

## WHEAT DAILY

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

### SPOT MARKETS:

Wheat prices on the spot market remained at some higher level than even the Rs 850 per quintal announced as MSP. The government is like to import up to 3 Mln Tonnes of wheat to increase the stock position even though the outlook of higher crops. The State Trading Corporation will be asked to take preparatory steps to import up to 3.0 million tonnes in case of need. However govt is very ambitious of procuring around 15 Mln tones of wheat in the current year. India is expecting a higher production of wheat more than 72.5 million tonnes in 2007, up from 69.5 million last year, despite unusual rains in earlier days of the week. The area under the wheat crop has increased to 28.5 million hectares this year from 26.5 million hectares a year ago. Wheat harvests have already started in Gujarat and most parts of Madhya Pradesh. Harvests likely to start in April in the main growing states of Punjab, Haryana and Uttar Pradesh. At Delhi, wheat dara for mills traded steady at Rs.1040/qrtl on steady arrivals around 1,500-2,000 bags from old stocks and 3,000-4,000 bags new crop arrived from M.P.. New wheat quoted between Rs.1030/qrtl. Some demand from Uttar Pradesh supporting the tone. Punjab mandis saw up sentiments on some demand from millers. In Sunam mandis wheat prices quoted up at Rs. 910/qrtl on the back of arrivals about 1,000 bags. Traders are expected some delay in new crop arrivals. Rajkot mandis saw bullish sentiments in price levels. The prominent corporate houses such as Kargil, and Ruchi have terminate their purchasing on the fear of stock limits. According to trade sources near about 60-70 motors was already purchase by them. They were purchasing wheat at Rs.905/qrtl. 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.

### 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.

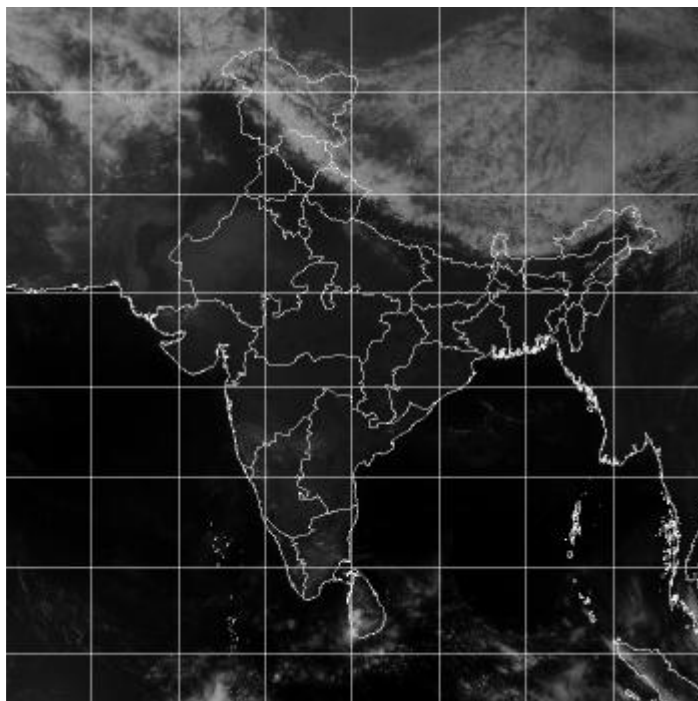
### WEATHER:

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	17.03.07	16.03.07	Change
Delhi (Lawrence Road)	Wheat Mill quality	1040	1040	-
Haryana (Karnal)	Wheat Mill quality	1030-1035	1020-1025	+10
Punjab (Khanna)	Wheat Mill quality	1035-1040	1030-1035	+5
Rajasthan (Kota)	Wheat Mill quality	895-901	895-900	+1
Uttar Pradesh (Kanpur)	Wheat Mill quality	1035-1040	1020-1025	+15
Madhya Pradesh (Indore)	Wheat Mill quality	930-935	900-906	+29
Uttar Pradesh (Bareilly)	Wheat Mill quality	1055-1060	1050-1055	+5

## SATELLITE PICTURE OF MONSOON PROGRESS (16.03.07)



### Chief Features (16.03.07)

- ✓ Under the influence of an approaching western disturbance scattered light to moderate precipitation is likely over Western Himalayan region from tomorrow night onwards for the next 4-5 days. Isolated rain/thundershowers are also likely over Punjab, Haryana on 20th & 21st. Cold wave conditions prevailed over some parts of East Uttar Pradesh and Jharkhand where night temperatures were below normal by 5-7 °C. The night temperatures were below normal by 2-4 °C over northwest, central and remaining parts of east India. The day temperatures were below normal by 4-6 °C over most parts of north, east and central India. Due to an approach of a fresh western disturbance and the also likely weakening of the northwesterly winds, both night and day temperatures are likely to register an increasing trend over these regions during next 4-5 days..

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

- ✓ Scattered to fairly widespread precipitation likely over Western Himalayan region. Isolated rain/thundershowers are also likely over the adjoining plains of Punjab and north Haryana.

Source: IMD (GOI)

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