

■ W H E A T

■ August 24, 2007

Domestic Market Recap

On Thursday, Wheat prices in most of the markets traded steady in the wholesale grains following increased arrivals against normal demand from the consuming units where as prices are slightly up in the Delhi and Bareilly markets against good demand. Better supplies against fall in demand from rolling flour mills slightly pulled down wheat prices, traders reported. The prices of different wheat products remained quoted steady as, Atta quoted at Rs.1073/90kg. Maida and Sooji traded at Rs.1256/90 kg and Rs.710/50 kg bag respectively. Total arrivals in Delhi (Lawrence Road) were increased slightly and stood around 9000 qtls and prices quoted up at Rs.1015/qrtl. The prices traded down at Rajkot and Kota and quoted at Rs.960/qrtl and Rs.1060-1065/qrtl respectively against the increased arrivals. In the importing process, government is planning to import wheat from the neighbouring country, Pakistan. In the mean time, Pakistan is planning to impose 35 per cent export duty on wheat flour as Indian government plans to allow duty-free wheat import. According to the industry official, if India imports from Pakistan, the cost would be around \$270-280/tonne and refined flour at about \$293-295/tonne at western ports.

Domestic Spot Market Prices

Market	Variety	Prices (Rs/qrtl)		Change	Arrivals (Qtls)
		22.08.07	23.08.07		
Delhi (Lawrence Road) Ready Delivery	Mill quality	1010	1015	+5	9000
Delhi (Narella) Loose	Mill quality	-	968-75	-	4000-
Haryana (Palwal) Loose	Mill quality	935	935	-	700
Uttar Pradesh (Mathura) Loose	Mill quality	940	942	+2	1500
Uttar Pradesh (Kosi) Loose	Mill quality	930-935	935	-	1200
Haryana (Hodal) Loose	Mill quality	935	936	+1	150
Gujarat (Rajkot) Loose	Mill quality	960-965	960	-5	500
Rajasthan (Kota)	Mill quality	1065-1070	1060-1065	-5	
Uttar Pradesh (Kanpur)	Mill quality	1035-1040	1035-1040	-	
Madhya Pradesh (Indore)	Mill quality	1040-1043	1035-1040	+1	200
Uttar Pradesh (Bareilly)	Mill quality	995-1000	1005-1015	+15	

International Futures Quotes (as of August 22, 2007)**CBOT**

Contract Month	Open	High	Low	Settle	Change
September 2007	691.00	720.00	686.25	718.50	+27.00
December 2007	705.25	734.00	701.25	731.75	+27.75
March 2008	706.25	732.75	700.00	729.25	+24.75

KCBT

Contract Month	Open	High	Low	Settle	Change
September 2007	655.00	671.75	655.00	667.00	+ 12.00
December 2007	669.00	668.00	669.00	680.50	+11.50
March 2008	671.00	690.00	671.00	684.75	+13.25

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

CBOT wheat futures settled higher Wednesday. December Wheat finished up 27.75 cent at \$731.75 per bushel; this was 2.5 off the high and 21.5 up from the low. September Wheat closed up 27 cent at \$718.5 per bushel. This was 22 up from the low and 1.5 off the high. The early rally pushed the market to a new contract high and the highest level for 11 year high. The market sentiments were also strengthened with the Egypt of buying of 240,000 metric tonnes of US wheat. French wheat also touched to new all-time highs. Continued firm demand for US wheat despite high prices and a tightening supply situation in the US and the world helped the upward movement of the market. USDA also confirmed the sale of 110,000 tonnes of US white wheat to unknown destination whereas Russia sold 25,000 tonnes of wheat Lebanon. Russia's wheat crop this is expected to be around 44.3 million tonnes from last year's 44.9 million tonnes due to early drought which is likely to see the export near about 10.1 million tonnes, down of 500,000 tonnes from last year. According to the weekly report, traders are expecting of wheat sales near 700,000-1.0 million tonnes as compared with 890,900 tonnes last week.

News Analysis**Government to Invite Tenders for Wheat Import Today**

Pakistan government is planning to impose export duty on wheat flour in the expectation of proposal coming from Indian government. To keep the prices reasonable during the festive season, Indian government plans to allow duty free wheat flour imports. If India cuts the import duty of present 30 per cent to nil, then Pakistan will be the most viable option for the wheat import. As the industry officials, India may get wheat from Pakistan at \$270-280/tonne and refined wheat flour at \$293-295/tonne at western ports, which is much cheaper, then import from western countries. Pakistan's wheat output is seen at 23.5 million tonnes. Pakistan government's plan to impose export duty as the large scale export of wheat may hike the domestic prices.

CBH Estimated Australia's Wheat Oouput Around 6 to 9 Million Metric Tonnes

Concerns are mounting on Western Australia's winter wheat whether it will meet the production forecasts as some wheat growing areas received light rains in the past week. The heavy rainfall in northern New South Wales and southern Queensland in the recent weeks have helped the water requirement of the crops, which is very unlikely lower the production. CBH has estimated the wehat crop to be harvested in November/December to be around 6 million to 9 million metric tonnes from 5 million to 9 million tonnes a month ago.

Government to Invite Tenders for Wheat Import Today

Central government has asked the State Trading Corporation to invite tenders for the wheat import to cover the increase in consumption during the winter. The imported wheat will arrive in October, November and December, during the peak of consumption in north India. US exporters expect that India is likely to buy Canadian wheat.

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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