

WHEAT DAILY

16th MARCH, 2007

SPOT MARKETS:

Wheat prices remains mix in domestic markets. According to Union Agriculture Minister Sharad Pawar the situation of wheat procurement is so far comfortable and if required the Government would import wheat. Govt. extended the closing date of duty free wheat imports of 55 lakh tonnes for PDS and other social welfare schemes by two months till April 30. However, the govt has not extended the time limit for zero duty wheat import contracts by private traders after it expired on February 28. At Delhi, wheat dara for mills traded weak at Rs.1040/qlt 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.1020-1025/qlt. Some demand from Uttar Pradesh supporting the tone. Punjab mandis saw flat sentiments on some demand from millers. In Sunam mandis wheat prices quoted steady at Rs. 860/qlt 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/qlt. 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

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

WEATHER:

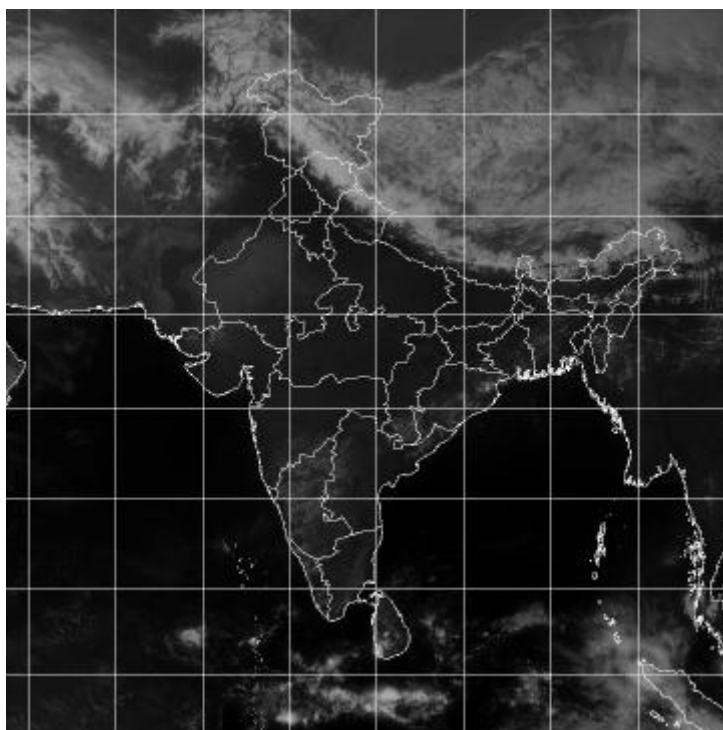
SPOT MARKET PRICE FOR WHEAT (Rs./Quintal)

Markets	Variety	15.03.07	14.03.07	Change
Delhi (Lawrence Road)	Wheat Mill quality	1040	1040-1050	-10
Haryana (Karnal)	Wheat Mill quality	1005-1012	975-980	+32
Punjab (Khanna)	Wheat Mill quality	N.A.	955-961	-
Rajasthan (Kota)	Wheat Mill quality	895-900	890-895	+5
Uttar Pradesh (Kanpur)	Wheat Mill quality	1020-1025	1010-1015	+10
Madhya Pradesh (Indore)	Wheat Mill quality	895-900	895-900	-
Uttar Pradesh (Bareilly)	Wheat Mill quality	1060-1065	1050-1055	+10

WEATHER WATCH:

Heavy rains coupled with hailstorm at the dough to maturity stage may cause some damage through crop lodging and water logging.

SATELLITE PICTURE OF MONSOON PROGRESS (15.03.07)



Chief Features (15.03.07)

- ✓ The current meteorological analysis suggests that largely dry weather conditions are likely to prevail over most parts of the country during next 2-3 days. The night temperatures are 3-5 °C below normal over many parts of northwest India. The day temperatures are also below normal by 4-6 °C over this region. However, they are likely to register increasing trend from tomorrow onwards for the next 4-5 days. A fresh western Disturbance is likely to cause scattered light to moderate precipitation over Western Himalayan region from 17th night onwards for next 2-3 days.

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

- ✓ Scattered precipitation likely over Western Himalayan region.

Source: IMD (GOI)

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