

■ W H E A T

■ August 28, 2007

Domestic Market Recap

On Monday, Wheat prices in most of the markets traded steady to down in the wholesale grains following increased arrivals against steady demand from the consuming units. Wheat traded up at Haryana (Palwal loose) and Narella loose on a tighter supply, while in all other markets, either prices traded steady or down on increased arrivals against a lower buying. Increased supplies against steady demand from rolling flour mills slightly pulled down the wheat prices in most of the markets. The prices of different wheat products remained quoted steady as, Atta quoted at Rs.1073/90kg, Maida and Sooji traded at Rs.1256/90 kg and Rs.710/50 kg bag respectively, where there is slightly of Chkar 50kg at Rs.344. Total arrivals in Delhi (Lawrence Road) were decreased slightly and stood around 14500 qtls and prices quoted steady at Rs.1015/qtl. During Monday's trade, most of the markets received increased arrivals as farmers and stockiest offloaded stocks with the news of India importing wheat to stabilise domestic price. Rainfall over the wheat growing areas also further imparted bearishness, as there rains will be stored for the wheat sowing. Wheat prices is likely to rise following the International Grains Council's announcement of the fall of the carryover stock in 2007-08. Council said the global 2007-08 wheat carryover stocks would fall to a 28-year low of 111 million tonnes. With the global declining of the carry over stock, the prices of flour cloud reach new heights by Christmas.

Domestic Spot Market Prices

Market	Variety	Prices (Rs/qtl)		Change	Arrivals (Qtls)
		27.08.07	25.08.07		
Delhi (Lawrence Road) Ready Delivery	Mill quality	1015	1015	-	14500
Delhi (Narella) Loose	Mill quality	970-973	970-972	+1	3000
Haryana (Palwal) Loose	Mill quality	935	932	+3	600
Uttar Pradesh (Mathura) Loose	Mill quality	945	947	-2	1000
Uttar Pradesh (Kosi) Loose	Mill quality	940	940	-	800
Haryana (Hodal) Loose	Mill quality	938-940	945	-5	400
Gujarat (Rajkot) Loose	Mill quality	960	960	-	500
Rajasthan (Kota)	Mill quality	1065-1070	1065-1070	-	
Uttar Pradesh (Kanpur)	Mill quality	1035-1040	1035-1040	-	
Madhya Pradesh (Indore)	Mill quality	1035-1040	1035-1040	-	200
Uttar Pradesh (Bareilly)	Mill quality	1015-1020	1015-1020	-	

International Futures Quotes (as of August 24, 2007)**CBOT**

Contract Month	Open	High	Low	Settle	Change
September 2007	725.00	727.00	720.00	725.75	+3.25
December 2007	742.00	743.00	734.00	742.00	+3.00
March 2008	737.00	744.00	733.00	742.00	+3.00

KCBT

Contract Month	Open	High	Low	Settle	Change
September 2007	673.00	683.00	669.00	682.75	+9.00
December 2007	689.00	698.00	684.00	698.00	+9.50
March 2008	693.00	699.00	688.00	698.00	+4.75

CEREAL

Agriwatch
DAILY

W H E A T

August 28, 2007

International Market Recap

CBOT Wheat Futures Settled Up

CBOT wheat futures settled higher Friday. December Wheat finished up 3 cent at \$742 per bushel; this was 1 off the high and 8 up from the low. September Wheat closed up 3.25 cent at \$725.75 per bushel. This was 5.75 up from the low and 1.75 off the high. US wheat futures consolidated after the sharp gain in the week. Late strength in soybeans and a lack of new selling interest on the mid-session break supported a recovery into the close with a lackluster trade. European wheat prices also consolidated after recording high prices on Thursday. Tightening world stocks from key exporters and firm demand from importers helped support the recent upward trend. The USDA confirmed a sale of 100,000 tonnes of hard red wheat to Cuba. In addition, Taiwan bought 46,000 tonnes of US wheat for milling and rejected another tender for 46,000 tonnes of wheat from the US indicating higher prices. It is also believed that Iraq is going to finalize a deal to import 200,000 tonnes of North American wheat. Traders are also optimistic about the prospects of India wheat tender.

News Analysis

Wheat Prices may Rise with Lower Stocks: IGC

Wheat prices are likely to rise following the International Grains Council's announcement of the fall of the carryover stock in 2007-08. Council said the global 2007-08 wheat carryover stocks would fall to a 28-year low of 111 million tonnes. Although the global wheat output this year is seen at 607 million tonnes, up 16 million tonnes from last year, but down 7 million tonnes from the council's previous estimate due to lower output in European Union and Canada. Lower output has pushed up global wheat prices, which resulted in the global wheat demand lowered at 614 million tonnes, down 3 million tonnes from the Council's last estimate in July.

The Prices of Flour May Reach New Highs with the Global Declining of Wheat Stocks

With the global declining of the carry over stock, the prices of flour could reach new heights by Christmas. This means consumers have to pay more for bread and cakes, doubles and roti and a range of other products made from flour. Officials of National Flour Mills and Nutrimix Flour Mills both said that the expected price rise will continue because of a sharp drop in the production of wheat in the US and Canada. Due to torrential rains and intense summer heat, wheat farmers expected that the drop will be by 20 per cent in Canada and up to 50 per cent in the USA. Apart from bad weather, the world market for wheat has suffered another blow from a severe drought in Australia. The increasing demand for wheat from India, Brazil and China had been sucking up supplies from the market. The US farmers have been converting wheat plantations to corn explaining that corn was currently being used in the manufacture of ethanol and good return.

Surge in Global Wheat Prices may Hit French Flour Market

The surge in global wheat prices hit the French flour markets after English breadmakers and Italian pasta makers. With international wheat prices at a 10-year high, bakeries across France are expected to raise the price of the baguette by about 5 cents in the coming weeks. The move comes after Italy's Association of Pasta Manufacturers announced last month that it would increase domestic pasta prices by 20 per cent. In Europe, wheat prices have nearly doubled from €130 to €237 a tonne this year. In North America, corn and wheat prices are putting upward pressure on other food items, such as poultry and dairy food. French farmers and supermarket groups met last month to discuss ways of curbing an expected increase in food prices, but the meeting ended in deadlock.

Weather Impact Analysis

The recent rainfalls over the wheat-growing region are beneficial as these rains will be stored for the wheat crop. Heavy rainfall may affect arrivals in the market.

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.

COMMODITIES RESEARCH