

WHEAT DAILY

17th MARCH, 2007

SPOT MARKETS:

Wheat prices remains mix in domestic markets. Widespread rainfalls coupled with hailstorms in Punjab, Haryana, Rajasthan, U.P. earlier this week caused some crop lodging and water logging in the wheat fields. This may lead to some yield reduction and poor quality grains. However, no significant crop loss is reported by any Govt source. 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. According to Union Agriculture Minister Sharad Pawar the situation of wheat procurement is so far comfortable and if required the Government would import wheat. According to reliable sources, government has decided to extend Rs.100 per qtl bonus on wheat over and above minimum support price of Rs.750 per qtl. 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 flat sentiments on some demand from millers. In Sunam mandis wheat prices quoted up at Rs. 900/qrtl on the back of arrivals about 1,000 bags. Traders are expected some delay in new crop arrivals. Rajkot mandis saw steady sentiments 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. 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.

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. 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.

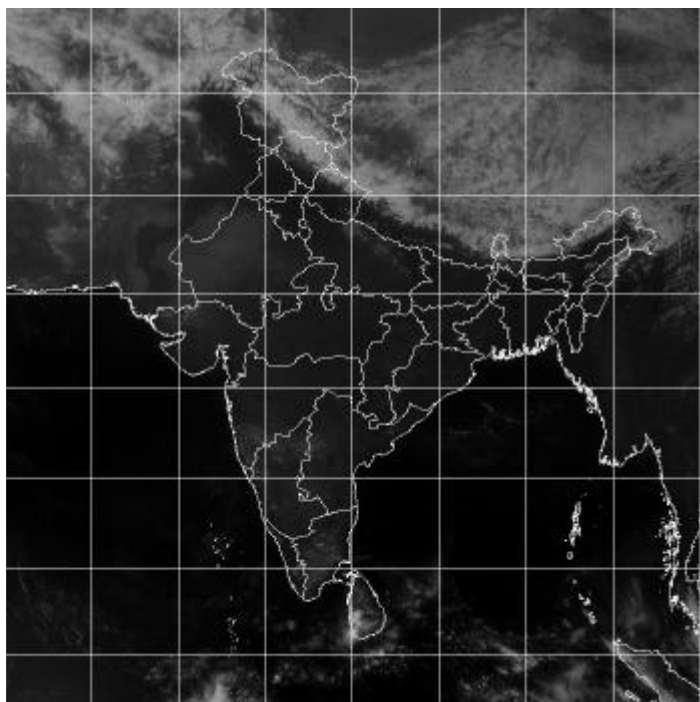
WEATHER:

Present weather conditions are favourable for healthy growth of wheat that is at jointing to booting stage. However, heavy rains coupled with hailstorm at the dough to maturity stage may cause some damage through crop lodging and water logging.

SPOT MARKET PRICE FOR WHEAT (Rs./Quintal)

Markets	Variety	16.03.07	15.03.07	Change
Delhi (Lawrence Road)	Wheat Mill quality	1040	1040	-
Haryana (Karnal)	Wheat Mill quality	1020-1025	1005-1012	+13
Punjab (Khanna)	Wheat Mill quality	1030-1035	N.A.	-
Rajasthan (Kota)	Wheat Mill quality	895-900	895-900	-
Uttar Pradesh (Kanpur)	Wheat Mill quality	1020-1025	1020-1025	-
Madhya Pradesh (Indore)	Wheat Mill quality	900-906	895-900	+6
Uttar Pradesh (Bareilly)	Wheat Mill quality	1050-1055	1060-1065	-10

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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