

WHEAT

July 26, 2007

Domestic Market Recap

In Wednesday'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 lower at 7000 qtls and prices quoted marginally up between Rs.1030-35 per quintals. Narela and Najafgarh markets are closed. Karavalli market witnessed arrivals around 1000qtls and price remained around Rs.960/ctl. Price remained at Rs. 950 per quintals in Achnera market on arrivals around 600 qtls

Domestic Spot Market Prices

Market	Variety	Prices (Rs/ctl)		Change	Arrivals (Qtls)
		25.07.07	24.07.07		
Delhi (Lawrence Road) Ready Delivery	Mill quality	1030-1035	1027	+8	7000
Delhi (Narela) Loose	Mill quality	Closed	980-982	-	-
Haryana (Palwal) Loose	Mill quality	960	948	+12	600
Uttar Pradesh (Mathura) Loose	Mill quality	977-978	968	+10	1600
Uttar Pradesh (Kosi) Loose	Mill quality	965	960-962	+3	1000
Haryana (Hodal) Loose	Mill quality	955-963	955-958	+1	500
Gujarat (Rajkot) Loose	Mill quality	1010-1015	1015-1020	-5	300
Rajasthan (Kota)	Mill quality	1072-1077	1073-1078	-1	
Uttar Pradesh (Kanpur)	Mill quality	1058-1062	1052-1057	+5	
Madhya Pradesh (Indore)	Mill quality	1060-1066	1061-1066	-	400
Uttar Pradesh (Bareilly)	Mill quality	1055-1060	1060-1065	-5	

International Futures Quotes (as of July 24, 2007)

CBOT

Contract Month	Open	High	Low	Settle	Change
September 2007	641.00	648.00	630.50	642.00	+21.75
December 2007	657.00	664.00	648.50	659.00	+21.50
March 2008	660.00	665.00	652.00	658.00	+17.50

KCBT

Contract Month	Open	High	Low	Settle	Change
September 2007	628.00	633.00	620.50	630.00	+20.25
December 2007	640.00	648.00	636.00	645.50	+20.25
March 2008	645.00	655.00	644.00	653.50	+21.00

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

CBOT wheat futures settled moderately up Tuesday. December Wheat finished up 21.5 cents at \$6.59 per bushel; this was 5 off the high and 10.5 up from the low. September Wheat closed up 21.75 cents at \$6.42 per bushel. This was 11.5 up from the low and 6 off the high. Fears of lower production in Europe due to poor weather for harvest and continued strong demand for US wheat for export supported the bullish tone. Egypt bought 290,000 tonnes of wheat at their overnight tender with 175,000 of the total coming from the US. Algeria is in the market for at least 100,000 tonnes of wheat. Extremely hot weather in the western sections of the spring wheat belt added to the bullish tone this morning. The weekly Spring Wheat Conditions report showed 75% was rated good/excellent compared to 76% last week and 34% last year. The 10 year average for this time of year is 59%. The weekly update also showed that only 83% of the Oklahoma crop is harvested as compared with 100% on average.

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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