

■ W H E A T

■ Dec. 12, 2007

Domestic Market Recap

During Tuesday's trade, domestic wheat prices mostly dipped on subdued demand from the suppliers and roller flour millers against improved arrival. The unloading of stocks by farmers and stockists further added the negative tone to the market sentiment. However, prices firmed up in Rajasthan (Kota) on good buying by the locals despite the improved arrival. 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.1035/qtl against the arrival of 12500 qtls on subdued demand from the consuming units. In Mumbai and Bangalore, wheat traded steady at Monday'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.1238, Suji (50kg) down at Rs.690, Chokar (50kg) at Rs.400 and Chakki atta (90 kg) down at Rs.975.

Domestic Spot Market Prices

| Market | Variety | Prices (Rs/qtl) | | Change | Arrivals (Qtls) |
|--------------------------------------|--------------|-----------------|-----------|--------|-----------------|
| | | 11.12.07 | 10.12.07 | | |
| Delhi (Lawrence Road) Ready Delivery | Mill quality | 1035 | 1040 | -5 | 12500 |
| Delhi (Narella) Loose | Mill quality | 985-1000 | 980-1000 | - | 1200 |
| Delhi (Najafgarh) Loose | Mill Quality | 972-985 | 982-995 | -10 | 1000 |
| Haryana (Palwal) Loose | Mill quality | 950-952 | 963 | -9 | 450 |
| Uttar Pradesh (Mathura) Loose | Mill quality | 950 | 960 | -10 | 500 |
| Uttar Pradesh (Kosi) Loose | Mill quality | 973 | 970-981 | -8 | 300 |
| Gujarat (Rajkot) Loose | Mill quality | 0 | 1000 | - | |
| Rajasthan (Kota) | Mill quality | 1040-1045 | 1040-1043 | +2 | 400 |
| Uttar Pradesh (Kanpur) | Mill quality | 1010-1015 | 1025-1030 | -15 | 2000 |
| Madhya Pradesh (Indore) | Mill quality | 1030-1040 | 1030-1040 | - | 1000 |
| Uttar Pradesh (Bareilly) | Mill quality | 980-990 | 990-1000 | -10 | 1500 |

International Futures Quotes (as of December 10, 2007)**CBOT**

| Contract Month | Open | High | Low | Settle | Change |
|----------------|--------|--------|--------|--------|--------|
| December 2007 | 916.25 | 927.00 | 903.50 | 909.00 | +5.50 |
| March 2008 | 927.00 | 949.25 | 925.00 | 929.50 | +8.00 |
| May 2008 | 919.50 | 944.25 | 919.50 | 930.00 | +11.50 |

KCBT

| Contract Month | Open | High | Low | Settle | Change |
|----------------|--------|--------|--------|--------|--------|
| December 2007 | 957.00 | 977.00 | 957.00 | 960.00 | +11.00 |
| March 2008 | 951.00 | 978.00 | 951.00 | 961.50 | +11.50 |
| May 2008 | 950.00 | 975.00 | 950.00 | 963.50 | +14.50 |

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

CBOT wheat futures settled moderately higher on Monday. March Wheat finished up 8 cent at \$929.50 per bushel; this was 19.5 off to the high and 3.5 cent up from the low. July Wheat closed up 16.5 cent at \$824.50 per bushel. This was 8.5 up from the low and 5.5 off to the high. Following the strong close on Friday, CBOT wheat futures opened higher and settled moderately at higher side. However, during the mid session, market dipped on profit taking but with the support of some good news, market settled higher. Traders are also worried about the tight supply in Europe and crop damage in Argentina and elsewhere further added the positive tone to the market sentiment. Export Inspections this week were 26.573 million bushels compared to trade expectations of 16-21 million bushels and 18.496 last week. India is in the Market for 350,000 tonnes by December 17th. French winter wheat sowings are estimated to be up 3.4% from last year. Argentina is holding back export registrations for several weeks and traders in Russia are also awaiting possible new export caps there. Deliveries against the December contract were 962 contracts. Traders expect Tuesday's Supply/Demand Report to show ending stocks at 262 to 319 million bushels. The average trade estimate is 297 million bushels and the November report was at 312 million bushels.

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 Pvt 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.

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