00	618.00	634.00	+18.25

KCBT

Contract Month	Open	High	Low	Settle	Change
July 2007	605.00	616.00	602.50	613.00	+13.00
September 2007	594.00	607.00	593.00	604.00	+14.00
December 2007	609.00	622.00	608.00	619.00	+15.50

WHEAT

July 13, 2007

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

CBOT wheat futures closed higher Wednesday. December Wheat finished up 18.25 cents at \$6.34 per bushel, this was 2 off the high and 16 up from the low. September Wheat closed up 20.25 cents at \$6.22 per bushel. This was 18.25 up from the low and 2 off the high. Ideas that export demand is remaining strong despite the high price and talk that milling quality wheat will be in very tight supply this season helped drive the market to the highs into the close. Ideas that the North Dakota spring wheat crop will produce well this season and talk of the overbought condition of the market helped limit the buying support early in the session but ideas that there will be significant production lost due to abandonment issues in Oklahoma and Kansas and a lack of high quality milling wheat helped support a surge into the mid-session.

News Analysis**Wheat buffer Stock Stood Down as against Norms**

The wheat buffer stock in FCI reportedly stood down at 129.39 lakh tonnes as on July 1, against the buffer norms of 171 lakh tonnes. However, the stock is satisfactory to meet the country's requirement for PDS system. The government requires 10 lakh tonnes of wheat every month for PDS.

Wheat Spot Prices Shot Up

Spot prices of wheat in the domestic market have shot up this week by over Rs 40 per quintal following the disclosure of tender prices floated by the State Trading Corporation of India. Prices in the Capital went up to Rs 1035-1040 a quintal for ready delivery (truck loaded) in Lawrence road. Increased demand from rolling flour mills and consuming industries against restricted arrival is underpinning the tone. The higher prices of wheat products have added further firmness. Atta quoted higher at Rs.1050/ 90kg. Maida and sooji moved up to Rs.1195/ 90 kg and Rs.665 a 50 kg bag respectively in line with wheat. Government of India likely to buy around 511,000 tonnes of wheat at \$317-\$330 per tonne from the import tender declared last month to purchase 1 million tonnes of the food grain. Only A.C. Toepfer, Cargill and Rias Trading have submitted the bids to sell wheat below \$330 a tonnes. It is learnt that the maximum quantity of imported wheat will come from Canada. The high bids prices restricted the government to import total 1 million tonnes.

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.

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.

Disclaimer

The information and opinions contained in the document have been compiled from sources believed to be reliable. The company does not warrant its accuracy, completeness and correctness. Use of data and information contained in this report is at your own risk. This document is not, and should not be construed as, an offer to sell or solicitation to buy any commodities. This document may not be reproduced, distributed or published, in whole or in part, by any recipient hereof for any purpose without prior permission from the Company. IASL and its affiliates and/or their officers, directors and employees may have positions in any commodities mentioned in this document (or in any related investment) and may from time to time add to or dispose of any such commodities (or investment). Please see the detailed disclaimer at <http://www.agriwatch.com/Disclaimer.asp>

© 2007 Indian Agribusiness Systems Pvt Ltd.