

■ W H E A T

■ Sept. 28, 2007

Domestic Market Recap

During Thursday's trade, wheat mostly traded steady to higher on a normal buying against the restricted arrivals. But wheat ruled lower at Haryana (Palwal loose) and UP (Kosi loose) on a subdued trading activity. In Delhi (Lawrence road), wheat traded steady at Rs.1008 against the steady arrival of 11500 qtls on a steady offtake from the consuming units. However, wheat firmed up in Haryana (Hodal Loose), Rajasthan (Kota) and UP (Bareilly) on good offtake from the consuming units against the restricted arrivals. Good demand from south's roller flour millers further boosted the domestic sentiment. The prices of different wheat products quoted steady to down as, Atta down at Rs.1037/90kg from the previous level of Rs.1057, Maida traded at Rs1220 and Sooji at Rs.695/50 kg bag and Chokar 50kg at Rs.366 and Chokar 34kg at Rs.238. Market sentiment also further supported by the tight situation in international market. Ukraine stopped shipping of wheat from Nov. 1 to March 31 to cap domestic prices. Russia is planning to impose 10 per cent export duty on wheat export and the continuing dry spell over Australia further added the positive tone. In coming days, wheat may trade at higher side ahead of festive season and winter season coupled with tight global supply and higher price.

Domestic Spot Market Prices

Market	Variety	Prices (Rs/qty)		Change	Arrivals (Qtls)
		27.09.07	26.09.07		
Delhi (Lawrence Road) Ready Delivery	Mill quality	1008	1008	-	11500
Delhi (Narella) Loose	Mill quality	980	-	-	3000
Haryana (Palwal) Loose	Mill quality	925	929	-4	300
Uttar Pradesh (Mathura) Loose	Mill quality	936	936	-	2000
Uttar Pradesh (Kosi) Loose	Mill quality	927	920-932	-5	400
Haryana (Hodal) Loose	Mill quality	935	932	+3	350
Gujarat (Rajkot) Loose	Mill quality	965	965	-	3000
Rajasthan (Kota)	Mill quality	1035-1040	1030-1035	+5	3-4000
Uttar Pradesh (Kanpur)	Mill quality	1010-1015	1010-1015	-	2000
Madhya Pradesh (Indore)	Mill quality	1045-1050	1040-1050	-	4000
Uttar Pradesh (Bareilly)	Mill quality	1005-1010	1000-1005	+5	500

International Futures Quotes (as of September 26, 2007)**CBOT**

Contract Month	Open	High	Low	Settle	Change
September 2007	887.25	917.25	885.00	917.25	+30.00
December 2007	890.50	922.00	888.75	922.00	+30.00
March 2008	800.00	823.00	795.75	823.00	+30.00

KCBT

Contract Month	Open	High	Low	Settle	Change
September 2007	870.50	903.25	870.00	903.00	+29.75
December 2007	873.50	899.00	867.00	898.25	+29.25
March 2008	820.00	824.00	805.00	824.00	+30.00

CEREAL

Agriwatch
DAILY

W H E A T

Sept. 28, 2007

International Market Recap

CBOT Wheat Futures Settled Up

CBOT wheat futures settled up Wednesday. December Wheat finished up 30 cent at \$917.25 per bushel; this was equal to the high and 32.25 up from the low. July Wheat closed up 9.5 cent at \$647.00 per bushel. This was 9 up from the low and 1 off the high. U.S. wheat futures closed near limit up after rallying to fresh all-time highs on fears about shrinking production potential in Australia. Good export demand also further pushed up the prices. Australia's Agriculture Minister said the 2007 crop could be as small as last year, when a drought slashed production to 10 million metric tonnes. Last week, ABARE pegged Australia's crop at 15.5 million tonnes. Russia plans to impose a 10% wheat export duty by the end of November further added the positive tone. The USDA reported a sale of 200,000 tonnes of hard red winter wheat to Algeria, which is on top of the sales of 330,000 tonnes to Algeria on Tuesday, supported the firm sentiment. Jordan will buy 100,000 tonnes of hard wheat and Morocco seeks 133,450 tonnes of soft wheat. For the weekly export sales report, traders are looking for wheat sales near 850,000-1.2 million tonnes as compared with 1.6 million tonnes last week. Sales need to average just 245,000 tonnes per week to reach the current USDA forecast.

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 will 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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