

## WHEAT DAILY

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

### SPOT MARKETS:

Wheat prices remained mix in majority of wheat wholesale markets on steady arrivals amidst lower demand. At Delhi, wheat para for mills increased by Rs.10 at Rs.1015/qlt on the steady arrivals around 2,000-3,000 bags from old stocks and 2-3 motors new crop. Some demand from Uttar Pradesh lifted the tone. Punjab mandis saw further decline in wheat prices on increased arrivals amidst poor demand. Stockists as well as farmers continuously releasing their old stocks on the outlook of bumper production in the state. The yield of wheat is likely to increase in Punjab, the food bowl of the country on favourable weather condition. Comparatively lower temperature and some rainfall during February helped in crop growth by maintaining the moisture content and starch depositing in the plants. In Sunam mandis of Punjab the wheat prices drifted to Rs.860-870 from Rs.880-885 traded Wednesday. The arrivals increased to 1000 bags from 500-600 bags. Fresh arrivals are continued in the market yards of M.P. and Gujarat. The wheat prices in Indore market quoted up Rs.870/qlt on steady fresh arrivals around 5,000 bags. Farmers are not showing interest to release their full stocks at lower price as Govt is considering adding a bonus of Rs25 to Rs50 per quintal over the minimum support price. However, no confirmation has made from Govt side so far. Wheat procurement in major parts of country will start from April 1 this year. FCI would start the season with a stock of 45 lakh tonnes of wheat as compared to 20 lakh tonnes last year. FCI is likely to procure more than 120 lakh tonnes of wheat this year as against the 91 lakh tonnes during last year. Agriculture Minister very much optimistic about the higher wheat production near about 73.3 million tonnes this year as against 69.5 million tonnes last year. However, actual production would depend on the weather conditions for the next few days. Punjab mandis also witnessed bearish sentiments on good arrivals. The Food Corporation of India (FCI) is will start procurement of foodgrains on March 15. The state-wise target for wheat procurement is: Punjab (75 lakh tonnes), Haryana (45 lakh tonnes), Uttar Pradesh (15 lakh tonnes), Bihar (10 lakh tonnes), Madhya Pradesh (3 lakh tonnes), Rajasthan (2 lakh tonnes), Uttarakhand (1 LT) and Gujarat (0.5 LT). Government is seriously thinking on a ban on private sector companies procuring foodgrain from farmers in Uttar Pradesh. FCI also has been seeking a complete ban on private sector companies procuring foodgrain in Uttar Pradesh.

### PRICE DRIVERS:

#### Bullish:

1. Govt. discontinued the duty free wheat import

#### 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. Farmers are not showing interest to release their stocks below Rs.850 at M.P. mandis.
5. Govt. will very aggressive in increasing buffer stocks of wheat this season
6. Prominent corporate buyers are likely to avoid wheat purchase this year
7. Govt banned wheat export till 31 December, 2007
8. Govt. may consider to resume the wheat exports in case of bumper production
9. 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.
10. Govt thinking on ban on private companies procuring wheat in U.P.
11. Government to add Rs25-50 bonus to wheat MSP to beat private competition

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

Markets	Variety	08.03.07	07.03.07	Change
Delhi (Lawrence Road)	Wheat Mill quality	1015	1005	+10
Haryana (Karnal)	Wheat Mill quality	955-960	965-970	-10
Punjab (Khanna)	Wheat Mill quality	970-981	975-980	+1
Rajasthan (Kota)	Wheat Mill quality	895-900	900-905	-5
Uttar Pradesh (Kanpur)	Wheat Mill quality	1020-1025	1020-1025	-
Madhya Pradesh (Indore)	Wheat Mill quality	870-875	860-865	+10
Uttar Pradesh (Bareilly)	Wheat Mill quality	1020-1025	1025-1030	-5

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