

■ W H E A T

■ August 16, 2007

Domestic Market Recap

In Tuesday's trading, Wheat sentiments remained mostly steady to up on good arrivals amidst some buying support from local millers. However, lower demand from South Indian flour mills still have pressurised the sentiments. Market is looking forward for festive demand. 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 14,000 qtls and prices quoted down at Rs.1015 per quintals. At Narela and Najafgarh markets the price remained around 977-983/qrtl, and 960-975/qrtl (loose basis) on the back of higher arrivals around 4500 qtl and 2000 qtl respectively. Karavalli as well as Achnera market is closed.

Domestic Spot Market Prices

Market	Variety	Prices (Rs/qrtl)		Change	Arrivals (Qtls)
		14.08.07	13.08.07		
Delhi (Lawrence Road) Ready Delivery	Mill quality	1015	1015	-	14,000
Delhi (Narella) Loose	Mill quality	977-983	975-982	+1	4500
Haryana (Palwal) Loose	Mill quality	948	945	+1	600
Uttar Pradesh (Mathura) Loose	Mill quality	Closed	938	-	1400
Uttar Pradesh (Kosi) Loose	Mill quality	955	945	+10	800
Haryana (Hodal) Loose	Mill quality	955-957	950	+7	500
Gujarat (Rajkot) Loose	Mill quality	1010-1015	1010-1015	-	150
Rajasthan (Kota)	Mill quality	1071-1076	1070-1075	-1	
Uttar Pradesh (Kanpur)	Mill quality	1045-1050	1050-1055	-5	
Madhya Pradesh (Indore)	Mill quality	1051-1056	1050-1055	+1	200
Uttar Pradesh (Bareilly)	Mill quality	1030-1035	1025-1030	+5	

International Futures Quotes (as of August 13, 2007)**CBOT**

Contract Month	Open	High	Low	Settle	Change
September 2007	676.00	676.00	660.00	666.50	-0.50
December 2007	691.00	694.00	679.50	690.50	+6.00
March 2008	685.00	686.00	676.00	685.25	+7.25

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Contract Month	Open	High	Low	Settle	Change
September 2007	660.00	660.50	649.50	654.75	+0.2
December 2007	674.00	675.00	664.50	674.00	+5.00
March 2008	671.00	676.00	665.00	674.00	+11.00

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

CBOT wheat futures settled up Monday. December Wheat finished up 6 cents at \$6.905 per bushel; this was 3.5 off the high and 11 up from the low. September Wheat closed down 0.5 cents at \$6.665 per busel. This was 6.5 up from the low and 9.5 off the high. Continued concerns with tightness in world wheat ending stocks and the outlook for a tightening supply for the US due to excellent export demand helped support the market early in the session. However, a lack of new buying interest on the higher opening and follow-through technical selling from last week's key reversal helped pressure the market into the mid-session. Egypt bought 115,000 tonnes of wheat from Russia over the weekend which might have been a bit disappointing to the bulls. South Korea millers seek 46,600 tonnes of US wheat. Ukraine exported just 105,900 tonnes of wheat in July due to export restrictions as compared with 728,100 tonnes in June.

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.

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.

Iran to Join Wheat Export Countries

Iran is going to join wheat exporting countries this year. The country likely to export wheat to Azerbaijan Republic, Iraq and Oman. According to the forecast of United Nations Food and Agriculture Organization country's wheat production to reach 15 million tons in 2007. Iran used to be the major wheat import country before the year 2004 and after that it attained self sufficiency in the food grain.

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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