

WHEAT DAILY

31st MARCH, 2007

SPOT MARKETS:

Wheat sentiments at the spot remained weak on the pressure of increased fresh arrivals amidst steady demand. However, thin market activities are witnessed because of forthcoming March ending. Punjab mandis saw weak sentiments on the eve of starting fresh arrivals. About 1 lakhs bags of arrivals are reported from different mandis of Punjab. Price decline to 900/qlt in Sunam mandis on the back of fresh arrivals around 2,000 bags daily. Traders expecting huge arrivals within a fortnight. However, steady demand from millers are reported.. Farmers in Punjab and Haryana are continuously pressurizing the Govt. to increase the wheat MSP further. The farmers unions and politicians are continuously pressuring the Govt. for a bonus of Rs.100/qlt further above the MSP of Rs.850/qlt. According to the media sources the Centre may ban the wheat procurement by the private agencies during initial procurement period starting from 1st April in Punjab and Haryana. However, farmers are seen interesting to sell their crops to the private agencies because of higher prices. According to trade sources, private companies offering to higher prices around Rs.1000/qlt. However, there is no formal ban from the Govt. side on private traders for buying wheat from farmers in any parts of the country. Under the Essential Commodities Act, private traders should need to unfold details about their stock position if they purchase more than 50,000 tonnes of wheat in a year. At Delhi, wheat dara for mills traded down between Rs.1010-1015/qlt on higher arrivals around 5,000-7,000 bags from Madhya Pradesh. The arrivals of old stocks decreased to 1000 bags. Prominent private corporate are actively purchasing wheat crop from Madhya Pradesh mandis. Traders reported from Bhopal that Kargil purchasing wheat at Rs.1005/qlt. The MNC's like Olam, Topar are also active in the market. Wheat prices remained steady in Gujarat mandis despite of fresh arrivals. In Rajkot mandis the price quoted steady to Rs. 920-925/qlt on the back of steady fresh arrivals about 10,000-12,000 bags. Private companies resume their purchasing from Rajkot mandis..The MNC's like AWB, Adarni, Kargil, Ruchi soya are active in the market yards. According to the trade sources they have purchased around 50,000-55,000 bags so far.

PRICE DRIVERS:

Bullish:

1. Govt. discontinued the duty free wheat import
2. Govt. decided to give bonus of Rs.100/qlt on MSP
3. Private corporate houses actively purchasing wheat from Gujarat and Madhya Pradesh mandis.

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 and has started in Punjab, Haryana and Rajasthan.
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 from Punjab, Haryana and U.P.
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.

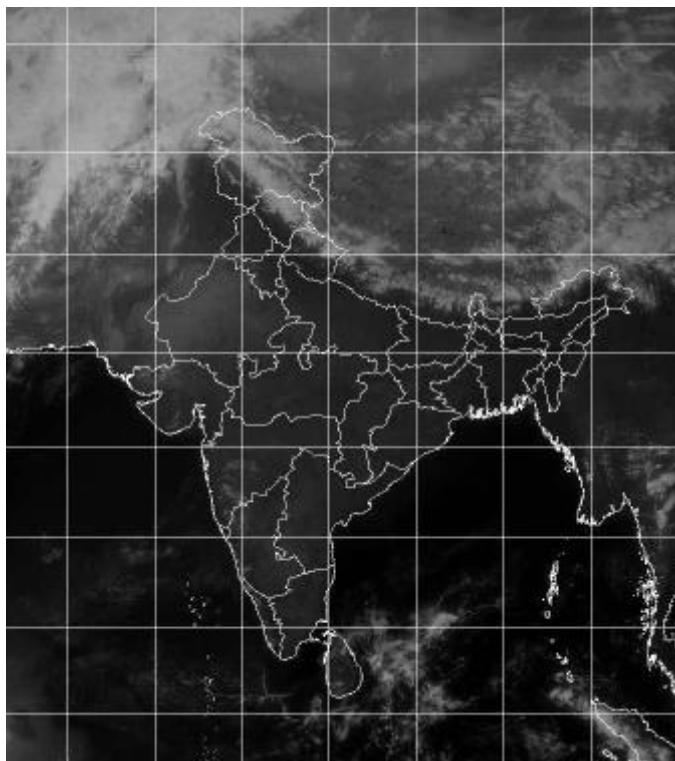
WEATHER:

Standing wheat crop needs bright sunshine for healthy development and maturity. Further rains at this moment certainly cause concern.

SPOT MARKET PRICE FOR WHEAT (Rs./Quintal)

Markets	Variety	30.03.07	29.03.07	Change
Delhi (Lawrence Road)	Wheat Mill quality	1010-1015	1015-1020	-5
Haryana (Karnal)	Wheat Mill quality	995-1000	995-1000	-
Punjab (Khanna)	Wheat Mill quality	1075-1080	1080-1086	-6
Rajasthan (Kota)	Wheat Mill quality	916-922	915-921	+1
Uttar Pradesh (Kanpur)	Wheat Mill quality	980-985	985-990	-5
Madhya Pradesh (Indore)	Wheat Mill quality	955-960	945-950	+10
Uttar Pradesh (Bareilly)	Wheat Mill quality	920-925	N.A.	-

SATELLITE PICTURE OF MONSOON PROGRESS (29.03.07)



Monsoon Features (30.03.07)

- ✓ During past 24 hours, heat wave conditions prevailed over parts of Gujarat and Rajasthan where day temperatures are 5-6°C above normal. The ongoing heat wave conditions are likely to continue over these regions and may also extend into adjoining areas of West Madhya Pradesh and north Maharashtra during next 48 hours. A fresh western disturbance is approaching and is likely to cause scattered precipitation over Jammu & Kashmir and isolated over Himachal Pradesh, Punjab, Chandigarh and north Haryana on 31st March & 1st April.

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

- ✓ Decrease in precipitation activity over northwest India. Fall in day temperatures over northwest and adjoining central India leading to abatement of heat wave conditions over Gujarat, Rajasthan and neighbouring areas.

Source: IMD (GOI)

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