

■ W H E A T

■ August 1, 2007

Domestic Market Recap

In Tuesday'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 down at 10,500 qtls and prices quoted flat at Rs.1030 per quintals. At Narela and Najafgarh markets the price remained around 980-988/qtl, and 975-984/qtl (loose basis) on the back of higher arrivals around 5000 qtl and 4000 qtl respectively. Price remained lower at Rs. 945 per quintals in Achnera market on arrivals around 1000 qtls.

Domestic Spot Market Prices

| Market | Variety | Prices (Rs/qtl) | | Change | Arrivals (Qtls) |
|--------------------------------------|--------------|-----------------|-----------|--------|-----------------|
| | | 31.07.07 | 30.07.07 | | |
| Delhi (Lawrence Road) Ready Delivery | Mill quality | 1030 | 1030 | - | 10.500 |
| Delhi (Narella) Loose | Mill quality | 980-888 | 980-985 | +3 | 4000 |
| Haryana (Palwal) Loose | Mill quality | 950 | 952 | -2 | 1000 |
| Uttar Pradesh (Mathura) Loose | Mill quality | 965 | 975 | -10 | 1000 |
| Uttar Pradesh (Kosi) Loose | Mill quality | 955 | 965 | -10 | 1500 |
| Haryana (Hodal) Loose | Mill quality | 960 | 960-965 | -5 | 600 |
| Gujarat (Rajkot) Loose | Mill quality | 1000-1005 | 1000-1010 | -5 | 300 |
| Rajasthan (Kota) | Mill quality | 1072-1077 | 1073-1078 | -1 | |
| Uttar Pradesh (Kanpur) | Mill quality | 1060-1065 | 1055-1060 | -5 | |
| Madhya Pradesh (Indore) | Mill quality | 1060-1065 | 1065-1070 | -5 | 400 |
| Uttar Pradesh (Bareilly) | Mill quality | 1045-1050 | 1045-1050 | - | |

International Futures Quotes (as of July 30, 2007)**CBOT**

| Contract Month | Open | High | Low | Settle | Change |
|----------------|--------|--------|--------|--------|--------|
| September 2007 | 649.00 | 650.00 | 632.00 | 637.50 | -15.75 |
| December 2007 | 666.00 | 666.50 | 649.00 | 656.75 | -12.25 |
| March 2008 | 659.50 | 659.50 | 647.50 | 651.00 | -11.75 |

KCBT

| Contract Month | Open | High | Low | Settle | Change |
|----------------|--------|--------|--------|--------|--------|
| September 2007 | 642.00 | 643.00 | 625.00 | 632.00 | -12.00 |
| December 2007 | 658.75 | 659.00 | 640.00 | 648.00 | -10.75 |
| March 2008 | 665.00 | 665.00 | 649.00 | 653.00 | -12.00 |

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International Market Recap**CBOT Wheat Futures Settled Down**

CBOT wheat futures settled down Monday. December Wheat finished down 12.25 cents at \$6.568 per bushel; this was 9.75 off the high and 7.75 up from the low. September Wheat closed down 15.75 cents at \$6.375 per bushel. This was 5.5 up from the low and 12.5 off the high. Some weather concerns in Europe helped support the early bounce but talk of the overbought technical condition and ideas that the spring wheat crop is maturing nicely helped to pressure. Iraq announced another tender for at least 50,000 tonnes and Bangladesh seeks 112,000 tonnes.

News Analysis**Import Duty Likely to cut on Wheat Flour**

The government of India is considering on the cut of import duty on wheat flour from the current 30% level. This will facilitate the private sector to import wheat flour from global market economically at internationally competitive rates. The upcoming festive season will drive up the wheat demand and prices also. Therefore, the competitive import can reduce the supply pressure. This decision is also looking favourable to open the way for American wheat as a value-added product to entering in Indian market. Since wheat flour will not be tested for the same phytosanitary specifications as wheat grain, it will find a way around the objections raised by the agriculture ministry against US wheat.

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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