

WHEAT DAILY

14th MARCH, 2007

SPOT MARKETS:

Wheat prices improve somewhat in majority of domestic markets. Widespread rainfall in Punjab, Haryana, Rajasthan, U.P. may affect the standing wheat crops that is in mostly dough to maturity stage. Traders feared yield reduction in case the rainfall and hailstorm continued for 2-3 days. However, IMD projected the western disturbance has weakened and moving eastwards. Consequently the intensity of precipitation is likely to decrease considerably from Tuesday onwards over northwest India. No significant crop loss is reported from major producing areas so far. IMD's prediction that heavy rainfall and hail/squall is likely over north-western India during next 24 hours no doubt underpinning the market sentiments. At Delhi, wheat data for mills increased by Rs.5 at Rs.1030/qrtl on lower arrivals around 1,500-2,000 bags from old stocks and 2,000-3,000 bags new crop arrived from M.P.. Some demand from Uttar Pradesh supporting the tone. Punjab mandis saw tight sentiments on some demand from millers. In Sunam mandis wheat prices increased by Rs. 900/qrtl. Rajkot mandis saw steady sentiments in price levels due to buying support from prominent 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. 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
2. IMD's prediction that two incoming western disturbances are expected to hit northwest India around 11th March.
3. IMD's prediction that heavy rainfall and hail/squall is likely over north-western India during next 24 hours

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.

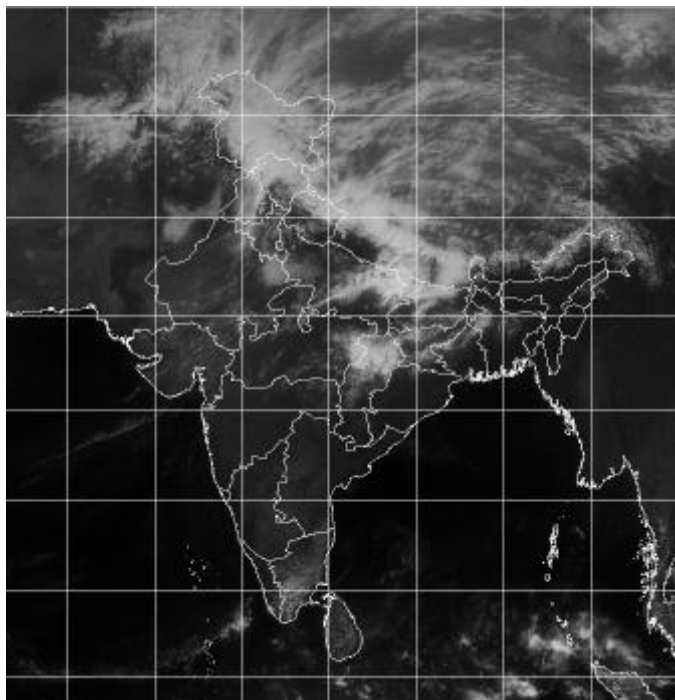
SPOT MARKET PRICE FOR WHEAT (Rs./Quintal)

Markets	Variety	13.03.07	12.03.07	Change
Delhi (Lawrence Road)	Wheat Mill quality	1025-1030	1020-1025	+5
Haryana (Karnal)	Wheat Mill quality	990-995	1000-1005	-10
Punjab (Khanna)	Wheat Mill quality	965-970	N.A.	-
Rajasthan (Kota)	Wheat Mill quality	895-900	890-896	+4
Uttar Pradesh (Kanpur)	Wheat Mill quality	1010-1015	1010-1015	-
Madhya Pradesh (Indore)	Wheat Mill quality	870-875	860-865	+10
Uttar Pradesh (Bareilly)	Wheat Mill quality	1045-1050	1045-1050	-

WEATHER WATCH:

Heavy rains coupled with hailstorm may cause some damage through crop lodging and water logging.

SATELLITE PICTURE OF MONSOON PROGRESS (13.03.07)



Chief Features (13.03.07)

- ✓ The western disturbance has weakened and moving eastwards. Consequently the intensity of precipitation is likely to decrease considerably from today onwards over northwest India. However, Western Himalayan region is still likely to receive fairly widespread precipitation with isolated heavy falls during next 24 hrs. Scattered to fairly widespread rain/thundershowers accompanied with isolated hail/squall is also likely over parts of east India today & tomorrow and over northeastern States from tomorrow onwards. The Numerical Weather Prediction Model suggest that strong northwesterly winds are likely to prevail over Indo-Gangetic plains commencing from 15th onwards. Consequently, the night temperatures are likely to fall by 3-5°C over the region. However, the gradual rise in day temperatures is expected. Fog conditions are also likely at some places over the plains of northwest India on 14th.

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

- ✓ Decrease in rainfall activity over northeastern States. Isolated heavy precipitation is likely over Jammu & Kashmir and Himachal Pradesh during next 24 hours. Isolated hail/squall is also likely over Uttar Pradesh, Bihar and West Bengal & Sikkim during next 48 hours.

Source: IMD (GOI)

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