

■ W H E A T

■ August 4, 2007

Domestic Market Recap

In Friday's trading, Wheat sentiments remained mostly steady to slightly up on lower arrivals amidst some buying support from local millers. However, slump in the demand from South Indian flour mills have pressurised the sentiments. The price of different wheat products remained steady to marginally up as, Atta quoted at Rs.1073/90kg. Maida and sooji traded at Rs.1256/90 kg and Rs.700 a 50 kg bag respectively. 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 arrivals are declining as stockists as well producers are optimistic that the sentiments will recover soon due to upcoming festivals season. Total arrivals in Delhi (Lawrence Road) remained down at 9000 qtls and prices quoted up at Rs.1035 per quintals. At Narela and Najafgarh markets the price remained around 988-990/qtl, and 980-984/qtl (loose basis) on the back of higher arrivals around 2000 qtl and 1000 qtl respectively. Karavalli market witnessed the arrivals around 400 qtls. And price remained around Rs.950-955 /qtl.

Domestic Spot Market Prices

Market	Variety	Prices (Rs/qtl)		Change	Arrivals (Qtls)
		03.08.07	02.08.07		
Delhi (Lawrence Road) Ready Delivery	Mill quality	1035	1030	+5	9000
Delhi (Narella) Loose	Mill quality	988-990	985-988	+2	2000
Haryana (Palwal) Loose	Mill quality	950	-	-	800
Uttar Pradesh (Mathura) Loose	Mill quality	970-972	970	+2	600
Uttar Pradesh (Kosi) Loose	Mill quality	960	960	-	700
Haryana (Hodal) Loose	Mill quality	960	-	-	300
Gujarat (Rajkot) Loose	Mill quality	1000-1005	1000-1005	-	200
Rajasthan (Kota)	Mill quality	1070-1075	1070-1075	-	
Uttar Pradesh (Kanpur)	Mill quality	1050-1055	1050-1055	-	
Madhya Pradesh (Indore)	Mill quality	1050-1055	1050-1055	-	200
Uttar Pradesh (Bareilly)	Mill quality	1040-1045	1040-1045	-	

International Futures Quotes (as of August 02, 2007)**CBOT**

Contract Month	Open	High	Low	Settle	Change
September 2007	646.00	651.00	641.00	641.75	+5.75
December 2007	666.00	669.50	660.50	663.50	+7.50
March 2008	664.00	665.50	655.50	656.25	+3.00

KCBT

Contract Month	Open	High	Low	Settle	Change
September 2007	638.00	644.50	634.00	634.50	+2.00

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

CBOT wheat futures settled up Thursday. December Wheat finished up 7.5 cents at \$6.635 per bushel; this was 6 off the high and 3 up from the low. September Wheat closed up 5.75 cents at \$6.418 per bushel. This was 0.75 up from the low and 9.25 off the high. A big export sales number, higher trade in Europe and continued heat in southern Canadian wheat areas helped spark the early strong gains. After the initial spurt higher, some light profit-taking selling helped pull the market toward the lows into the mid-session. Weekly US export sales for wheat came in at 1.77 million tonnes as compared to trade expectations between 650,000-950,000.

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.

Govt. Likely to Release 3 LT Wheat in Open Market

Government of India is likely to release around 3 lakh tonnes of wheat into the open market to control the high retail prices. The decision will no doubt help the market to reduce the supply demand ratio. Wheat prices is about to increase in the coming days due to upcoming festive demand.

USDA Wheat Weekly Export Sales Down by 16%

Net sales of 1,741,400 metric tons were 16 percent below the previous week, but 53 percent above the prior 4-week average. Increases were reported for unknown destinations (447,700 MT), the Philippines (241,000 MT), Iraq (200,000 MT), Morocco (111,900 MT, including 25,000 MT switched from unknown destinations), Algeria (100,000 MT), Mexico (77,900 MT), and South Africa (75,200 MT). Exports of 458,700 MT were 6 percent above the previous week and 2 percent over the prior 4-week average. The primary destinations were Japan (88,000 MT), Morocco (48,900 MT), Mexico (41,300 MT), Chile (32,400 MT), and South Africa (30,200 MT).

This summary is based on reports from exporters for the period July 20-26, 2007.

Source: USDA

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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