

## WHEAT

Oct. 13, 2007

### Domestic Market Recap

During Friday's trade, wheat mostly traded steady to down on poor offtake from the consuming units against slightly improved arrivals. However, wheat firmed up in UP (Bareilly) on good offtake by stockists and locals amid slightly reduced supply. After the government declared wheat MSP of Rs.1000/qrtl in this Rabi season, prices surged but after that started falling against lower offtake. In Delhi (Lawrence road) ready delivery quoted down Rs.1060 from Thursday's level of Rs.1070 against the arrival of 12000 qtls. In UP (Kosi loose) price was slashed down Rs.25/qrtl from its previous level. Prices of different wheat products also surged up as as Atta (90kg) traded up at Rs.1046, Maida grad 1 (90kg) at Rs.1238 while Suji (50kg) quoted higher at Rs.725 and Chaki Atta (90Kg) up at Rs.990 and Chokar 50kg quoted higher at Rs.387. 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/qrtl)		Change	Arrivals (Qtls)
		12.10.07	11.10.07		
Delhi (Lawrence Road) Ready Delivery	Mill quality	1060	1070	-10	12000
Delhi (Narella) Loose	Mill quality	1015	1020	-5	2000
Delhi (Najafgarh) Loose	Mill Qyality	1012	1015	-3	2000
Haryana (Palwal) Loose	Mill quality	980	985	-5	300
Uttar Pradesh (Mathura) Loose	Mill quality	985	990	-5	1500
Uttar Pradesh (Kosi) Loose	Mill quality	980	1005	-25	1800
Gujarat (Rajkot) Loose	Mill quality	1005	1005	-	1700
Rajasthan (Kota)	Mill quality	-	1050-1055	-	600
Uttar Pradesh (Kanpur)	Mill quality	1035-1040	1035-1040	-	600
Madhya Pradesh (Indore)	Mill quality	-	1065-1070	-	800
Uttar Pradesh (Bareilly)	Mill quality	1025-1030	1020-1025	+5	300

### International Futures Quotes (as of October 11, 2007)

#### CBOT

Contract Month	Open	High	Low	Settle	Change
December 2007	866.00	883.00	860.00	883.00	+30.00
March 2008	883.00	898.50	876.00	898.50	+30.00
May 2008	820.00	843.00	816.50	837.00	+24.00

#### KCBT

Contract Month	Open	High	Low	Settle	Change
December 2007	870.00	886.25	861.50	886.00	+29.75
March 2008	874.00	891.25	866.50	891.00	+29.75
May 2008	820.00	838.00	818.00	834.25	+22.25

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

CBOT wheat futures settled up Thursday. December Wheat finished up 30 cent at \$883.00 per bushel; this was equal to the high and 23 cent up from the low. July Wheat closed up 20.25 cent at \$686.00 per bushel. This was 17.5 up from the low and 2 off the high. Reports of good export orders coupled with strength from outside markets helped strong gains early in the session. Fund selling supported the surge in prices. News that Morocco is tendering to buy 500,000 tonnes of soft wheat added to the positive tone. Japan bought 145,000 tonnes of wheat at their weekly tender with 85,000 tonnes of the total coming from the US. For the USDA supply/demand report for Friday morning, traders are looking for 2007/08 ending stocks to come in near 289 million bushels as compared with 362 million posted in the September USDA report. For the weekly export sales report, traders are looking for wheat sales near 1.1-1.4 million tonnes as compared with 1.598 million tonnes last week.

**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.

**Wheat Stocks Totaled At 10.12 Million Metric Tonnes As Of Oct. 1**

According to Chairman, Food Corporation of India, Country's wheat stocks totaled at 10.12 million metric tonnes as of Oct. 1.

**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.

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