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July 24, 2007

Domestic Market Recap

In Monday's trading, most of the major markets witnessed mix tone in wheat prices on rising demand from flour millers. Flour millers have accelerated their buying due to strong demand for bakery products. The price of different wheat products have also increased. Atta quoted at Rs.1068/90kg. Maida and sooji traded at Rs.1256/90 kg and Rs.700 a 50 kg bag respectively. Flour millers are interested to pile up their stocks in order to make profit in off season. Total arrivals in Delhi (Lawrence Road) remained flat 10,000 qtls and prices quoted marginally down at Rs.1025 per quintals. At Narela and Najafgarh markets the price remains slightly lower to around 980-982/ctl, and 980-983/ctl (loose basis) on the back of lower arrivals around 4000 qtl and 2500 qtl respectively. Karavalli market witnessed arrivals around 700qtls and price remained around Rs.950-955/ctl.

Domestic Spot Market Prices

Market	Variety	Prices (Rs/ctl)		Change	Arrivals (Qtls)
		22.07.07	21.07.07		
Delhi (Lawrence Road) Ready Delivery	Mill quality	1025	1025	-	10,000
Delhi (Narela) Loose	Mill quality	980-982	987-990	-8	5000
Haryana (Palwal) Loose	Mill quality	945	945	-	700
Uttar Pradesh (Mathura) Loose	Mill quality	968	964	+4	1200
Uttar Pradesh (Kosi) Loose	Mill quality	960-962	963	-1	1300
Haryana (Hodal) Loose	Mill quality	955-957	958-960	-3	500
Gujarat (Rajkot) Loose	Mill quality	1015-1020	1015-1020	-	200
Rajasthan (Kota)	Mill quality	1076-1081	1072-1078	+3	
Uttar Pradesh (Kanpur)	Mill quality	1050-1055	1042-1047	+8	
Madhya Pradesh (Indore)	Mill quality	1055-1060	1055-1060	-	300
Uttar Pradesh (Bareilly)	Mill quality	1045-1050	1050-1055	-5	

International Futures Quotes (as of July 20, 2007)

CBOT

Contract Month	Open	High	Low	Settle	Change
September 2007	626.00	630.00	614.50	616.25	-3.75
December 2007	643.00	645.00	630.00	633.50	-1.75
March 2008	645.00	647.00	632.00	633.50	-4.00

KCBT

Contract Month	Open	High	Low	Settle	Change
September 2007	612.00	615.00	603.00	603.50	-3.25
December 2007	627.00	629.00	618.50	618.75	-2.75
March 2008	635.00	638.00	628.50	628.50	-2.50

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International Market Recap

CBOT Wheat Futures Settled Down

CBOT wheat futures settled down Friday. December Wheat finished down 1.75 cents at \$6335 per bushel; this was 11.5 off the high and 3.5 up from the low. September Wheat closed down 3.75 cents at \$6.163 per bushel. This was 1.75 up from the low and 13.75 off the high. New contract highs in Europe, active export news for the US and continued talk of potentially stressful weather ahead for the spring wheat crops in the plains and into Canada helped provide underlying support for the early bounce. However, weakness in the other grains helped erase the gains. Yields in France have been coming in well below expectations, which added to the positive tone early. Follow through technical selling after yesterday's weak action helped trigger a set-back into the mid-session.

News Analysis

India Likely to Float Regular Wheat Import Tender

Government of India is seen very desperate this time to increase the buffer stocks of wheat so that it can intervene in the market when price will rise. In the last week, the government decided to import 511,000 tonne wheat at a higher weighted average price of \$325 a tonne, hardly a month after it rejected offers to buy about 300,000 tonne at \$263 per tonne from global market because of higher prices. The country would like to import total around 5 million tonnes wheat this marketing season. For that, government will regularly float tenders to import wheat through the State Trading Corp despite higher global prices. This year government started with 4.7 million tonnes as carry forward wheat and procured around 11.1 million tonnes. The amount is enough to cover its requirement of 16 million tonnes till March, including 12 million tonnes for PDS system, and a carry-over of 4 million tonnes for next year.

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.

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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