

■ W H E A T

■ August 22, 2007

Domestic Market Recap

In Tuesday's trading, Wheat generally traded steady to slightly down in the wholesale grains with steady buying support. However, roller flour millers' prices traded down slightly despite the festive season ahead against good supply. The price of different wheat products remained quoted steady to slightly down as, Atta quoted at Rs.1070/90kg. Maida and Sooji traded at Rs.1255/90 kg and Rs.710 for a 50 kg bag respectively. Government has already bought around 11.1 million tonnes from farmers and now has total stocks of 13 million tonnes. Further, the country would likely to import total around 5 million tonnes wheat in this marketing season. Government is planning to float tender to import wheat although the quantity of import is not decided. Total arrivals in Delhi (Lawrence Road) were down and stood around 8,000 qtls and prices quoted steady at Rs.1010 per quintals. At Narela and Najafgarh markets the price remained around 968-970/qtl, and 960-965/qtl (loose basis) on the back of higher arrivals around 4500 qtl and 3000 qtl respectively. The wheat prices were traded down in Rajkot market and at quoted at Rs.965-970/qtl against the increased supply of 300 qtl.

Domestic Spot Market Prices

Market	Variety	Prices (Rs/qtl)		Change	Arrivals (Qtls)
		20.08.07	21.08.07		
Delhi (Lawrence Road) Ready Delivery	Mill quality	1010	1010	-	8,000
Delhi (Narela) Loose	Mill quality	960-970	968-970	-	4500
Haryana (Palwal) Loose	Mill quality	940	935	-5	700
Uttar Pradesh (Mathura) Loose	Mill quality	940	945-950	+10	2000
Uttar Pradesh (Kosi) Loose	Mill quality	930	930-940	+10	1000
Haryana (Hodal) Loose	Mill quality	948	940-42	-6	300
Gujarat (Rajkot) Loose	Mill quality	970-980	965-970	-10	300
Rajasthan (Kota)	Mill quality	1057-1062	1060-1065	+3	
Uttar Pradesh (Kanpur)	Mill quality	1030-1035	1025-1030	-5	
Madhya Pradesh (Indore)	Mill quality	1040-1045	1040-45	-	150
Uttar Pradesh (Bareilly)	Mill quality	1007-1010	1000-1005	-5	

International Futures Quotes (as of August 20, 2007)**CBOT**

Contract Month	Open	High	Low	Settle	Change
September 2007	670.00	676.50	663.50	675.00	+3.00
December 2007	685.00	692.00	678.00	691.00	+2.50
March 2008	680.25	691.50	677.50	689.00	+4.75

KCBT

Contract Month	Open	High	Low	Settle	Change
September 2007	646.00	650.00	641.50	649.50	-1.00
December 2007	663.00	666.00	656.75	665.00	+1.00
March 2008	666.00	669.50	659.75	669.00	+1.00

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

CBOT wheat futures settled mix Monday. December Wheat finished up 2.5 cent at \$691 per bushel; this was 1 off the high and 12.5 up from the low. September Wheat closed up 1 cent at \$675 per bushel. This was 10 up from the low and 2 off the high. Prices slumped earlier on a lack of unexpected news and a lack of trading interest but the market bounced into the mid-session on very strongly weekly export report and light covering. The market closed slightly higher than the previous close on the back of a lack of increased selling pressure and higher corn values. Good support was provided above Friday's lows. Although India plans to float a tender to buy wheat this week but is undecided on quantity. German's Farmers Association estimated this year's wheat crop at around 20.1 million tonnes; down of 2.4 million tonnes from the last year's 22.5 million tonnes as rains hurt yield. Lebanon is tendering to buy 50,000 tonnes of optional origin wheat.

News Analysis**Wheat Stock Under GOI is Higher Around 12.01 Million Tonnes**

Wheat stock under Indian government is reportedly higher around 12.01 million tonnes this year as on August 1 as compared to 7.33 million tonnes corresponding period of last year.

Government May Issue Tender to Import Wheat

With the report of government's plan to import wheat stirred up the market. Till Monday, the wheat prices were quite stabilized but surged up after the news of wheat import. India has enough stocks to last for a year. The flourmills are not worried about availability of stocks this year unlike last year. This crop year's wheat production is expected to touch around 74 million tonnes against last year's 69.3 million tonnes. Although the carry over stocks of wheat from last year was negligible but imported wheat of over 40 lakh tonnes strengthened the whole stock. At present, wheat prices are ruling firm at Rs. 12,250/tonne on tight supply in international market and adding the freight charges, the prices could be come around Rs. 15,300/tonne which is much higher than the door step wheat prices.

Wheat Production Stood at 111 Mteric Tonnes

According to Agriculture Ministry, although there is a record procurement n this year, but the import is only undertaken to ensure food security. The procurement of wheat this year was 111 lakh tonnes, up from 92 lakh tonnes last year. However, the Ministry said the requirement for the domestic consumption somewhere around 150 lakh tonnes, the import will fill the remaining gap. Ministry also said to increase the agriculture production; irrigation needs to be increased from current level of 35 per cent.

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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