

## WHEAT DAILY

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

### SPOT MARKETS:

Wheat prices remained mix in majority of wheat wholesale markets on steady arrivals amidst lower demand. At Delhi, Wheat dara for mills traded up at Rs.1005/qrtl on the steady arrivals around 2,000-3,000 bags from old stocks and 2-3 motors new crop. The fresh arrivals are reported from M.P. mandis. Fresh arrivals are continued in the market yards of M.P. and Gujarat. The wheat prices in Indore market quoted to Rs.860-865/qrtl on steady fresh arrivals around 5,000–6,000 bags. Farmers are not showing interest to release their full stocks at lower price. Punjab mandis also witnessed bearish sentiments on good arrivals. Traders from Punjab mandis expected fresh crops to arrive in the market during March last. Govt. is likely to procure about 15 Million tonnes wheat from open market. Government planned to build a handsome buffer stocks of wheat. According to Agriculture Minister the government would be able to build a buffer of 4.5 million tonnes by April 1. The ample stocks are reported from millers to continue business for the next few weeks and they prefer to wait for fresh crop arrivals in March last to April. Govt. is seriously considering procuring a handsome amount of wheat nearly 151.5 lakh Tonnes in the marketing season 2007-08. To avoid the heavy purchasing from private traders the Govt may add a bonus of Rs25 to Rs50 per quintal over and above the minimum support price. The Food Corporation of India (FCI) is will start procurement of foodgrains on March 15. The state-wise target for wheat procurement is: Punjab (75 lakh tonnes), Haryana (45 lakh tonnes), Uttar Pradesh (15 lakh tonnes), Bihar (10 lakh tonnes), Madhya Pradesh (3 lakh tonnes), Rajasthan (2 lakh tonnes), Uttarakhand (1 LT) and Gujarat (0.5 LT). Government is seriously thinking on a ban on private sector companies procuring foodgrain from farmers in Uttar Pradesh. FCI also has been seeking a complete ban on private sector companies procuring foodgrain in Uttar Pradesh.

### 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. Farmers are not showing interest to release their stocks below Rs.850 at M.P. mandis.
5. Govt. will very aggressive in increasing buffer stocks of wheat this season
6. Prominent corporate buyers are likely to avoid wheat purchase this year
7. Govt banned wheat export till 31 December, 2007
8. Govt. may consider to resume the wheat exports in case of bumper production
9. IGC forecasts 624 million tons of world wheat production this month as on 22.02.07. That is increased by 3 million from last month's projection and 34 million from 2006.
10. Govt thinking on ban on private companies procuring wheat in U.P.
11. Government to add Rs25-50 bonus to wheat MSP to beat private competition

### WEATHER:

Present weather conditions are favourable for healthy growth of wheat that is at jointing to booting stage

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

Markets	Variety	07.03.07	06.03.07	Change
Delhi (Lawrence Road)	Wheat Mill quality	1005	1000	+5
Haryana (Karnal)	Wheat Mill quality	965-970	970-975	-5
Punjab (Khanna)	Wheat Mill quality	975-980	965-970	+10
Rajasthan (Kota)	Wheat Mill quality	900-905	895-900	+5
Uttar Pradesh (Kanpur)	Wheat Mill quality	1020-1025	1035-1040	-15
Madhya Pradesh (Indore)	Wheat Mill quality	860-865	855-860	+5
Uttar Pradesh (Bareilly)	Wheat Mill quality	1025-1030	1030-1035	-5

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