

■ W H E A T

■ Sept. 14, 2007

Domestic Market Recap

During Thursday's trade, Wheat mostly traded steady to down as weak demand outpaced lower arrivals. But wheat traded up at Punjab (Khanna) and UP (Mathura) loose basis on good buying against restricted arrivals. Wheat also traded down with Delhi High Court's issue of notice to the central government seeking clarification of importing wheat at high prices, which will cause the public exchequer to loose crores of rupees within two weeks. 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 Delhi and neighbouring Delhi mandis, prices slashed down on a lower offtake from the consuming units against the restricted arrivals. Delhi (Lawrence road), ready delivery traded down at Rs.965-972/qtl from yesterday's level of Rs.1010 against a lower arrival of 6000 qtls. Unloading of wheat stocks by farmers and stockists to give storage to soy crops, which is due early next month further pushed down prices in MP. 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)
		13.09.07	12.09.07		
Delhi (Lawrence Road) Ready Delivery	Mill quality	965-972	1010	-38	6000
Delhi (Narella) Loose	Mill quality	960-975	-	-	3000
Haryana (Palwal) Loose	Mill quality	928	930-932	-4	800
Uttar Pradesh (Mathura) Loose	Mill quality	938	936	+2	1200
Uttar Pradesh (Kosi) Loose	Mill quality	930	932	-8	500
Haryana (Hodal) Loose	Mill quality	930-935	935	-	300
Gujarat (Rajkot) Loose	Mill quality	960-965	960-965	-	4000
Rajasthan (Kota)	Mill quality	1060-1065	1060-1065	-	200
Uttar Pradesh (Kanpur)	Mill quality	1010-1015	1015-1020	-5	1100
Madhya Pradesh (Indore)	Mill quality	1040-1045	-	-	
Uttar Pradesh (Bareilly)	Mill quality	1005	1005-1010	-5	600

International Futures Quotes (as of September 12, 2007)**CBOT**

Contract Month	Open	High	Low	Settle	Change
September 2007	872.00	882.00	838.00	840.00	-31.00
December 2007	896.00	907.00	860.50	860.50	-30.00
March 2008	898.00	906.50	861.50	861.50	-30.00

KCBT

Contract Month	Open	High	Low	Settle	Change
September 2007	865.00	869.50	830.00	830.00	-30.00
December 2007	875.00	880.00	830.00	832.50	-26.50
March 2008	871.00	871.00	826.00	826.00	-27.25

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

CBOT wheat futures settled down Wednesday. December Wheat finished down 30.00 cent at \$860.50 per bushel; this was 46.50 off the high and equal to the low. July Wheat closed down 6 cent at \$592.00 per bushel. This was 5 up from the low and 13.50 off the high. December wheat closed lower after trading a new all time high on profit booking and technical selling. The USDA report pegged US 2007/08 all wheat ending stocks at 362 million, which was below expectations for 373 million and down from 404 million reported last month. World wheat production pegged at 606.24 million tonnes, a drop of 4.16 million from last month's estimate of 610.40. World wheat ending stocks came in at 112.36 million tonnes versus 114.78 million last month. This is the lowest world ending stocks figure since 1977.

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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