

## WHEAT DAILY

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

### SPOT MARKETS:

Wheat prices remained bearish in majority of wheat wholesale markets. At Delhi, Wheat dara for mills remained steady between Rs.1020/qlt on the arrivals around 4,000-5,000 bags. Stockists are interested to liquidating their hold stocks prior of fresh arrivals. Fresh arrivals are continued in the market yards of M.P. and Gujarat. The wheat prices in Indore market has decline to Rs.850-855/qlt on increased fresh arrivals around 6,000–7,000 bags. Farmers are not showing interest to release their full stocks at this price. Wheat has supplied to Chattisgarh from the M.P. mandis. The ample stocks are reported from millers to continue business for the next few weeks and they prefer to wait for fresh crop arrivals in March last to April. According to the Agricultural Minister this year's area under wheat is 9.2 % more than the average and 6.8 % more than the last year's area. However, at present government is in quandary over overstated acreage under wheat during 2006-07. This has led to a wrong estimate of the crop, which is now being reviewed afresh. Agriculture minister may allow the wheat export from India if weather conditions are favorable and output exceeds 72.5 Mln Tonnes this year. Private traders are also free to procure locally produced wheat but the prominent corporate buyers such as Adani, Noble Grain, AWB and Glencore likely to avoid wheat purchase this year due to high political risk. However, ITC is expected to buy wheat for its own brand need and not for trading with other millers. Others corporate are also likely to not enter in the states of Punjab, Haryana and Uttar Pradesh 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. The higher purchase is expected during March last to April. The International Grains Council 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. IGC also reported 2007-08 wheat plantings are down in China, suggesting a potential drop of 4 million tons from 2006-07, the agency projects higher acreage in the U.S., Europe, South America, India and Australia.

### 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
10. 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.

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

Markets	Variety	05.03.07	03.03.07	Change
Delhi (Lawrence Road)	Wheat Mill quality	1020	1020	-
Haryana (Karnal)	Wheat Mill quality	975-980	985-990	-10
Punjab (Khanna)	Wheat Mill quality	1010-1015	1050-1055	-40
Rajasthan (Kota)	Wheat Mill quality	1020-1025	1010-1015	+10
Uttar Pradesh (Kanpur)	Wheat Mill quality	1050-1055	N.A.	-
Madhya Pradesh (Indore)	Wheat Mill quality	850-855	865-870	-15
Uttar Pradesh (Bareilly)	Wheat Mill quality	1040-1045	N.A.	-

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