

■ W H E A T

■ August 13, 2007

Domestic Market Recap

In Friday's trading, Wheat sentiments remained mostly flat on good arrivals amidst some buying support from local millers. However, slump in the demand from South Indian flour mills still have pressurised the sentiments. The price of different wheat products remained steady as, Atta quoted at Rs.1073/90kg. Maida and sooji traded at Rs.1256/90 kg and Rs.700 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 this marketing season. Total arrivals in Delhi (Lawrence Road) remained lower at 20000 qtls and prices quoted steady at Rs.1020 per quintals. At Narela and Najafgarh markets the price remained around 975-980/qtl, and 965-970/qtl (loose basis) on the back of higher arrivals around 2500 qtl and 2000 qtl respectively.

Domestic Spot Market Prices

Market	Variety	Prices (Rs/qtl)		Change	Arrivals (Qtls)
		11.08.07	10.08.07		
Delhi (Lawrence Road) Ready Delivery	Mill quality	1020	1020	-	20,000
Delhi (Narella) Loose	Mill quality	975-980	975-980	-	2500
Haryana (Palwal) Loose	Mill quality	940-944	940-942	+2	400
Uttar Pradesh (Mathura) Loose	Mill quality	950	950	-	2000
Uttar Pradesh (Kosi) Loose	Mill quality	940	940	-	1500
Haryana (Hodal) Loose	Mill quality	955	955	-	300
Gujarat (Rajkot) Loose	Mill quality	1010-1015	1010-1015	-	150
Rajasthan (Kota)	Mill quality	1070-1075	1065-1071	+4	
Uttar Pradesh (Kanpur)	Mill quality	1050-1055	1050-1055	-	
Madhya Pradesh (Indore)	Mill quality	1045-1050	1045-1050	-	200
Uttar Pradesh (Bareilly)	Mill quality	1035-1040	1045-1050	-10	

International Futures Quotes (as of August 10, 2007)**CBOT**

Contract Month	Open	High	Low	Settle	Change
September 2007	668.00	680.50	661.50	667.00	-6.50
December 2007	685.00	698.00	680.00	684.50	-6.50
March 2008	682.00	690.00	676.00	678.00	-5.50

KCBT

Contract Month	Open	High	Low	Settle	Change
September 2007	652.00	664.00	650.00	654.50	-5.75
December 2007	668.00	675.25	664.50	669.00	-4.25
March 2008	663.00	670.00	660.00	663.00	-2.00

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

CBOT wheat settled down Friday. December Wheat finished down 6.5 cents at \$6.845 per bushel; this was 13.5 off the high and 4.5 up from the low. September Wheat closed down 6.5 cents at \$6.67 per bushel. This was 5.5 up from the low and 13.5 off the high. Weakness in world financial markets and follow-through selling from yesterday's technical reversal pulled the market lower early in the session. The USDA pegged US 2007/08 all wheat production at 2.114 billion bushels as compared with the average trade estimate at 2.13 billion and compared with the July USDA estimate of 2.138 billion. Winter wheat production was pegged at 1.537 billion vs. expectations at 1.55 billion. Spring wheat was pegged at 500.07 million bushels as compared with expectations at 507 million bushels.

News Analysis**USDA Wheat Weekly Export Sales Down**

Net sales of 890,900 metric tons were 49 percent below the previous week and 38 percent under the prior 4-week average. Increases reported for South Africa (110,000 MT), Taiwan (102,400 MT), Japan (97,000 MT), Indonesia (74,000 MT, including 55,000 MT switched from unknown destinations), Mexico (65,900 MT), and Spain (63,000 MT), were partially offset by decreases for unknown destinations (54,000 MT) and Bangladesh (5,000 MT). Exports of 832,100 MT--a marketing-year high--were 81 percent above the previous week and 97 percent over the prior 4-week average. The primary destinations were Egypt (120,800 MT), Nigeria (99,600 MT), Japan (67,000 MT), Mexico (65,300 MT), Taiwan (52,800 MT), and the Philippines (52,300 MT).

This summary is based on reports from exporters for the period July 27-August 2, 2007.

Source: USDA

Flour Millers are Against the Plan to Cut Import Duty on Wheat Flour

Roller flour millers are against the government's plan to scrap customs duty on wheat flour from the current 30 per cent level. According to them, the movement would adversely affect the industry, especially those mills located in south India. There are 800-1,000 flour mills across the country. The country such as Sri Lanka and Malaysia has a surplus milling capacity and they can downpour the wheat flour in India because of cost advantage and consequently the domestic flour millers would be most affected as they are running at 45-50% of their capacities. However, the plan would no doubt help in lessening in prices of wheat flour with an increase in supply in the country.

Pakistan is Showing Interest to Export Wheat Flour in India

Pakistan is showing their interest to export wheat flour in India. Indian government's plan to abolish 30 percent import duty on wheat flour is encouraging Pakistan wheat flour millers to supply the commodity. Near about 0.6 million tonnes of wheat flour was being exported to neighbouring country Afghanistan annually and that brought large amount of foreign money for the country and also helped local flour mills industry to flourish. The price of Pakistani wheat flour is comparatively cheap than other regional countries including India and Bangladesh. Pakistan's wheat output this year is estimated higher around 23 million tonnes against last year's 21.7 million tonnes. Economic Coordination Committee (ECC) of Pakistan had imposed complete ban on exports of wheat for an indefinite period in June 2007 due to rise in prices at local market. However the export of the flour and other by-products was allowed.

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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