

## WHEAT DAILY

15<sup>th</sup> MARCH, 2007

### SPOT MARKETS:

Wheat prices improve somewhat in majority of domestic markets. Widespread rainfall in Punjab, Haryana, Rajasthan, U.P. may affect the standing wheat crops that is in mostly dough to maturity stage. Traders feared yield reduction in case the rainfall and hailstorm continued for 2-3 days. However, IMD projected the western disturbance has weakened and moving eastwards. Consequently the intensity of precipitation has decreased considerably during Wednesday over northwest India. According to Union Agriculture Minister Sharad Pawar the situation of wheat procurement is so far comfortable and if required the Government would import wheat. At Delhi, wheat dara for mills increased by Rs.20 at Rs.1050/qrtl on steady arrivals around 1,500-2,000 bags from old stocks and 2,000-3,000 bags new crop arrived from M.P.. New wheat quoted between Rs.1020-1030/qrtl. Some demand from Uttar Pradesh supporting the tone. Punjab mandis saw tight sentiments on some demand from millers. In Sunam mandis wheat prices quoted at Rs. 860/qrtl on the back of arrivals about 1,000 bags. Traders are expected some delay in new crop arrivals. Rajkot mandis saw steady sentiments in price levels due to buying support from prominent corporate houses such as Kargil, AWB and Ruchi. according to trade sources near about 40-50 motors was already purchase by them. They are purchasing wheat at Rs.905/qrtl. Vice President of US Wheat Associates is optimistic that India will go for wheat import up to 3 million tonnes this year as against 5.5 million tonnes in 2006. If needed India should purchase wheat between May to July when global prices are low because of harvests in most wheat-growing countries. Everything will depend on the Govt. procurement. India will have to import the grain again in 2007 if the government fails to buy from farmers what it needs for its buffer stocks. FCI also has been seeking a complete ban on private sector companies procuring wheat in Uttar Pradesh. Prominent corporate houses are also not likely to enter in the states of Punjab, Haryana and Uttar Pradesh in the initial procurement period because of that the FCI will be active in these states for procurement a good amount. The fear associated with stock limits also make them stay away from wheat markets this year. However, some corporate house may enter the Madhya Pradesh and Gujarat mandis to purchase wheat. Haryana and Punjab account for more than 60 per cent of the government's wheat procurement. In 2005 FCI procured a total of 14.7 Mln. Tonnes and the production stood on 68.4 Mln Tonnes. Procurement came down a low of 9.1 Mln Tonnes during 2006 despite production crossing 69 Mln Tonnes last year. Therefore, procurement policy of Govt. as well as farmers interest of selling the grains will determine the wheat sentiments of India in coming days

### PRICE DRIVERS:

#### Bullish:

1. Govt. discontinued the duty free wheat import
2. IMD's prediction that two incoming western disturbances are expected to hit northwest India around 11th March.
3. IMD's prediction that heavy rainfall and hail/squall is likely over north-western India during next 24 hours

#### Bearish:

1. Poor product demand all over India amidst Govt. decision to release 4 lakh tonnes of wheat through FCI
2. Wheat acreage increased to 281.782 Lh as on 01.02.07 as compared to 264.336 Lh during the same period of last year.
3. Fresh arrivals are increasing in Gujarat as well as M.P. mandis
4. Govt. will very aggressive in increasing buffer stocks of wheat this season
5. Prominent corporate buyers are likely to avoid wheat purchase this year
6. Govt banned wheat export till 31 December, 2007
7. Govt. may consider to resume the wheat exports in case of bumper production

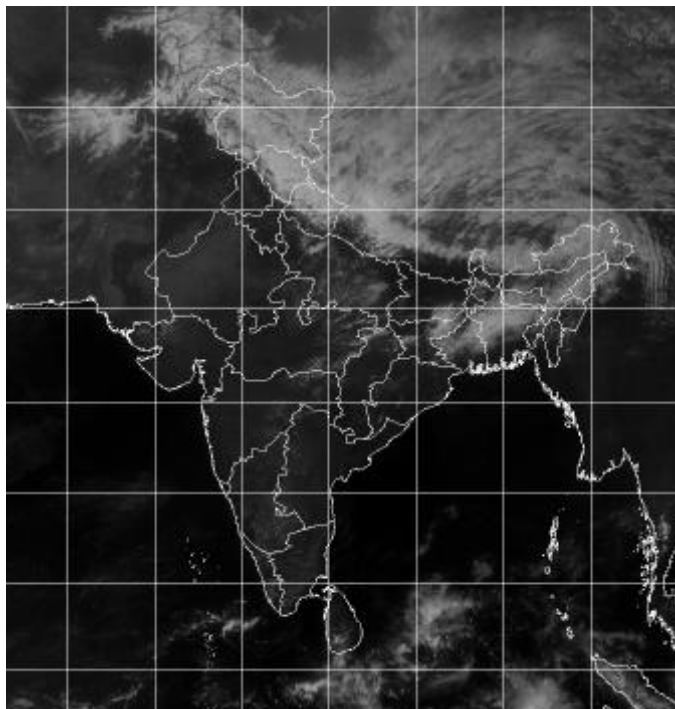
### SPOT MARKET PRICE FOR WHEAT (Rs./Quintal)

Markets	Variety	14.03.07	13.03.07	Change
Delhi (Lawrence Road)	Wheat Mill quality	1040-1050	1025-1030	+20
Haryana (Karnal)	Wheat Mill quality	975-980	990-995	-15
Punjab (Khanna)	Wheat Mill quality	955-961	965-970	-9
Rajasthan (Kota)	Wheat Mill quality	890-895	895-900	-5
Uttar Pradesh (Kanpur)	Wheat Mill quality	1010-1015	1010-1015	-
Madhya Pradesh (Indore)	Wheat Mill quality	895-900	870-875	+25
Uttar Pradesh (Bareilly)	Wheat Mill quality	1050-1055	1045-1050	+5

## WEATHER WATCH:

Heavy rains coupled with hailstorm may cause some damage through crop lodging and water logging.

### SATELLITE PICTURE OF MONSOON PROGRESS (14.03.07)



### Chief Features (14.03.07)

- ✓ During past 24 hours moderate rainfall has occurred at many places over Western Himalayan region, Indo-Gangetic plains and adjoining central India. Chief amounts of rainfall recorded during past 24 hours (in cm.) are: Mukteshwar and Bhuntar-4 each, Ambikapur, Quazigund, Ludhiana, Patna, Dehradun and Varanasi-3 each. The western disturbance has now moved eastwards. Consequently, the rain/thundershower activity is likely to remain centered largely over east and northeast India during next 48 hours. The Numerical Weather Prediction Model suggest that strong northwesterly winds are likely to prevail over Indo-Gangetic plains commencing from tomorrow onwards. Consequently, the decreasing trend in night temperatures is likely to continue over the region during next 48 hours. However, the day temperature is likely to increase by 3-5 oC during next 3-4 days.

### Outlook for subsequent two days (Based on numerical weather products):

- ✓ Isolated hail/squall is likely over East Uttar Pradesh, Bihar and West Bengal & Sikkim during next 24 hours and over northeastern States during next 48 hours. Decrease in rainfall activity over northeastern States. A feeble western disturbance is likely to affect Western Himalayan region.

Source: IMD (GOI)

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