

■ W H E A T

■ Dec. 11, 2007

Domestic Market Recap

During Saturday's trade, domestic wheat prices mostly dipped on subdued demand against sustained supply. Markets witnessed lower buying from the traders and roller flour millers. The unloading of stocks by farmers and stockists further added the negative tone to the market sentiment. However, prices firmed up in Rajkot (Gujarat) on good buying by the locals despite the healthy arrival of 3000 qtls. Good acreage with hybrid seeds in Haryana and Punjab and the expected good production further supported the negative tone. In Delhi (Lawrence road) ready delivery traded down Rs.1040/qty against the arrival of 15600 qtls on subdued demand from the consuming units. In Mumbai and Bangalore, wheat traded steady at Saturday's level on routine demand-supply situation. Meanwhile, State Trading Corporation today floated a tender to buy maximum of 350,000 metric tons. The tender will be closed on December 17. As per the STC report, the imported wheat will be delivered in Mundra, Kakinada, Kandla, Chennai, Vishakhapatnam, Tuticorin, Cochin and Mumbai ports. All the imported quantity will be delivered by April 15, 2008. In Delhi mandis, various wheat products mostly traded steady to down as Atta (90kg) at Rs.1063, maida grade 1 (90kg) down at Rs.1247, Suji (50kg) down at Rs.695, Chokar (50kg) at Rs.400 and Chakki atta (90 kg) down at Rs.976.

Domestic Spot Market Prices

Market	Variety	Prices (Rs/qty)		Change	Arrivals (Qtls)
		10.12.07	08.12.07		
Delhi (Lawrence Road) Ready Delivery	Mill quality	1040	1045-1055	-15	15600
Delhi (Narella) Loose	Mill quality	980-1000	995-1010	-10	1800
Delhi (Najafgarh) Loose	Mill Quality	982-995	996-1005	-10	2000
Haryana (Palwal) Loose	Mill quality	963	964	-1	400
Uttar Pradesh (Mathura) Loose	Mill quality	960	965	-5	500
Uttar Pradesh (Kosi) Loose	Mill quality	970-981	970-986	-5	350
Gujarat (Rajkot) Loose	Mill quality	1000	980-985	+15	3000
Rajasthan (Kota)	Mill quality	1040-1043	1040-1045	-2	500
Uttar Pradesh (Kanpur)	Mill quality	1025-1030	1025-1030	-	500
Madhya Pradesh (Indore)	Mill quality	1030-1040	1045-1050	-10	800
Uttar Pradesh (Bareilly)	Mill quality	990-1000	990-1000	-	1000

International Futures Quotes (as of December 07, 2007)**CBOT**

Contract Month	Open	High	Low	Settle	Change
December 2007	875.00	903.50	875.00	903.50	+32.50
March 2008	898.00	921.50	890.00	921.50	+30.00
May 2008	897.00	921.00	893.50	918.50	+27.50

KCBT

Contract Month	Open	High	Low	Settle	Change
December 2007	924.00	949.00	924.00	949.00	+30.00
March 2008	925.00	950.00	920.00	950.00	+30.00
May 2008	925.00	949.00	922.00	949.00	+30.00

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

CBOT wheat futures settled moderately higher on Friday. March Wheat finished up 30 cent at \$921.50 per bushel; this was equal to the high and 31.5 cent up from the low. July Wheat closed up 30 cent at \$808.00 per bushel. This was 28 up from the low and equal to the high. CBOT wheat futures opened higher and settled moderately at higher side on continuous massive short covering by funds and small speculators. Market also gained with support from outside markets particularly rallies in soy bean meal and corn. Good export news also added the positive tone to the market sentiment. Egypt bought 115,000 tonnes of wheat from Russia. India's State Trading Corporation said that it may buy up to 550,000 tonnes of wheat in a tender on Monday. India's total has been raised since PEC Ltd. only bought 150,000 tonnes against a tender for 350,000 tonnes that was announced earlier. Forecasts call for increases moisture across the Great Plains over the weekend with some light, beneficial coverage in dry areas of the south-western wheat belt. However, this rainfall could damage the wheat crop if it is accompanied by more freezing and thawing. Deliveries against the December contract were fairly heavy again at 1,142 contracts.

News Analysis**JK International Will Provide 1.5 Lakh Tonnes Wheat At \$396.9/T**

Public sector PEC Ltd on December 7 finalised purchase of 1.5 lakh tonnes of wheat from JK International Ptv Ltd of Australia in its tender for import of up to 3.5 lakh tonnes with the worth of average \$396.9/tonne. The other bidders are the US-based Cargill, Glencore International AG of Switzerland, Alfred C. Toepfer of Germany, Concordia Agritrading and Starcom Resources of Singapore. All the bidders offered to supply an aggregate quantity of 6.30 lakh tonnes against the tendered 3.5 lakh tonnes, the Centre finalised to purchase only 1.5 lakh tonnes through JK International. According to an official, since the present price bids are valid till Saturday, there is a possibility still of contracting additional quantities. JK International had offered the lowest quote of \$395.88 a tonne (cost & freight) for 65,000 tonnes at Mundra port, besides \$398.97 a tonne for 45,000 tonnes at Kandla, \$401.94 a tonne for 35,000 tonnes at Mumbai and \$418.95 a tonne for 40,000 tonnes at Tuticorin. It seems that the Centre has basically accepted the company's offers for Mundra, Kandla and Mumbai delivery. JK International will procure the wheat from Argentina, Canada or Russia. STC is scheduled to float a fresh tender on December 10. According to agency reports, it might seek bids for over five lakh tonnes, as against the earlier planned 3.3 lakh tonnes. The Centre has targeted import of 23 lakh tonnes during the current fiscal, of which it has so far contracted about 18 lakh tonnes, STC may be asked to buy more mainly to meet the shortfall from PEC's latest tender. Source: Business Line

STC Floated Wheat Tender Of 350.000 MT

State Trading Corporation today floated a tender to buy maximum of 350,000 metric tons. The tender will be closed on December 17. As per the STC report, the imported wheat will be delivered in Mundra, Kakinada, Kandla, Chennai, Vishakhapatnam, Tuticorin, Cochin and Mumbai ports. All the imported quantity will be delivered by April 15, 2008.

ABARE Raises Australia's Wheat Harvest Forecast 5% on Yields

Australia raised current crop forecast by 5 percent on better-than-expected yields in parts of the country. As per the Canberra-based Australian Bureau of Agricultural and Resource Economics, output may be 12.7 MMT in the harvest started in October, up from 12.1 MMT previously estimated. For the second consecutive year, Australia's crop output has been lower due to drought which pushed wheat prices up 75 percent in the past year, touching a record on Sept. 28.

Weather Impact Analysis

Sowing conditions are good following good monsoon in rain-fed areas. Cool winter forecast for the current year favours wheat crop. However, states like UP and MP requires one to two showers for wheat sowing.

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>