

■ W H E A T

■ August 23, 2007

Domestic Market Recap

In Wednesday's trading, Wheat prices traded steady to slightly down in the wholesale grains following increased arrivals against reduced offtake from the consuming units. However, roller flour millers' prices traded down slightly despite the festive season ahead against good supply. 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 8,500 qtls and prices quoted steady at Rs.1010 per quintals. No trade took place at Narela and Najafgarh markets. The prices traded down at Rs.940/qtl of Mathura (loose) against lower offtake whereas priced traded up at the range of Rs.10/qtl at Kota and Kanpur against a tighter supply situation. The wheat prices were traded up in Rajkot market and quoted at Rs.965-970/qtl against the increased supply of 400 qtl. Government has already chalked out the strategy of wheat import month-wise and port-wise. PMO also turned down a request of Ministry of Food for the floating of a domestic tender to import wheat. STC has appointed NCMSL to gather market intelligence and make recommendations on the volumes and timing of tenders.

Domestic Spot Market Prices

Market	Variety	Prices (Rs/qtl)		Change	Arrivals (Qtls)
		21.08.07	22.08.07		
Delhi (Lawrence Road) Ready Delivery	Mill quality	1010	1010	-	8,500
Delhi (Narella) Loose	Mill quality	968-970	-	-	-
Haryana (Palwal) Loose	Mill quality	935	935	-	700
Uttar Pradesh (Mathura) Loose	Mill quality	945-950	940	-10	1000
Uttar Pradesh (Kosi) Loose	Mill quality	930-940	930-935	-5	1500
Haryana (Hodal) Loose	Mill quality	940-42	935	-7	150
Gujarat (Rajkot) Loose	Mill quality	965-970	960-965	-5	400
Rajasthan (Kota)	Mill quality	1060-1065	1065-1070	+10	
Uttar Pradesh (Kanpur)	Mill quality	1025-1030	1035-1040	+10	
Madhya Pradesh (Indore)	Mill quality	1040-45	1040-1043	-2	200
Uttar Pradesh (Bareilly)	Mill quality	1000-1005	995-1000	-5	

International Futures Quotes (as of August 21, 2007)**CBOT**

Contract Month	Open	High	Low	Settle	Change
September 2007	675.00	693.25	675.00	691.00	+16.50
December 2007	689.50	708.00	689.00	704.00	+13.00
March 2008	691.00	708.00	690.50	704.50	+15.50

KCBT

Contract Month	Open	High	Low	Settle	Change
September 2007	649.50	662.00	649.50	655.00	+5.50
December 2007	665.00	677.50	665.00	669.00	+4.00
March 2008	673.00	679.00	671.00	671.50	+2.50

CEREAL

Agriwatch
DAILY

W H E A T

August 23, 2007

International Market Recap

CBOT Wheat Futures Settled Up

CBOT wheat futures settled higher Monday. December Wheat finished up 13 cent at \$704 per bushel; this was 4 off the high and 8 up from the low. September Wheat closed up 16.5 cent at \$691.5 per bushel. This was 9.5 up from the low and .5 off the high. Market traded with firm sentiment despite the weakness in Soybeans and the news of the overbought market. The lower aggressive selling supported firm market sentiments. Market surged with the higher sale of 450,000 tonnes of wheat to Egypt before the opening with 240,000 tonnes of soft red from the US and the rest from Russia. Egypt has also issued a tender to buy 110,000 tonnes of optional-origin milling wheat. 73% of the US spring wheat crop is harvested till date, which is quite higher compared to 54% of the last 5-year average of the corresponding period. Canada will release its wheat production forecast by Thursday. Traders also estimate that the global wheat prices will come down with the arrival of new Australian wheat crops from the 11 years high.

News Analysis

Wheat Imports will be continued: Union Agriculture Minister

According to the Union Agriculture Minister, India's wheat import process will be continued to raise the reserves. The state-run reserves run a deficit of 4 million tonnes after the government bought 11.1 million tonnes of wheat from the local farmers. Central government buys rice and wheat at assured prices from farmers for sale at subsidized rates.

STC Appointed NCMSL to Study Global Wheat Markets

As per the report of government official, India is likely to issue a series of tenders for the import of less than 500,000 MT wheat each in next few months. The State Trading Corporation of India Ltd. has appointed National Collateral Management Services Ltd. (NCMSL) to gather market intelligence and make recommendations on the volumes and timing of tenders. At present, India is keenly watching the global wheat prices. The tenders are likely to be issued after the NCMSL's recommendation and the tenders may be open-ended. The open-ended tenders are likely to be issued because seeking between 1.0 million tonnes and 2.0 million of tonnes wheat in a tender and then buying only around 500,000 tonnes contributes to pushing up global prices. The government is planning to seek some of the shipments in containers instead of cargoes in bulk as these might be a little cheaper in terms of freight costs.

India Re-works Wheat Import Plans

The Prime Minister's Office turned down the Food Ministry's request for domestic wheat tender. The official in the Ministry said that a tender would be floated for the month-wise and port-wise supply of wheat. The ministry has worked out a tentative delivery of 5.93 lakh tonnes of the wheat in November, 8.5 lakh tonnes in December, 7.15 lakh tonnes in January, 8.45 lakh tonnes in February, 8 lakh tonnes in March and 8.14 lakh tonnes in April. 1.28 lakh tonne delivery in September and 2.56 lakh tonne in October has already been contacted. To reduce the freight charges, Ministry is planning to bulk import. According to the Ministry's plans, near about 20 lakh tonnes of wheat would be delivered at the Mundra port. Close to 7 lakh tonne would be contracted for Kakinada and Kandla ports whereas Chennai port would receive 6 lakh tonnes. Tuticorin, Vizag and Mumbai ports are the other ports where delivery can be taken place. The entire 50-lakh tonnes amount will be delivered in maximum 120 shipments through the contracted months.

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.

Disclaimer

The information and opinions contained in the document have been compiled from sources believed to be reliable. The company does not warrant its accuracy, completeness and correctness. Use of data and information contained in this report is at your own risk. This document is not, and should not be construed as, an offer to sell or solicitation to buy any commodities. This document may not be reproduced, distributed or published, in whole or in part, by any recipient hereof for any purpose without prior permission from the Company. IASL and its affiliates and/or their officers, directors and employees may have positions in any commodities mentioned in this document (or in any related investment) and may from time to time add to or dispose of any such commodities (or investment). Please see the detailed disclaimer at <http://www.agriwatch.com/Disclaimer.asp>

© 2007 Indian Agribusiness Systems Pvt Ltd.

COMMODITIES RESEARCH