

■ W H E A T

■ August 31, 2007

Domestic Market Recap

On Thursday, Wheat prices traded steady in the wholesale grains following increased arrivals against normal demand from the consuming units. Wheat traded up at Delhi mandis, Haryana Gujarat on good demand against the restricted arrivals. Increased supplies against normal demand from rolling flour mills pulled down the wheat prices in majority of the markets. The prices of different wheat products remained quoted steady as, Atta quoted down at Rs.1055/90kg, Maida and Sooji traded at Rs.1256/90 kg and Rs.710/50 kg bag respectively, where there is slightly down of Chkar 50kg at Rs.329. Total arrivals in Delhi (Lawrence Road) were decreased slightly and stood around 11000 qtls and prices quoted up at Rs.1015-1020/qtl. However, wheat traded up at Rajkot (loose) despite the increased arrivals of 2000 qtl due to good offtake in the market. Wheat prices is likely to rise following the International Grains Council's announcement of the fall of the carryover stock in 2007-08 combined with India's importing plan at the rate of current global price. Currently the domestic wheat prices surged by Rs.70-85/qtl due to high import prices in the last import tender. By Wednesday, around 80 per cent wheat harvest is completed in England and Wales but production are likely to be lower due to weather extremes, reported by National Farmer's Union. In June, Argentina exported 659,794 tonnes of wheat, down by 22% from the 847,175 tonnes exported in June 2006.

Domestic Spot Market Prices

Market	Variety	Prices (Rs/qtl)		Change	Arrivals (Qtls)
		30.08.07	29.08.07		
Delhi (Lawrence Road) Ready Delivery	Mill quality	1010-1020	1010-1015	+5	11000
Delhi (Narella) Loose	Mill quality	975-980	-	-	400
Haryana (Palwal) Loose	Mill quality	935	930-932	+3	300
Uttar Pradesh (Mathura) Loose	Mill quality	945	-	-	800
Uttar Pradesh (Kosi) Loose	Mill quality	936	945	-9	450
Haryana (Hodal) Loose	Mill quality	940	935-936	+4	300
Gujarat (Rajkot) Loose	Mill quality	945-950	940-945	+5	2000
Rajasthan (Kota)	Mill quality	1050-1055	1050-1060	-5	
Uttar Pradesh (Kanpur)	Mill quality	1025-1030	1030-1035	-5	200
Madhya Pradesh (Indore)	Mill quality	1025-1030	1025-1030	-	
Uttar Pradesh (Bareilly)	Mill quality	995-1000	1005-1010	-5	

International Futures Quotes (as of August 29, 2007)**CBOT**

Contract Month	Open	High	Low	Settle	Change
September 2007	722.00	744.00	722.00	742.00	+21.50
December 2007	741.00	760.00	738.00	758.50	+20.25
March 2008	741.00	757.00	739.00	756.00	+17.00

KCBT

Contract Month	Open	High	Low	Settle	Change
September 2007	680	696	680	695.25	+14.75
December 2007	698	714	697	712.5	+14.25
March 2008	698	710	698	709	+10.50

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

CBOT wheat futures settled higher Wednesday. December Wheat finished up 20.25 cent at \$758.50 per bushel; this was 1.5 off the high and 20.5 up from the low. September Wheat closed up 21.5 cent at \$742.00 per bushel. This was 20 up from the low and 2 off the high. Touching French milling wheat new highs and continuous tight supply in the market led the market open high. Throughout the session, market traded high with touching new highs. Lower harvest in England and Wales and continuous dry spell over some of the wheat growing areas in Australia further supported the upward movement of the price. Production estimates for Australia remain mostly in a range of 20 million to 22 million metric tonnes. By Wednesday, around 80 per cent wheat harvest is completed in England and Wales but production are likely to be lower due to weather extremes, reported by National Farmer's Union. In June, Argentina exported 659,794 tonnes of wheat, down by 22% from the 847,175 tonnes exported in June 2006. The CBOT raised margins to trade wheat with the initial margin up to \$1,890 per contract from \$1,688. India will buy wheat at the range of \$385-434/tonne for the quantity of 5.3 lakh tonnes.

News Analysis**Australia Winter Wheat Crop Estimation at 20 to 22 Million Tonnes**

There is growing concern in Australia of the impact on wheat crop due to lack of rain in some areas. Production estimates for now remain mostly in a range of 20 million to 22 million metric tons. For the domestic consumption, Australia needs around 6 million-7 million tonnes and the balance go for export. Industry concerns also are playing out in trading of ASX January 2008 futures, the most active local milling wheat contract, which traded early Wednesday at A\$343 a metric tonne, down A\$6 from Tuesday's close, but still 60% higher than a low of A\$215 early in April. Rainfall in the recent weeks in northern New South Wales and southern Queensland wheat lands has helped buttress industry estimates. More rainfall is needed soon because when the weather warms up crops grow faster and use more soil moisture.

Domestic Wheat Price May Surge As Bids Quote Higher Rates

In the latest tender floated by the State Trading Corporation for wheat import for the unspecified quantity, six suppliers have offered to sell 5.3 lakh tonnes in a price range of \$385-434/tonne. Earlier, government cancelled the tender of 4.09 lakh tonnes at the price of \$370/tonne. If the government had bought the above quantity with the above rate, could have saved around Rs.25 crore. The bidders for the current tender and the quantity to be supplied as follows: Glencore (3 lakh tonnes), Cargill (80,000 tonnes), Toepfer (70,000 tonnes), PEC (50,000 tonnes), Ameropa (25,000 tonnes) and Starcom (5,000 tonnes). The purchase will be finalized by September 3. Although the government procured 11 million tonnes from farmers, 1.8 million tonnes more than the last year, but it is lower than the projected requirement of 15 million tonnes for the year. Currently the domestic wheat prices surged by Rs.70-85/qlt due to high import prices in the last import tender. Further, the domestic prices are likely to rise as the high prices quoted in the recent wheat import tender.

80 Per cent Wheat Harvest Completed in England & Wales

By Wednesday, around 80 per cent wheat harvest is completed in England and Wales but production are likely to be lower due to weather extremes, reported by National Farmer's Union. NFU further reported that if current dry and sunny weather continues then the majority of the wheat harvest will be finished soon. NFU also said that most farmers need four to five weeks to recover from this summer's record rainfall, especially to prepare land for autumn sowing.

Argentina June Wheat Exports Down 22%

In June, Argentina exported 659,794 tonnes of wheat, down by 22% from the 847,175 tonnes exported in June 2006. Brazil was the major buyer of Argentine wheat in June with the quantity of 560,986 tonnes followed by Mozambique with 35,901 tonnes.

Weather Impact Analysis

The recent rainfalls over the wheat-growing region are beneficial as these rains will be stored for the wheat crop.

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