

CEREAL

Agriwatch
DAILY

WHEAT

Sept. 17, 2007

Domestic Market Recap

During Friday's trade, Wheat mostly traded steady to firm in Delhi and it's surrounding mandis on strong demand from the roller flour millers against the slightly restricted arrivals. But wheat traded down at Gujarat (Rajkot), Rajasthan (Kota), Punjab (Khanna) and UP (Bareilly) on lower offtake against slightly increased arrivals. Delhi (Lawrence road), ready delivery traded up at Rs.990-1000/qtl from yesterday's level of Rs.965-972 against increased arrival of 11000 qtls. The prices of different wheat products quoted steady as, Atta quoted at Rs.1055/90kg, Maida and Sooji traded at Rs.1256/90 kg and Rs.710/50 kg bag respectively and Chokar traded 50kg steady at Rs.340. Due to unloading of stocks by farmers and stockists also imparted bearish sentiment. Wheat also traded down with Delhi High Court's issue of notice to the central government seeking clarification of importing wheat at high prices. With the report of the reserves at state-run warehouses totalled 10.9 million tonnes by September 9, which is more than 4 million tonnes required to cope with emergencies further imparted bearishness in the market sentiment. In coming days, wheat may trade at upper side as increase in consumption is expected during festive and winter season coupled with higher global price.

Domestic Spot Market Prices

Market	Variety	Prices (Rs/qtl)		Change	Arrivals (Qtls)
		14.09.07	13.09.07		
Delhi (Lawrence Road) Ready Delivery	Mill quality	990-1000	965-972	+28	11000
Delhi (Narella) Loose	Mill quality	980-985	960-975	+10	2000
Haryana (Palwal) Loose	Mill quality	930-938	928	+10	600
Uttar Pradesh (Mathura) Loose	Mill quality	940	938	+2	800
Uttar Pradesh (Kosi) Loose	Mill quality	940-942	930	+12	300
Haryana (Hodal) Loose	Mill quality	930-937	930-935	+2	300
Gujarat (Rajkot) Loose	Mill quality	950-955	960-965	-10	5000
Rajasthan (Kota)	Mill quality	1060	1060-1065	-5	200
Uttar Pradesh (Kanpur)	Mill quality	1005-1010	1010-1015	-5	1000
Madhya Pradesh (Indore)	Mill quality	1030-1035	1040-1045	-10	
Uttar Pradesh (Bareilly)	Mill quality	995-1000	1005	-5	1200

International Futures Quotes (as of September 13, 2007)

CBOT

Contract Month	Open	High	Low	Settle	Change
September 2007	834.00	834.00	816.00	825.50	-14.50
December 2007	860.00	863.50	831.00	845.00	-15.50
March 2008	861.00	864.00	833.50	850.50	-11.00

KCBT

Contract Month	Open	High	Low	Settle	Change
September 2007	806.00	817.00	800.00	817.00	-13.00
December 2007	837.00	839.00	806.00	825.00	-7.50
March 2008	831.00	833.00	804.00	821.75	-4.25

COMMODITIES RESEARCH

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

CBOT wheat futures settled down Thursday. December Wheat finished down 15.50 cent at \$845.00 per bushel; this was 18.50 off the high and 14 up from the low. July Wheat closed down 10 cent at \$582.00 per bushel. This was 6 up from the low and 9 off the high. December wheat traded mostly at lower side but by the close, it recovered almost half of its loss. After continuous all time highs in the recent weeks, it traded lower due to profit booking. Cumulative sales have reached 64.8% of the USDA forecast as compared to 41.2% on average over the last five years. There have been some reports the forecast of rainfall over Australia this week and that could be behind the recent sell-off, but so far it appears that the regions in need have only received scattered showers that may be improving moisture somewhat.

News Analysis**Canada's Wheat Supplies Pegged at 6.828 MT: Statistics Canada.**

Statistics Canada pegged all-wheat supplies in Canada at the end of the 2006-07 (August/July) crop year at 6.828 million metric tonnes compared with the pre-report estimates that ranged from 7.000 million to 8.000 million tonnes. All-wheat supplies at the same time in 2005-06 totaled 9.638 million tonnes. According to the government agencies, the lower wheat stocks were the result of above-average export demand brought on by the tight world supply and demand situation. There is also talk in some quarter that the supply tightness in Canada may be offset by report of higher-than-expected yield potential from wheat crops in central and northern Alberta. However, the problem is that the crop is late in maturity and in turn the quality may be downgraded by frost. Stats Canada pegged canola supplies as of July 31 at 1.820 million tonnes, which was at the high end of pre-report ideas that ranged from 1.300 million to 1.800 million tonnes. Canola supplies at the end of the 2005-06 crop year totaled 2.007 million tonnes.

Iraq Plans to Import Australian Wheat

Government officials from Iraq have started talks with Australian wheat exporter AWB (AWB.AU) to purchase large quantities of hard wheat. The Trade Ministry in cooperation with the AWB has started talks with senior government officials to purchase Australian wheat, Trade Minister said. The two country had no commercial relationship since February, 2006, following revelations at an Australian inquiry investigating kickbacks of U.S. \$221.7 million paid by AWB to Saddam Hussein's regime to secure wheat sales under the U.N. oil-for-food programme. The requirement for Iraq to buy annually is about 3.8 million tonnes of wheat.

Australia's Victoria Wheat Production Around 4.4 MT

According to an agronomist with the Department of Primary Industries, production from a new wheat crop in Australia's Victoria state could reach a record 4.4 million metric tonnes. If there is a poor finish, wheat production would be around 2.5 million tonnes and if there is good finish; yield could be around 5.5 million tonnes. Since 1996-97, the country generally produces above 20 million tonnes or around 10 million tonnes, which shows when Australia misses, misses in a big way. This year, Australia's wheat production would be around 18 million tonnes. At present, good rainfall is required to maintain current crop yields.

China's Wheat Output Around 107 MT in 2007

Central government expects China's wheat output in 2007 to stand around 107 million tonnes, up 2.54 million tonnes from last year. The increased production is due to increase in output per hectare following the promotion of good quality wheat seeds.

Weather Impact Analysis

The recent rainfalls over the wheat-growing region are beneficial for the wheat crop as it will conserve moisture which will enhance the growth of wheat crop.

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