

## ■ W H E A T

■ July 31, 2007

**Domestic Market Recap**

In Monday's trading, Wheat sentiments turned soft somewhat on farmer's interest to release their stocks at higher prices. The wheat stock with government is satisfactory this year. Government has already bought around 11.1 million tonnes from farmers and now has total stocks of 13 million tonnes. Further, the country would likely to import total around 5 million tonnes wheat this marketing season. The price of different wheat products remained likewise, Atta quoted at Rs.1073/90kg. Maida and sooji traded at Rs.1256/90 kg and Rs.700 a 50 kg bag respectively. Total arrivals in Delhi (Lawrence Road) remained steady at 12,000 qtls and prices quoted down between Rs.1030 per quintals. At Narela and Najafgarh markets the price remained around 985-986/qtl, and 980-985/qtl (loose basis) on the back of higher arrivals around 5000 qtl and 4500 qtl respectively. Price remained at Rs. 945-950 per quintals in Achnera market on arrivals around 1000 qtls.

**Domestic Spot Market Prices**

Market	Variety	Prices (Rs/qtl)		Change	Arrivals (Qtls)
		30.07.07	28.07.07		
Delhi (Lawrence Road) Ready Delivery	Mill quality	1030	1035-1040	-10	12,000
Delhi (Narella) Loose	Mill quality	980-985	1000-1005	-20	4000
Haryana (Palwal) Loose	Mill quality	952	965-967	-15	1500
Uttar Pradesh (Mathura) Loose	Mill quality	975	988-990	-15	2000
Uttar Pradesh (Kosi) Loose	Mill quality	965	978	-13	1500
Haryana (Hodal) Loose	Mill quality	960-965	975	-10	150
Gujarat (Rajkot) Loose	Mill quality	1000-1010	1000-1010	-	300
Rajasthan (Kota)	Mill quality	1073-1078	1074-1079	-1	
Uttar Pradesh (Kanpur)	Mill quality	1055-1060	1065-1070	-10	
Madhya Pradesh (Indore)	Mill quality	1065-1070	1060-1065	-6	400
Uttar Pradesh (Bareilly)	Mill quality	1045-1050	1050-1055	-5	

**International Futures Quotes (as of July 27, 2007)****CBOT**

Contract Month	Open	High	Low	Settle	Change
September 2007	649.00	656.50	644.00	653.25	+2.25
December 2007	665.00	671.00	661.00	669.00	-
March 2008	658.00	668.00	658.00	662.75	-0.25

**KCBT**

Contract Month	Open	High	Low	Settle	Change
September 2007	640.00	646.00	637.25	644.00	+2.50
December 2007	653.00	660.50	651.00	658.75	+5.25
March 2008	658.00	667.00	656.00	665.00	+2.00

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

CBOT wheat futures settled steady to up on Friday. December Wheat finished unchanged at \$6.69 per bushel, this was 2 off the high and 8 up from the low. September Wheat closed up 2.25 cents at \$6.533 per bushel. This was 9.25 up from the low and 3.25 off the high. The market found support from export news again this morning. The USDA announced that exporters have sold 200,000 tonnes of US hard red winter wheat to Iraq. This supported Kansas City wheat more than Chicago. Taiwan also bought 98,770 tonnes of US wheat overnight and South Korea millers bought 42,700 tonnes of US wheat. The spring wheat crop tour participants this week pegged the average yield at 37.3 bu/acre, which is up from 31.7 as last year's tour estimate and a 5-year average yield of 35.1 bu/acre. Reports of increased chances of rain in central Europe for the weekend failed to provide much support but could disrupt harvest again.

**News Analysis****PEC to Sell 21,478 tonnes of Imported Russian wheat in Domestic Market**

PEC, State-owned trading firm likely to sell 21,478 tonnes of imported wheat of Russian origin that was imported last year. The wheat stored in several warehouses of Tuticorin will be sold in domestic market by August 3. According to PEC, the last date of submission of bids is July 30 and the price quotations would be opened on the same day. The decision will no doubt benefit flour millers in the south as they would have to pay less on transport of the foodgrain from Tuticorin.

**4th Advance Estimate: Wheat Production Up**

According to the fourth advance estimate of government of India the wheat production in the year of 2006-07 stood up around 74.89 million tonnes as against the production of 69.35 million tonnes during last year.

**IGC Forecasts Global Wheat Production to be Unchanged at 614 MMT this Month**

Production is forecast at 614m. tons, unchanged from last month, and 23m. more than in 2006. Higher estimates for China, India and Kazakhstan balance further reductions in the EU and Canada. Bad weather in Europe, as well as reducing yields, affected crop quality. Weather conditions in North America raised concern for premium wheat supplies, but the US harvest forecast is unchanged at 58m. tons, 9m. more than last year. Planting in Argentina was delayed by cold, dry weather and fertiliser shortages may affect yields, but conditions in Australia remain much better than last season. Forecast consumption is down 2m. tons from last month at 617m. tons because of smaller supplies of wheat for animal feed in the EU. World food use is stable as high prices suppress demand, but industrial use is increasing as more ethanol plants come into use. Although the total stocks forecast has been increased by 1m. tons, it remains, at 112m., the lowest for 28 years. Stocks of Hard Red Winter wheat in the US will be particularly tight. Trade in 2007/08 is forecast at 107m. tons, unchanged from last month, and 2m. less than the (increased) estimate for 2006/07. Compared with last year, imports by the EU, Morocco and Iraq are expected to be larger, while less will be bought by the US, Brazil and India. With less competition US exports are forecast to increase to 28.5m. tons, 3.6m. more than last year and the highest since 2003/04.

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 market arrivals..

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