

WHEAT DAILY

20th MARCH, 2007

SPOT MARKETS:

Wheat prices on the spot market witnessed bullish sentiments and remained mostly at some higher level than even the Rs 850 per quintal announced as MSP. At Delhi, wheat para for mills traded up by Rs.10/qlt at Rs.1050/qlt on lower arrivals around 1,000 bags from old stocks and 2,000-3,000 bags new crop arrived from M.P.. New wheat quoted between Rs.1030/qlt. Some demand from Uttar Pradesh continued supporting the tone. Punjab mandis saw tight sentiments on some demand from millers as well as on higher MSP announced by Govt. traders are optimistic to get further bonus from state govt. In Sunam mandis wheat prices quoted up at Rs. 925/qlt on the back of arrivals about 1,000-1,200 bags. Traders are expected some delay in new crop arrivals around April first week. The government is like to import up to 3 Mln Tonnes of wheat to increase the stock position even though the outlook of higher crops. The State Trading Corporation will be asked to take preparatory steps to import up to 3.0 million tonnes in case of need. However govt is very ambitious of procuring around 15 Mln tones of wheat in the current year. India is expecting a higher production of wheat more than 72.5 million tonnes in 2007, up from 69.5 million last year, despite unusual rains in earlier days of the week. The area under the wheat crop has increased to 28.5 million hectares this year from 26.5 million hectares a year ago. Wheat harvests have already started in Gujarat and most parts of Madhya Pradesh. Harvests likely to start in April in the main growing states of Punjab, Haryana and Uttar Pradesh. 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.

PRICE DRIVERS:

Bullish:

1. Govt. discontinued the duty free wheat import
2. Govt. decided to give bonus of Rs.100/qlt on MSP

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. Govt thinking on ban on private companies procuring wheat in U.P.

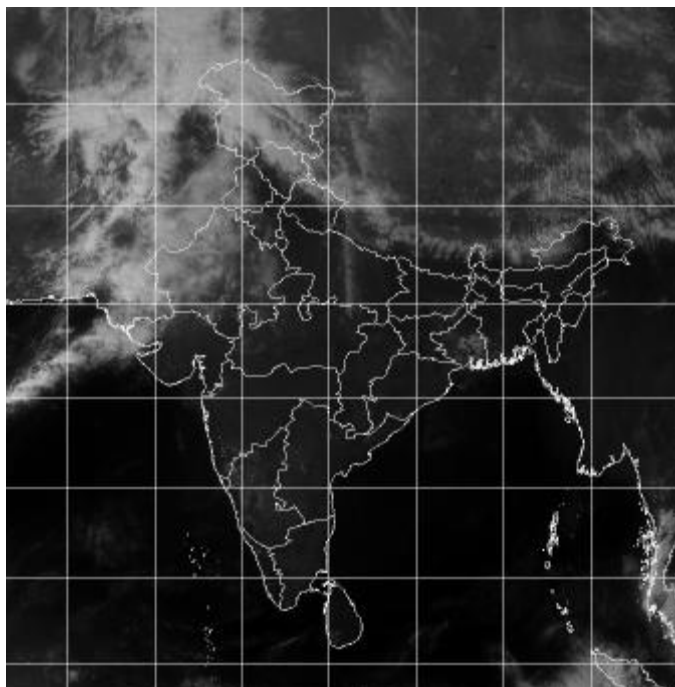
WEATHER:

Standing wheat crop needs bright sunshine for healthy development and maturity. Intermittent showers and lower temperatures are forecast for the period March 19 to March 23, 2007 in the Northern Plains of India. Further rains at this moment certainly cause concern.

SPOT MARKET PRICE FOR WHEAT (Rs./Quintal)

Markets	Variety	19.03.07	17.03.07	Change
Delhi (Lawrence Road)	Wheat Mill quality	1050	1040	+10
Haryana (Karnal)	Wheat Mill quality	1030-1035	1030-1035	-
Punjab (Khanna)	Wheat Mill quality	1085-1090	1035-1040	+50
Rajasthan (Kota)	Wheat Mill quality	N.A.	895-901	-
Uttar Pradesh (Kanpur)	Wheat Mill quality	1035-1040	1035-1040	-
Madhya Pradesh (Indore)	Wheat Mill quality	N.A.	930-935	-
Uttar Pradesh (Bareilly)	Wheat Mill quality	1055-1060	1055-1060	-

SATELLITE PICTURE OF MONSOON PROGRESS (19.03.07)



Monsoon Features (19.03.07)

- Currently, a western disturbance lies over north Pakistan and adjoining Jammu & Kashmir with its induced system over south Pakistan and adjoining West Rajasthan. The numerical weather prediction models suggest slow movement of the system. Under this scenario, precipitation is likely at many places over Western Himalayan region during next 3 days. Isolated to scattered rain/thundershowers accompanied with hail/squall is also likely over the plains of the northwest India and Rajasthan.
- Both night and day temperatures are near normal over northwest India and appreciably above normal over Rajasthan and adjoining central India.
- The day temperatures are likely to fall on 20th & 21st, while the increasing trend in the night temperature is likely to continue for next 2-3 days over northwest India.

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

- ✓ Isolated heavy precipitation is likely over Jammu & Kashmir during next 48 hours.
- ✓ Isolated hailstorm/squall is likely over northwest India and Rajasthan during the same period.
- ✓ Decrease in precipitation activity over northwest India.
- ✓ Scattered light to moderate precipitation likely to continue over North Eastern States.

Source: IMD (GOI)

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