

## ■ W H E A T

■ August 6, 2007

**Domestic Market Recap**

In Saturday's trading, Wheat sentiments remained mostly steady 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. 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 flat at 9000 qtls and prices quoted steady at Rs.1035 per quintals. At Narela and Najafgarh markets the price remained around 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)
		04.08.07	03.08.07		
Delhi (Lawrence Road) Ready Delivery	Mill quality	1030-1035	1035	-	9000
Delhi (Narella) Loose	Mill quality	990	988-990	-	2000
Haryana (Palwal) Loose	Mill quality	950-950	950	-	700
Uttar Pradesh (Mathura) Loose	Mill quality	970-974	970-972	+2	500
Uttar Pradesh (Kosi) Loose	Mill quality	960	960	-	700
Haryana (Hodal) Loose	Mill quality	960	960	-	300
Gujarat (Rajkot) Loose	Mill quality	1000-1005	1000-1005	-	200
Rajasthan (Kota)	Mill quality	1068-1072	1070-1075	-3	
Uttar Pradesh (Kanpur)	Mill quality	1055-1060	1050-1055	+5	
Madhya Pradesh (Indore)	Mill quality	1050-1055	1050-1055	-	200
Uttar Pradesh (Bareilly)	Mill quality	1035-1040	1040-1045	-5	

**International Futures Quotes (as of August 03, 2007)****CBOT**

Contract Month	Open	High	Low	Settle	Change
September 2007	648.00	652.00	645.00	650.00	+8.25
December 2007	668.00	670.00	664.00	669.00	+5.50
March 2008	663.00	663.50	660.50	661.25	+5.00

**KCBT**

Contract Month	Open	High	Low	Settle	Change
September 2007	638.00	643.00	638.00	639.75	+5.25
December 2007	655.00	657.00	652.00	655.00	+4.25
March 2008	654.50	659.00	654.00	656.50	+5.50

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

CBOT wheat futures settled up Friday. December Wheat finished up 5.5 cents at \$6.69 per bushel; this was 1 off the high and 5 up from the low. September Wheat closed up 8.25 cents at \$6.50 per busel. This was 5 up from the low and 2 off the high. The sharp drop in wheat production expected from Europe this year has sparked a surge in interest in US wheat and continues to provide support. End users who typically buy wheat from Europe are scrambling for coverage and the Australia new crop will not be harvested until later this year. Another jump in European wheat prices overnight combined with growing concerns for the Canadian crop due to very hot and dry weather helped support the solid gains early in the session today. In addition, there is some talk that the central and northern grain areas of Canada could be hit with increasing rain which is coming at a time when producers want drier weather to mature the crop ahead of harvest.

**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 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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