

WHEAT DAILY

27th MARCH, 2007

SPOT MARKETS:

Wheat prices at the spot traded down on fresh arrivals amidst steady demand. However, thin market activities are witnessed because of forthcoming March ending. At Delhi, new wheat data for mills traded down at Rs.1050/mtl on higher arrivals around 4,000 bags from Madhya Pradesh. The arrivals of old stocks decreased to 1000 bags. Old wheat quoted between Rs.1035-1040/mtl. Some demand from Uttar Pradesh and Bihar continued supporting the tone. Wheat prices remained steady in Gujarat mandis despite of fresh arrivals. In Rajkot mandis the price quoted steady to Rs. 920-925/mtl on the back of fresh arrivals about 10,000-12,000 bags. Private companies resume their purchasing from Rajkot mandis. The MNC's like AWB, Adarni, Kargil, Ruchi soya are active in the market yards. According to the trade sources they have purchased around 50,000-55,000 bags so far. Wheat prices remained flat in M.P. mandis also. In Bhopal the wheat traded up between Rs.910-925. The MNC's like Olam, Topar are active in the market. Punjab mandis saw weak sentiments on steady demand from millers coupled with fresh arrivals in Patiala district. Some Kissan Unions of Punjab are not seen satisfied with the hike in wheat MSP to Rs.850/mtl. In the wake of fresh crop arrivals likely to hit the market April second week the farmers are demanding further bonus of wheat MSP. Govt. is likely to procure around 75 lakh tonnes of wheat from Punjab, 45 lakh tonnes of wheat from Haryana, and about 15 lakh tonnes of wheat from U.P. this year. In Sunam mandis wheat prices quoted down at Rs. 940/mtl on the back of arrivals about 1,000-1,500 bags. The government is expected to procure around 15 million tonnes to raise stocks. It hopes to have stocks of 4-4.5 million tonnes on April 1, made up mainly of imported wheat. The buffer stocks are used to sell grain to the poor at subsidised prices and meet the needs of welfare schemes.

PRICE DRIVERS:

Bullish:

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

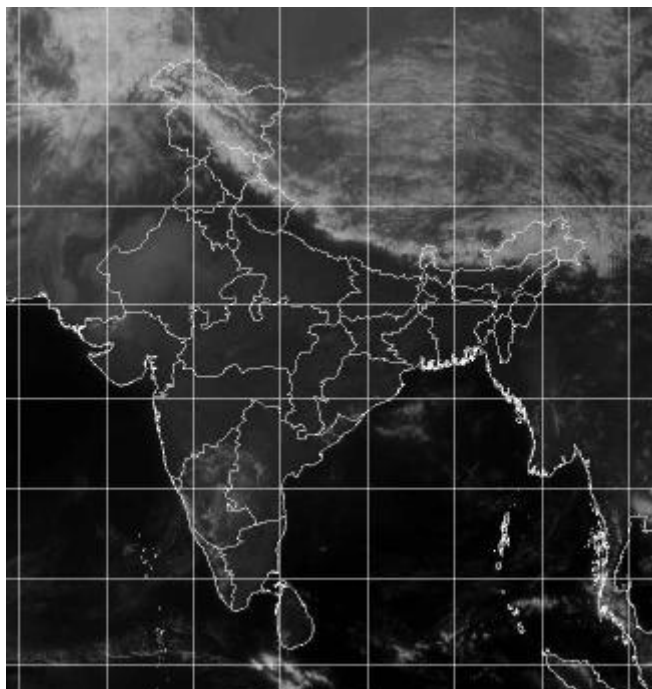
WEATHER:

Standing wheat crop needs bright sunshine for healthy development and maturity. Further rains at this moment certainly cause concern.

SPOT MARKET PRICE FOR WHEAT (Rs./Quintal)

Markets	Variety	26.03.07	24.03.07	Change
Delhi (Lawrence Road)	Wheat Mill quality	1050	1060	-10
Haryana (Karnal)	Wheat Mill quality	1010-1015	1040-1045	-30
Punjab (Khanna)	Wheat Mill quality	1080-1085	1060-1065	+20
Rajasthan (Kota)	Wheat Mill quality	920-925	920-925	-
Uttar Pradesh (Kanpur)	Wheat Mill quality	1030-1035	1035-1040	-5
Madhya Pradesh (Indore)	Wheat Mill quality	950-955	965-970	-15
Uttar Pradesh (Bareilly)	Wheat Mill quality	1055-1060	1070-1075	-15

SATELLITE PICTURE OF MONSOON PROGRESS (26.03.07)



Monsoon Features (26.03.07)

- ✓ Strong northwesterly winds are prevailing over Indo-Gangetic plains for the last 3-4 days. However numerical weather prediction models suggest gradual decrease in their strength during the next 2-3 days. Consequently day and night temperatures are likely to increase over this region. Generally dry weather is likely to continue to prevail over northwest and central India during next 4 days.

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

- ✓ A western disturbance as an upper air system is likely to affect Western Himalayan region from 30th.

Source: IMD (GOI)

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