

WHEAT DAILY

22nd MARCH, 2007

SPOT MARKETS:

Wheat prices on the spot market remained steady to up. At Delhi, wheat dard for mills traded steady at Rs.1050/qrtl on steady arrivals at lower levels around 1,000 bags from old stocks and 2,000-3,000 bags new crop arrived from M.P.. New wheat quoted between Rs.1030-1035/qrtl. Some demand from Uttar Pradesh continued supporting the tone. Wheat prices decline in Gujarat mandis. In rajkot mandis the price decline to Rs.890/qrtl on the back of fresh arrivals about 12,000 bags. Private companies are not purchasing wheat after imposition of stock limit in the state. However, the trader are strongly opposing the matter and the city-based wheat traders, of the Rajkot Market demanding for more clarification. The imposition of stock limit in the state has softened the market activities and arrivals of wheat from other states will no doubt hamper. Generally Saurashtra is looking for arrival from other states on the back of lower demand supply ratio. The multinational companies are also keep themselves sideline from purchasing wheat on the fear of stock limit Punjab mandis saw tight sentiments on some demand from millers as well as on higher MSP announced by Govt. Some Kissan Unions of Punjab are not seen satisfied with the hike in wheat MSP to Rs.850/qrtl. 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 up at Rs. 930/qrtl on the back of arrivals about 1,000-1,200 bags. Agriculture Minister Sharad Pawar has announced that the State Trading Corporation will be asked to prepare to import 3 million tonnes of wheat, if needed. Therefore, the imports would take place after assessing the domestic price, crop and procurement activities. The opening stock of wheat with the FCI on April 1 is expected to be above the minimum buffer stocking norm of 4 million tonnes, which compares with the actual level of only a million tonnes during correspondence period of last year. In Gujarat mandis wheat prices remained steady to up.

PRICE DRIVERS:

Bullish:

1. Govt. discontinued the duty free wheat import
2. Govt. decided to give bonus of Rs.100/qrtl 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.
9. Imposition of stock limit in Gujarat state

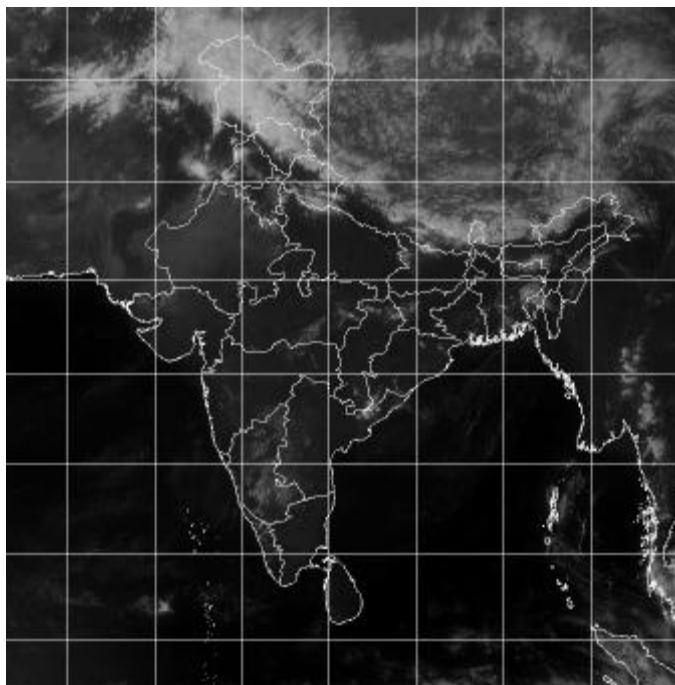
WEATHER:

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	21.03.07	20.03.07	Change
Delhi (Lawrence Road)	Wheat Mill quality	1050	1045-1050	-
Haryana (Karnal)	Wheat Mill quality	1045-1050	1030-1035	+15
Punjab (Khanna)	Wheat Mill quality	1100-1105	1090-1095	+10
Rajasthan (Kota)	Wheat Mill quality	915-920	920-925	-
Uttar Pradesh (Kanpur)	Wheat Mill quality	1050-1055	1050-1055	-
Madhya Pradesh (Indore)	Wheat Mill quality	920-925	N.A.	-
Uttar Pradesh (Bareilly)	Wheat Mill quality	1060-1065	1060-1065	-

SATELLITE PICTURE OF MONSOON PROGRESS (21.03.07)



Monsoon Features (21.03.07)

- Under the influence of the western disturbance, Jammu & Kashmir and Himachal Pradesh continue to receive moderate to rather heavy precipitation at many places during past 24 hours also. Isolated to scattered rain/thundershowers accompanied with hail/squall also occurred over Punjab, Haryana, Chandigarh & Delhi, West Uttar Pradesh and Rajasthan. Chief amounts of rainfall recorded during past 24 hours (in cm.) are:
- Banihal-6, Batote-6, Bhaderwah-5, Quazigund-5, Katra-4, Pahalgam-4, Srinagar-3.
- The current meteorological analysis suggests that the ongoing precipitation over northwest India is likely to continue during next 24 hours only.
- Scattered rain/thundershowers are likely over northeastern States and over parts of east India during next 48 hours.

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

- ✓ Isolated heavy precipitation is likely over Jammu & Kashmir during next 24 hours.
- ✓ Isolated hail/squall is likely over Punjab, Haryana, Chandigarh & Delhi, Uttar Pradesh, Rajasthan, Bihar and northeastern States during the same period.
- ✓ Mainly dry weather is likely over most parts of the country.

Source: IMD (GOI)

Disclaimer

The information and opinions contained in the document have been compiled from sources believed to be reliable. The company does not warrant its accuracy, completeness and correctness. Use of data and information contained in this report is at your own risk. This document is not, and should not be construed as, an offer to sell or solicitation to buy any commodities. This document may not be reproduced, distributed or published, in whole or in part, by any recipient hereof for any purpose without prior permission from the Company. IASL and its affiliates and/or their officers, directors and employees may have positions in any commodities mentioned in this document (or in any related investment) and may from time to time add to or dispose of any such commodities (or investment). Please see the detailed disclaimer at <http://www.agriwatch.com/Disclaimer.asp>

© 2005 Indian Agribusiness Systems Pvt Ltd.