

## ■ W H E A T

■ July 20, 2007

**Domestic Market Recap**

In Thursday'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 higher at Rs.1077/90kg. Maida and sooji moved up to Rs.1256/90 kg and Rs.700 a 50 kg bag respectively in line with wheat. Flour millers are interested to pile up their stocks in order to make profit in off season. Total arrivals in Delhi (Lawrence Road) remained down 10,000 qtls and prices quoted lower at Rs. 1030 per quintals. At Narela and Najafgarh markets the price remains higher around 985-990/qtl, and 980-985/qtl (loose basis) on the back of arrivals around 6000 qtl and 4000 qtl respectively. Achnera market is closed. Karavalli market witnessed arrivals around 1000qtls and price remained around Rs.950/qtl.

**Domestic Spot Market Prices**

Market	Variety	Prices (Rs/qtl)		Change	Arrivals (Qtls)
		19.07.07	18.07.07		
Delhi (Lawrence Road) Ready Delivery	Mill quality	1030	1030	-	10,000
Delhi (Narella) Loose	Mill quality	985-990	Closed	-	-
Haryana (Palwal) Loose	Mill quality	957-960	957	+3	300
Uttar Pradesh (Mathura) Loose	Mill quality	967	960	+7	1500
Uttar Pradesh (Kosi) Loose	Mill quality	960	960	-5	1000
Haryana (Hodal) Loose	Mill quality	967	965	+2	500
Gujarat (Rajkot) Loose	Mill quality		1015-1020	-	200
Rajasthan (Kota)	Mill quality		1070-1075	+3	
Uttar Pradesh (Kanpur)	Mill quality		1035-1040	-10	
Madhya Pradesh (Indore)	Mill quality		1060-1065	+1	300
Uttar Pradesh (Bareilly)	Mill quality		1045-1050	-10	

**International Futures Quotes (as of July 18, 2007)****CBOT**

Contract Month	Open	High	Low	Settle	Change
September 2007	604.00	627.00	603.00	623.50	+22.25
December 2007	618.00	645.00	618.00	642.50	+25.25
March 2008	627.00	647.00	627.00	647.00	+22.25

**KCBT**

Contract Month	Open	High	Low	Settle	Change
September 2007	593.00	608.00	590.00	606.00	+20.00
December 2007	612.00	623.00	607.00	620.50	+19.00
March 2008	620.00	632.00	618.00	630.00	+16.00

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

CBOT wheat futures settled higher. December Wheat finished up 25.25 cents at \$6.425 per bushel, this was 2.5 off the high and 24.5 up from the low. September Wheat closed up 22.25 at \$6.235 per bushel. This was 20.5 up from the low and 3.5 off the high. Solid gains in the other grains and ideas that the US will be the dominant wheat exporter on the world market until the Australia crop is harvested in November helped spark solid buying support and a sharply higher trade into the close. Confirmation that Syria cancelled 400,000 tonnes of export commitments, fears that heat may damage yield potential in the northern and western plains and into Canada in the next week and ideas that a bulk of the un-harvested wheat in Oklahoma and Kansas may not be high enough quality to harvest helped support the market.

**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.

**WASDE Projected Higher Global Wheat Out Put by 2.1 Mln Tonnes**

Global 2007/08 wheat production is projected 2.1 million tons higher this month, mostly reflecting higher expected production for China. Harvested area and yield are both raised this month for China leaving projected production up 5 million tons. Production in the four major export competitor countries, however, is projected 1.8 million tons lower with major reductions for Canada and EU-27 more than offsetting an increase for Australia. A 2-million-ton reduction for Canada is based on reduced planted area this spring and is consistent with a similar downward revision to 2006/07 production. EU-27 production for 2007/08 is projected 0.7 million tons lower reflecting reduced production prospects mostly in eastern Europe and Greece. Australia production is raised 0.9 million tons reflecting improved rainfall, particularly in the eastern growing areas of the country since early June. Production is lowered for FSU-12 with reductions for Ukraine and Moldova only partly offset by an increase for Kazakhstan.

World exports for 2007/08 are increased only slightly this month as increases for Australia, Kazakhstan, and the United States are nearly offset by reductions for Canada, Ukraine, and Syria. World wheat feeding is lowered 0.9 million tons mainly reflecting reductions in Canada and EU-27. Global ending stocks are projected 4.5 million tons higher this month, mostly reflecting a projected 4.4-million-ton increase for China. Global ending stocks remain at their lowest level since 1981/82.

Source: WASDE

**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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