

## WHEAT DAILY

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

### SPOT MARKETS:

Wheat prices remained almost flat mix in majority of wheat wholesale markets on steady demand supply scenario. At Delhi, wheat para for mills decreased by Rs.10 at Rs.1020/qlt on steady arrivals around 2,000 bags from old stocks and 5-6 motors new crop. Steady demands from chakki millers are reported. Some demand from Uttar Pradesh supporting the tone. Punjab mandis saw further decline in prices on increased arrivals. Stockists as well as farmers continuously releasing their old stocks on the outlook of bumper production in the state. The IMD has confirmed on Wednesday that two incoming western disturbances are expected to hit northwest India after 11th March. In case of heavy rains and hailstorm adversely affect the standing crops of wheat that is mostly near maturity stage. Rajkot mandis saw increase 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/qlt. 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.

#### 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
8. IGC forecasts 624 million tons of world wheat production this month as on 22.02.07. That is increased by 3 million from last month's projection and 34 million from 2006.
9. Govt thinking on ban on private companies procuring wheat in U.P.
10. Government to add Rs25-50 bonus to wheat MSP to beat private competition

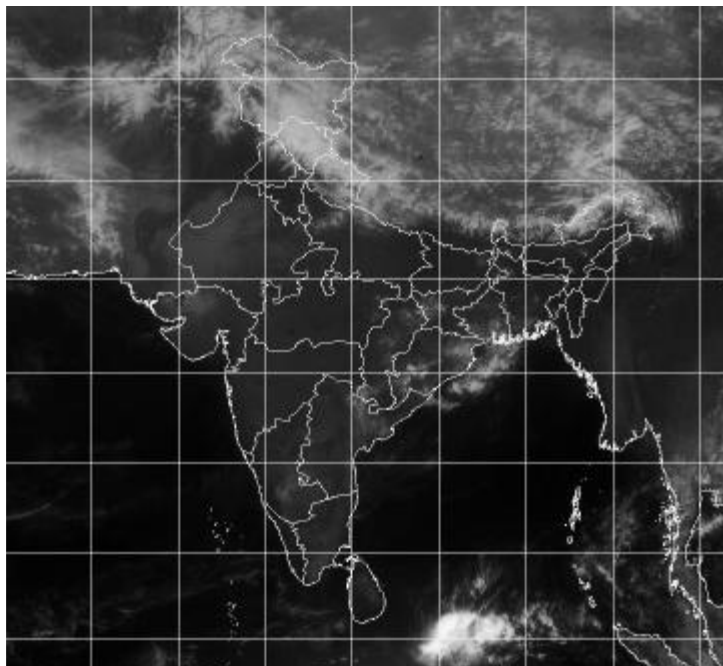
### SPOT MARKET PRICE FOR WHEAT (Rs./Quintal)

Markets	Variety	10.03.07	09.03.07	Change
Delhi (Lawrence Road)	Wheat Mill quality	1020	1030	-10
Haryana (Karnal)	Wheat Mill quality	965-970	955	+15
Punjab (Khanna)	Wheat Mill quality	965-970	965-970	-
Rajasthan (Kota)	Wheat Mill quality	890-895	890-895	-
Uttar Pradesh (Kanpur)	Wheat Mill quality	1005-1010	1005-1010	-
Madhya Pradesh (Indore)	Wheat Mill quality	860-865	N.A.	-
Uttar Pradesh (Bareilly)	Wheat Mill quality	1040-1045	1040-1045	-

## WEATHER WATCH:

Fresh western disturbances over Northern and North-Western region may adversely affect the standing wheat crops that is in mostly dough to maturity stage. The moderate to significant rains coupled with hailstorm may cause some damage through crop lodging and water logging.

## SATELLITE PICTURE OF MONSOON PROGRESS (10.03.07)



## Monsoon Features (10.03.07)

- ✓ A fresh western disturbance is likely to cause fairly widespread precipitation over northwest India and Rajasthan from tomorrow evening to 13th and over east India on 12th and 13th. Isolated heavy falls accompanied with hail/squall is likely over northwest India during 11th evening to 13th.

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

- ✓ Precipitation activity accompanied with isolated hail/squall is likely to continue over Western Himalayan Region and Indo-Gangetic plains till 13th and decrease thereafter.
- ✓ Isolated heavy precipitation accompanied with hail/squall likely over Jammu & Kashmir Himachal Pradesh, Uttaranchal, Punjab, Haryana, Chandigarh, Delhi and Rajasthan during 11th evening to 13th

Source: IMD (GOI)

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