

## WHEAT DAILY

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

### SPOT MARKETS:

Wheat prices improve somewhat in majority of domestic markets. Widespread rainfall in Punjab, Haryana, Rajasthan, U.P. may adversely affect the standing wheat crops that is in mostly dough to maturity stage. The moderate to significant rains coupled with hailstorm may cause some damage through crop lodging and water logging. Traders feared yield reduction in case the rainfall and hailstorm continued for 2-3 days. IMD's prediction that heavy rainfall and hail/squall is likely over north-western India during next 24 hours no doubt underpinning the market sentiments. The arrivals has also decline due to rainfall. At Delhi, wheat dara for mills increased by Rs.5 at Rs.1025/qrtl on lower arrivals around 1,500-2,000 bags from old stocks and 3-5 motors new crop. Some demand from Uttar Pradesh supporting the tone. Punjab mandis saw tight sentiments on some demand from millers. In Sunam mandis wheat prices increased by Rs.880-900/qrtl. Rajkot mandis saw increase in price levels due to buying support from prominents corporate houses such as Kargil, AWB and Ruchi. according to trade sources near about 40-50 motors was already purchase by them. They are purchasing wheat at Rs.905/qrtl. Vice President of US Wheat Associates is optimistic that India will go for wheat import up to 3 million tonnes this year as against 5.5 million tonnes in 2006. If needed India should purchase wheat between May to July when global prices are low because of harvests in most wheat-growing countries. Everything will depend on the Govt. procurement. India will have to import the grain again in 2007 if the government fails to buy from farmers what it needs for its buffer stocks. 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. Procurement came down a low of 9.1 Mln Tonnes during 2006 despite production crossing 69 Mln Tonnes last year. Therefore, procurement policy of Govt. as well as farmers interest of selling the grains will determine the wheat sentiments of India in coming days

### PRICE DRIVERS:

#### Bullish:

1. Govt. discontinued the duty free wheat import
2. IMD's prediction that two incoming western disturbances are expected to hit northwest India around 11th March.
3. IMD's prediction that heavy rainfall and hail/squall is likely over north-western India during next 24 hours

#### 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. Government to add Rs25-50 bonus to wheat MSP to beat private competition

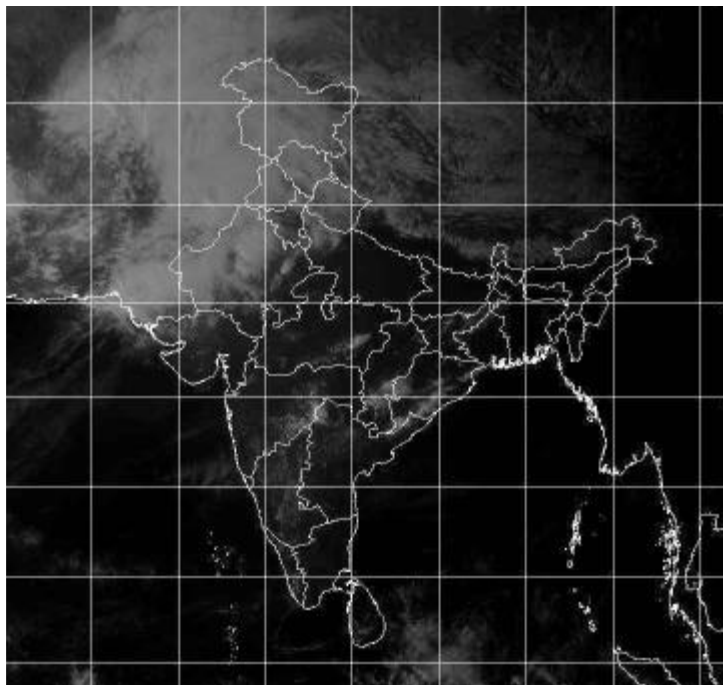
### SPOT MARKET PRICE FOR WHEAT (Rs./Quintal)

Markets	Variety	12.03.07	10.03.07	Change
Delhi (Lawrence Road)	Wheat Mill quality	1020-1025	1020	+5
Haryana (Karnal)	Wheat Mill quality	1000-1005	965-970	+35
Punjab (Khanna)	Wheat Mill quality	N.A.	965-970	-
Rajasthan (Kota)	Wheat Mill quality	890-896	890-895	+1
Uttar Pradesh (Kanpur)	Wheat Mill quality	1010-1015	1005-1010	+5
Madhya Pradesh (Indore)	Wheat Mill quality	860-865	860-865	-
Uttar Pradesh (Bareilly)	Wheat Mill quality	1045-1050	1040-1045	+5

## WEATHER WATCH:

Fresh western disturbances over Northern and North-Western region may adversely affect the standing wheat crops that is in mostly dough to maturity stage. The moderate to significant rains coupled with hailstorm may cause some damage through crop lodging and water logging.

## SATELLITE PICTURE OF MONSOON PROGRESS (12.03.07)



## Chief Features (12.03.07)

- ✓ Under the influence of a western disturbance and its induced system widespread rain/snow accompanied with isolated heavy falls have occurred over Western Himalayan region during past 24 hours. Light to moderate rain/thundershowers also occurred at many places over Punjab, Haryana, Chandigarh, Delhi and Rajasthan. Chief amounts of rainfall recorded during past 24 hours (in cm.) are: Batote-11, Katra-10, Bhaderwah-6, Pahalgam-5, Srinagar-4, Bhuntar, Kalpa and Sundernagar-3 each. The current meteorological analysis suggests that the ongoing enhanced rainfall activity over Western Himalayan region is likely to continue for next 24 hours and decrease thereafter. The plains of northwest India and Rajasthan are also likely to experience fairly widespread rain/thundershowers during next 24 hours which is likely to decrease thereafter. Isolated heavy rainfall accompanied with hail/squall is also likely over northwest India during next 24 hours. Scattered to fairly widespread rain/thundershower is likely over east India on 12th & 13th and over northeastern States on 13th & 14th.

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

- ✓ Fall in night temperature and rise in day temperature over the Indo-Gangetic plains. Isolated heavy precipitation accompanied with hail/squall is likely over Jammu & Kashmir Himachal Pradesh, Uttaranchal, Punjab, Haryana, Chandigarh, Delhi and Rajasthan during next 24 hours. Isolated hail/squall is also likely over Uttar Pradesh and Bihar during next 48 hours.

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Source: IMD (GOI)