

■ W H E A T

■ Oct. 15, 2007

Domestic Market Recap

During Saturday's trade, wheat mostly traded steady to down on poor offtake from the consuming units against slightly improved arrivals. Most of the major mandis in domestic markets witnessed a subdued trading activity. Traders reported that buyers showing very little interest in the rising prices. After the government declared wheat MSP of Rs.1000/qlt in this Rabi season, prices surged but after that started falling against lower offtake. In Delhi (Lawrence road) ready delivery quoted down Rs.1050 from Friday's level of Rs.1060 against the arrival of 11500 qtls. In UP (Kosi loose) price was slashed down Rs.10/qlt from its previous level. Prices of different wheat products also surged up as Atta (90kg) traded up at Rs.1055, Maida grad 1 (90kg) at Rs.1247 while Suji (50kg) quoted higher at Rs.730 and Chaki Atta (90Kg) down at Rs.980 and Chokar 50kg quoted higher at Rs.392. Government wants farmers to produce 75.5 million tonnes of wheat in the year that ends in June, compared with 74.9 million tonnes in the last year. To check the surging prices, government has banned exports of wheat flour for an indefinite period and has also extended the ban on exports of wheat for an indefinite period, the ban was to lapse on Dec. 31, 2007. Meanwhile, Pakistan's inflation, as measured by the consumer price index, accelerated to a nine-month high in September because of higher wheat costs. In coming days, against a tight supply, wheat may likely trade firm.

Domestic Spot Market Prices

Market	Variety	Prices (Rs/qlt)		Change	Arrivals (Qtls)
		13.10.07	12.10.07		
Delhi (Lawrence Road) Ready Delivery	Mill quality	1050	1060	-10	11500
Delhi (Narella) Loose	Mill quality	1000	1015	-15	2000
Delhi (Najafgarh) Loose	Mill Quality	1005	1012	-7	3000
Haryana (Palwal) Loose	Mill quality	960	980	-20	300
Uttar Pradesh (Mathura) Loose	Mill quality	990	985	-5	2000
Uttar Pradesh (Kosi) Loose	Mill quality	970	980	-10	500
Gujarat (Rajkot) Loose	Mill quality	-	1005	-	
Rajasthan (Kota)	Mill quality	1045-1050	-	-	700
Uttar Pradesh (Kanpur)	Mill quality	1035-1040	1035-1040	-	4-500
Madhya Pradesh (Indore)	Mill quality	1080	-	-	800
Uttar Pradesh (Bareilly)	Mill quality	1015-1020	1025-1030	-10	300

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

Contract Month	Open	High	Low	Settle	Change
December 2007	879.00	879.00	853.00	857.50	-25.50
March 2008	896.00	896.00	869.00	873.00	-25.50
May 2008	822.00	831.00	813.00	815.00	-22.00

KCBT

Contract Month	Open	High	Low	Settle	Change
December 2007	875.00	876.00	857.00	867.75	-18.25
March 2008	880.00	882.00	861.25	875.00	-16.00
May 2008	832.00	832.00	820.00	827.00	-7.25

CEREAL

Agriwatch
DAILY

W H E A T

Oct. 13, 2007

International Market Recap

CBOT Wheat Futures Settled Lower

CBOT wheat futures settled down Friday. December Wheat finished down 25.5 cent at \$857.50 per bushel; this was 21.5 to the high and 4.5 cent up from the low. July Wheat closed down 5.5 cent at \$680.50 per bushel. This was 15.5 up from the low and 1.5 off the high. U.S. wheat futures closed sharply lower after a government crop report failed to offer the markets any bullish surprises. Due to aggressive selling and lack of new buying interest, wheat futures closed lower. The USDA pegged US 2007/08 all wheat production at 2.067 billion bushels, down from 2.114 last month. US ending stocks were pegged at 307 million bushels as compared with the average trade estimate at 289 million bushels as compared with 362 million estimated in the September USDA report. World wheat production came in at 600.47 million tonnes from 606.24 million predicted last month. The USDA lowered its Australian production estimate to 13.5 million tonnes from 21 million last month. World wheat ending stocks came in at 106.97 million tonnes as compared with 112.36 million tonnes predicted last month and 122.72 million tonnes last year. This is the lowest world ending stocks figure since 1975. Weekly US export sales for wheat came in at 1.343 million tonnes as compared to trade expectations between 1.1 -1.4 million. Cumulative sales have reached 79.5% of the USDA forecast as compared to 49.9% on average over the last five years.

News Analysis

Government Wants Farmers To Produce 75.5 Million Tonnes Wheat

Wheat futures in CBOT declined on speculation that farmers will increase global planting to capitalize on the highest prices ever. India, second largest wheat consumer, on Tuesday increased the Wheat MSP to encourage the farmers for more wheat planting. Prices have jumped 69% this year in Chicago and set record highs 23 times in the three months ended 28 September. India raised the minimum purchase price of the grain by 18% to encourage domestic planting, finance minister P. Chidambaram said on Wednesday in New Delhi. India had bought 1.3 million tonnes wheat at record prices since July. Government wants farmers to produce 75.5 million tonnes of wheat in the year that ends in June, compared with 74.9 million tonnes in the last year.

Pakistan Inflation 8.37% on Wheat Prices

Pakistan's inflation, as measured by the consumer price index, accelerated to a nine-month high in September because of higher wheat costs. Consumer prices rose 8.37 percent from a year earlier after gaining 6.45 percent in August, Federal Bureau of Statistics, Islamabad. September inflation rose because of higher wheat prices. Although Pakistan had a bumper wheat crop in 2007, but hoarding and smuggling pushed prices up 30 percent in August from July. The government plans to import 1 million tonnes of wheat this year to keep prices affordable until the new crop arrives in May.

India Bans Wheat Flour Exports

Government has banned exports of wheat flour for an indefinite period and has also extended the ban on exports of wheat for an indefinite period, the ban was to lapse on Dec. 31, 2007. This ban will be valid till further orders. The government has also allowed restriction-free imports of wheat for an indefinite period, which was earlier allowed until Dec. 31, 2007. Indian mills had plans to export up to 100,000 metric tonnes of wheat flour by March 2008.

Russian Govt Imposes Wheat and Barley Export Duty

The Russian cabinet of ministers decided to approve the imposition of seasonal export duty on wheat and barley. The exact figures and the duration of the new export duties for wheat and barley have yet to be announced officially. However, officials said earlier the duty for wheat would be 10% and for barley 30%. The wheat export duty isn't prohibitive, designed to keep wheat exports in the current marketing year within 12 million- 14 million metric tonnes.

Weather Impact Analysis

Incessant rainfall in the wheat producing regions and the resulting increase in moisture content in soil would benefit the crop. Wheat sowing is likely to be started from October end to November.

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>

COMMODITIES RESEARCH