

■ W H E A T

■ August 9, 2007

Domestic Market Recap

In Wednesday's trading, Wheat sentiments remained mostly higher on higher 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 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 up at 9500 qtls and prices quoted higher between Rs.1025-1030 per quintals. Narela and Najafgarh markets are closed. Karavalli market witnessed the arrivals around 1000 qtls. and price remained around Rs.960- /qtl.

Domestic Spot Market Prices

Market	Variety	Prices (Rs/qtl)		Change	Arrivals (Qtls)
		08.07.07	07.08.07		
Delhi (Lawrence Road) Ready Delivery	Mill quality	1025-1030	1015	+15	9500
Delhi (Narela) Loose	Mill quality	Closed	970-972	-	-
Haryana (Palwal) Loose	Mill quality	955	925-930	+25	800
Uttar Pradesh (Mathura) Loose	Mill quality	965	957	+8	2000
Uttar Pradesh (Kosi) Loose	Mill quality	960	945	+15	1300
Haryana (Hodal) Loose	Mill quality	970	938-945	+25	600
Gujarat (Rajkot) Loose	Mill quality	1005-1015	1000-1005	+10	200
Rajasthan (Kota)	Mill quality	1060-1065	1063-1068	-3	
Uttar Pradesh (Kanpur)	Mill quality	1045-1050	1065-1070	-20	
Madhya Pradesh (Indore)	Mill quality	1043-1048	1046-1051	-3	200
Uttar Pradesh (Bareilly)	Mill quality	1035-1040	1035-1040	-	

International Futures Quotes (as of August 07, 2007)**CBOT**

Contract Month	Open	High	Low	Settle	Change
September 2007	666.00	666.00	658.00	662.50	-1.50
December 2007	684.00	685.50	678.00	682.50	-1.00
March 2008	677.00	680.00	673.00	679.50	+4.50

KCBT

Contract Month	Open	High	Low	Settle	Change
September 2007	651.50	652.50	645.00	648.00	+0.50
December 2007	666.50	667.75	660.00	664.25	+1.50
March 2008	667.00	669.00	660.00	665.50	+2.00

WHEAT

August 9, 2007

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

CBOT wheat futures settled down Tuesday. December Wheat finished down 1 cent at \$6.825 per bushel; this was 3 off the high and 4.5 up from the low. September Wheat closed down 1.5 cents at \$6.625 per bushel. This was 4.5 up from the low and 3.5 off the high. The September futures opened at a new contract high and closed lower. French wheat futures pushed to new highs this morning which added to the positive tone early. News that Egypt bought 145,000 tonnes of wheat from Russia and none from the US in their overnight tender may have helped spark long liquidation selling after the higher opening. Japan seeks 131,000 tonnes of wheat at their weekly tender and Morocco is still in the market for nearly 1 million tonnes. The weekly crop update showed that 94% of the winter wheat crop is now harvested vs. a 5-year average near 91%. Spring wheat is now 29% harvested as compared with 21% as the 5-year average.

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.

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.

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 are about to increase in the coming days due to upcoming festive demand.

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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