

■ W H E A T

■ August 2, 2007

Domestic Market Recap

In Tuesday's trading, Wheat sentiments turned soft somewhat on farmer's interest to release their stocks at higher prices. The wheat stock with government is satisfactory this year. 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 this marketing season. The price of different wheat products remained likewise, Atta quoted at Rs.1073/90kg. Maida and sooji traded at Rs.1256/90 kg and Rs.700 a 50 kg bag respectively. Total arrivals in Delhi (Lawrence Road) remained down at 10,000 qtls and prices quoted flat at Rs.1030 per quintals. At Narela and Najafgarh markets the price remained around 980-988/qtl, and 975-984/qtl (loose basis) on the back of higher arrivals around 5000 qtl and 4000 qtl respectively. Price remained lower at Rs. 945 per quintals in Achnera market on arrivals around 1000 qtls.

Domestic Spot Market Prices

Market	Variety	Prices (Rs/qtl)		Change	Arrivals (Qtls)
		01.08.07	31.07.07		
Delhi (Lawrence Road) Ready Delivery	Mill quality	1030	1030	-	10.000
Delhi (Narella) Loose	Mill quality	980-885	980-888	-3	4000
Haryana (Palwal) Loose	Mill quality	950	950	-	1000
Uttar Pradesh (Mathura) Loose	Mill quality	963	965	-2	1000
Uttar Pradesh (Kosi) Loose	Mill quality	955	955	-	1200
Haryana (Hodal) Loose	Mill quality	960	960	-	500
Gujarat (Rajkot) Loose	Mill quality	1000-1005	1000-1005	-	400
Rajasthan (Kota)	Mill quality	1070-1075	1072-1077	-2	
Uttar Pradesh (Kanpur)	Mill quality	1055-1060	1060-1065	-5	
Madhya Pradesh (Indore)	Mill quality	1058-1063	1060-1065	-2	400
Uttar Pradesh (Bareilly)	Mill quality	1045-1050	1045-1050	-	

International Futures Quotes (as of July 31, 2007)**CBOT**

Contract Month	Open	High	Low	Settle	Change
September 2007	637.00	638.00	627.00	630.00	-7.50
December 2007	653.50	656.50	646.00	649.00	-7.75
March 2008	647.00	653.00	644.00	648.00	-3.00

KCBT

Contract Month	Open	High	Low	Settle	Change
September 2007	626.00	630.00	623.00	629.00	-3.00
December 2007	641.00	645.50	639.00	645.00	-3.00
March 2008	647.00	648.50	643.50	647.50	-5.50

WHEAT

August 2, 2007

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

CBOT wheat futures settled down Tuesday. December Wheat finished down 7.75 cents at \$6.49 per bushel; this was 7.5 off the high and 3 up from the low. September Wheat closed down 7.5 cents at \$6.30 per bushel. This was 3 up from the low and 8 off the high. Steady flow of long liquidation selling (thought to be profit-taking) helped pressure the market into the close despite firm trade in the other grains. Weakness in French wheat futures and ideas that supply will increase with increasing harvest activity in the US and Europe was seen as a negative factor. The weekly update showed that spring wheat harvest had reached 10% complete by Sunday, up from 7% as the 10-year average. The spring wheat crop was rated 68% in good/excellent condition as compared to 75% last week and 32% last year. The winter wheat crop harvest reached 88% complete compared to 90% last year.

News Analysis**Import Duty Likely to cut on Wheat Flour**

The government of India is considering on the cut of import duty on wheat flour from the current 30% level. This will facilitate the private sector to import wheat flour from global market economically at internationally competitive rates. The upcoming festive season will drive up the wheat demand and prices also. Therefore, the competitive import can reduce the supply pressure. This decision is also looking favourable to open the way for American wheat as a value-added product to entering in Indian market. Since wheat flour will not be tested for the same phytosanitary specifications as wheat grain, it will find a way around the objections raised by the agriculture ministry against US wheat.

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.

IGC Forecasts Global Wheat Production to be Unchanged at 614 MMT this Month

Production is forecast at 614m. tons, unchanged from last month, and 23m. more than in 2006. Higher estimates for China, India and Kazakhstan balance further reductions in the EU and Canada. Bad weather in Europe, as well as reducing yields, affected crop quality. Weather conditions in North America raised concern for premium wheat supplies, but the US harvest forecast is unchanged at 58m. tons, 9m. more than last year. Planting in Argentina was delayed by cold, dry weather and fertiliser shortages may affect yields, but conditions in Australia remain much better than last season. Forecast consumption is down 2m. tons from last month at 617m. tons because of smaller supplies of wheat for animal feed in the EU. World food use is stable as high prices suppress demand, but industrial use is increasing as more ethanol plants come into use. Although the total stocks forecast has been increased by 1m. tons, it remains, at 112m., the lowest for 28 years. Stocks of Hard Red Winter wheat in the US will be particularly tight. Trade in 2007/08 is forecast at 107m. tons, unchanged from last month, and 2m. less than the (increased) estimate for 2006/07. Compared with last year, imports by the EU, Morocco and Iraq are expected to be larger, while less will be bought by the US, Brazil and India. With less competition US exports are forecast to increase to 28.5m. tons, 3.6m. more than last year and the highest since 2003/04.

Source: IGC

Weather Impact Analysis

Harvesting of wheat is complete in the country. So weather is not a major concern. However, heavy rains may

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