

■ W H E A T

■ July 06, 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. 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 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.910/ctl. Karavali market witnessed arrivals around 1200 qtls and price remained up between Rs. 920-922/ctl.

Domestic Spot Market Prices

Market	Variety	Prices (Rs/ctl)		Change	Arrivals (Qtls)
		05.07.07	04.07.07		
Delhi (Lawrence Road) Ready Delivery	Mill quality	975-980	975-980	-	11,000
Delhi (Narela) Loose	Mill quality	942-944	Closed	-	3000
Haryana (Palwal) Loose	Mill quality	890	888	+2	500
Uttar Pradesh (Mathura) Loose	Mill quality	908-912	905-910	+2	2000
Uttar Pradesh (Kosi) Loose	Mill quality	907-910	907-908	+2	800
Haryana (Hodal) Loose	Mill quality	906-908	906-907	+1	200
Gujarat (Rajkot) Loose	Mill quality	955	950	+5	
Rajasthan (Kota)	Mill quality	1060-1064	1053-1058	+6	
Uttar Pradesh (Kanpur)	Mill quality	1000-1005	992-997	+8	
Madhya Pradesh (Indore)	Mill quality	1036-1041	1023-1028	+13	300
Uttar Pradesh (Bareilly)	Mill quality	975-978	970-975	+3	

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

CEREAL

Agriwatch
DAILY

WHEAT

July 06, 2007

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 Received Wheat bids Ranging \$317.95-\$370/tonne Cost & Freight

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. India received seven bids so far for the wheat import tender at prices between \$317.95 and \$370 per tonne cost & freight. Alfred C. Toepfer International of Germany, Cargill Inc of the US, Glencore AG of Switzerland, Concordia Agritrading and Louis Dreyfus of France are among the bidders. However totals quantity of bids remained lower around 9.2 lakh tonnes. The lowest bid of \$317.95 per tonne has come from Alfred C. Toepfer to supply 1.28 lakh tonnes for the delivery at Mundra. The bid is nearly 40 percent above an average \$230 paid for imports in 2006.

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/qlt 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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