

■ W H E A T

■ Sept. 29, 2007

Domestic Market Recap

During Friday's trade, wheat mostly traded steady to down on lower offtake from the consuming units against slightly restricted arrivals. But wheat traded up at Uttar Pradesh (Mathura), Kanpur and Kota (Rajasthan) on loose basis on good buying support from the roller flour millers of south against restricted arrivals. However, in MP, prices dipped further on a subdued demand against increased arrivals. Farmers in MP are unloading their stuffs ahead of the festive season and to give storage to new soy crops. Although the global market surged on good export demand against 30 years lower stock along with crop damage in some major exporting countries, domestic prices traded steady as government's commitment to provide sufficient wheat to control the open market prices. If government considers the CACP's proposal of Rs.1000/qtl for wheat for 2007-08 will boost the farmers' morale and which may see more wheat acreage this year. Government's wheat procurement by July 19 was at 11.1 million tonnes, which was way below the 16.8 and 14.8 million tonnes recorded in 2004-05 and 2005-06 respectively. As offtake remains high, buffer stocks fall below the comfort level, adds positive tone to the market sentiment. In near future, wheat may rule at higher side ahead of the festive season along with lower buffer stocks.

Domestic Spot Market Prices

Market	Variety	Prices (Rs/qtl)		Change	Arrivals (Qtls)
		28.09.07	27.09.07		
Delhi (Lawrence Road) Ready Delivery	Mill quality	1008	1008	-	9000
Delhi (Narella) Loose	Mill quality	975	980	-5	3000
Haryana (Palwal) Loose	Mill quality	926	925	+1	400
Uttar Pradesh (Mathura) Loose	Mill quality	950	936	+14	1600
Uttar Pradesh (Kosi) Loose	Mill quality	927	927	-	350
Haryana (Hodal) Loose	Mill quality	935	935	-	250
Gujarat (Rajkot) Loose	Mill quality	965	965	-	3000
Rajasthan (Kota)	Mill quality	1040-1045	1035-1040	-5	3000
Uttar Pradesh (Kanpur)	Mill quality	1015-1020	1010-1015	-5	1000
Madhya Pradesh (Indore)	Mill quality	1045-1050	1045-1050	-	2500
Uttar Pradesh (Bareilly)	Mill quality	1000-1005	1005-1010	-5	600

International Futures Quotes (as of September 27, 2007)**CBOT**

Contract Month	Open	High	Low	Settle	Change
September 2007	936.00	946.50	926.00	933.00	+15.75
December 2007	938.00	949.00	932.00	936.50	+14.50
March 2008	840.00	853.00	840.00	841.00	+18.00

KCBT

Contract Month	Open	High	Low	Settle	Change
September 2007	917.00	926.00	910.00	919.50	+16.50
December 2007	910.00	921.25	905.00	906.25	+8.00
March 2008	835.00	854.00	835.00	840.00	+16.00

CEREAL

Agriwatch
DAILY

W H E A T

Sept. 29, 2007

International Market Recap

CBOT Wheat Futures Settled Up

CBOT wheat futures settled up Thursday. December Wheat finished up 15.75 cent at \$933.00 per bushel; this was 13.5 cent to the high and 7 up from the low. July Wheat closed up 23.5 cent at \$670.50 per bushel. This was 16 up from the low and 5.5 off the high. Good export demand from key world importers despite the move to all-time highs has boosted the market sentiment. December wheat posted an all-time high of \$945.00. Due to fears in Australia's crop failure, traders in US believe that potential buyers will look into US wheat. Lack of new selling pressure, the weak US dollar and fund buying were also seen as positive factors. Weekly US export sales for wheat was at 1.563 million tonnes as compared to trade expectations between 850,000-1,200,000. Cumulative sales have reached 74.6% of the USDA forecast for the entire 2007/2008 marketing year as compared to just 46.0% on average over the last five years. In addition, there are already big sales on the books for next weeks report and Jordan, Morocco, Iraq, Pakistan and Turkey are all still tendering to buy wheat on the world market. Morocco awarded licenses to buy 158,000 tonnes of milling soft wheat. The International Grain Council lowered their world wheat production forecast for the 2007/08 season to 601 million tonnes, down 6 million from last month.

News Analysis

Wheat Prices May Fall By 30% Within A Year: Analyst

In USA, farmers are sowing the seeds for an end to the biggest rally in wheat since the former Soviet Union cornered the US market in the 1970s. Farmers from Kansas to India are preparing the world's largest wheat crop in 10 years to meet the growing demand. The cereal has risen 78% this year—the most of any farm commodity. According to some commodity analyst, farmers will harvest at least 3.3 per cent more acres next year than they did this year. This year's record prices will drive the farmers to plant more acres, which will ultimately lead to the down of prices. In the meantime, government of India is considering the recommendation of CACP's proposal of Rs.1000/qlt wheat for the current crop year. According to the analyst, this will boost the farmers' morale and they will plant more wheat crops. US farmer, the biggest wheat exporters, have until 1st October to lock in government-funded crop insurance, which guarantees a record pre-planting price of almost \$6/bushel at harvest - 50 per cent higher than the average of the past two seasons. Traders are optimistic in an increased acreage in EU countries, USA, India and Canada this year. In this season, wheat plantings rose 2.9% to 214 million ha. Generally, farmers respond to high prices and will plant accordingly. In the meantime, at the face of global price rise, India's Union Agriculture Minister said no need to import wheat at present prices citing enough wheat stocks. Net wheat importing countries like South Korea have been buying more corn to replace wheat in meeting the domestic consumption demand. According to some analyst, the higher acreage may lead the fall of prices by 30 percent to \$6 (240) per bushel within a year.

Turkey To Import 800,000 Tonnes Of Wheat By May End

According to the Ihlas News Agency, the Turkish government has asked the state-owned grain board to import 800,000 metric tonnes of wheat by the end of May. The agency will not pay any customs taxes. Agriculture Minister Mehdi Eker said Turkey's 2007 wheat crop would be around 17.6 million tons, compared with an annual requirement of 18 million tonnes. Severe drought hit the Turkey's wheat crop this year.

China's 200,000 Tonnes Of Wheat For Public Sale By Oct 12

As per the report of National Grain & Oil Trade Center on Tuesday, China will auction 200,000 metric tonnes of wheat from its state reserves on October 12. The centre also said that wheat, which was imported for state reserves, will be sold in six provinces and Dalian city. China is planning to sell more wheat and paddy to the market at lower prices to contain the prices. Due to volatility in food prices, the inflation rate rose to 6.5% growth in August, the highest in more than a decade. But the analyst believed that the wheat auction may not have much impact on the market prices as the markets are experiencing a very weak demand.

Weather Impact Analysis

Fairly widespread rainfall with isolated heavy to very heavy falls is likely over West Uttar Pradesh and Uttarakhand during next 24 hrs

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