

## ■ W H E A T

■ August 14, 2007

**Domestic Market Recap**

In Monday'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 8500 qtls and prices quoted down at Rs.1015 per quintals. At Narela and Najafgarh markets the price remained around 975-982/ qtl, and 965-972/ qtl (loose basis) on the back of higher arrivals around 3500 qtl and 2500 qtl respectively. Karavalli market witnessed the arrivals around 1500 qtl and price remained between Rs.945-948/ qtl. Achnera market saw the arrivals about 600 qtl and price quoted at Rs. 940/ qtl.

**Domestic Spot Market Prices**

| Market                               | Variety      | Prices (Rs/qtl) |           | Change | Arrivals (Qtls) |
|--------------------------------------|--------------|-----------------|-----------|--------|-----------------|
|                                      |              | 13.08.07        | 11.08.07  |        |                 |
| Delhi (Lawrence Road) Ready Delivery | Mill quality | 1015            | 1020      | -5     | 8500            |
| Delhi (Narella) Loose                | Mill quality | 975-982         | 975-980   | +2     | 3500            |
| Haryana (Palwal) Loose               | Mill quality | 945             | 940-944   | +1     | 600             |
| Uttar Pradesh (Mathura) Loose        | Mill quality | 938             | 950       | -12    | 1400            |
| Uttar Pradesh (Kosi) Loose           | Mill quality | 945             | 940       | +5     | 1000            |
| Haryana (Hodal) Loose                | Mill quality | 950             | 955       | -5     | 400             |
| Gujarat (Rajkot) Loose               | Mill quality | 1010-1015       | 1010-1015 | -      | 150             |
| Rajasthan (Kota)                     | Mill quality | 1070-1075       | 1070-1075 | -      |                 |
| Uttar Pradesh (Kanpur)               | Mill quality | 1050-1055       | 1050-1055 | -      |                 |
| Madhya Pradesh (Indore)              | Mill quality | 1050-1055       | 1045-1050 | +5     | 200             |
| Uttar Pradesh (Bareilly)             | Mill quality | 1025-1030       | 1035-1040 | -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     | 668.00 | 678.00 | 668.00 | 668.00 | 0.00   |

**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****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.

**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.

**Disclaimer**

The information and opinions contained in the document have been compiled from sources believed to be reliable. The company does not warrant its accuracy, completeness and correctness. Use of data and information contained in this report is at your own risk. This document is not, and should not be construed as, an offer to sell or solicitation to buy any commodities. This document may not be reproduced, distributed or published, in whole or in part, by any recipient hereof for any purpose without prior permission from the Company. IASL and its affiliates and/or their officers, directors and employees may have positions in any commodities mentioned in this document (or in any related investment) and may from time to time add to or dispose of any such commodities (or investment). Please see the detailed disclaimer at <http://www.agriwatch.com/Disclaimer.asp>

© 2007 Indian Agribusiness Systems Pvt Ltd.