

WHEAT DAILY

18th May, 2007

SPOT MARKETS:

Punja, Haryana, U.P. and Rajasthan Contribute for Procurement - Private Trade Active in Other Centres

Wheat procurement by Govt is higher so far and stood around 9.59 Mln Tonnes so far as on 16.05.07 as compared to 9.20 Mln Tonnes during corresponding period of last year. The Centre had bought a total 9.22 mln tn of the food grain last year. The trend is rising the hopes that Govt. will procure around 11-12 Mln Tonnes of the food grain this year. The procurements are higher in the states of Haryana, Uttar Pradesh, Madhya Pradesh and Rajasthan as compared to last year. However, in Punjab it is remained lower around 6.26 Mln Tonnes so far as against about 6.94 Mln Tonnes during same period of last year. Despite a 4 Mln Tonnes projected increase in output the total procurement is still weak as farmers are hoarding wheat in anticipation of a further rise in its prices. Arrivals across the country are still stood slightly down around 13.11 Mln Tonnes so far compared with 13.12 Mln Tonnes a year ago. However, arrival has started increasing since the government floated import tenders and ruled out an increase in the minimum support price or an incentive bonus. Govt. has been procuring bulk of the market arrivals from the major producing belts of Punjab and Haryana. To ensure higher buys this year Govt has set up 13,128 wheat procurement centres in 2007 crop year as against 8,985 centres last year. India may need to import 4-5 mln tn of the food grain to meet its domestic requirement in case procurement fails to achieve its target.

Total arrivals in Delhi markets stood down around 15,000qtls and prices at Lawrence Road were quoted up at Rs. 920-928 per quintal with arrivals about 7500 qtls for ready delivery (truck loaded). At Narela and Najafgarh markets the price remains 875-885/ qtl, and 870-876/ qtl respectively (loose basis) on the back of arrivals 2500qtls and 2000qtls respectively. Karavali market witnessed arrivals around 2500qtls and price remained Rs.870-875/qtl. Achnera market is closed.

Following was the status in other mandis, with active millers and private trade buying:

Mathura	5000 Qtls	Rs.865-870 per qtl
Kosi	2000 Qtls	Rs. 850-865 per qtl
Hodal	2500 Qtls	Rs. 850-851-per qtl
Palwal	2500 Qtls	Rs. 850-851 per qtl
Rajkot	5000 Qtls	Rs. 870-875 per qtl

PRICE DRIVERS:

Bullish:

1. State Trading Corporation had floated a tender for importing 1 million tonne of wheat.
2. Private trade actively purchasing wheat from Gujarat, Rajasthan and Madhya Pradesh mandis

Bearish:

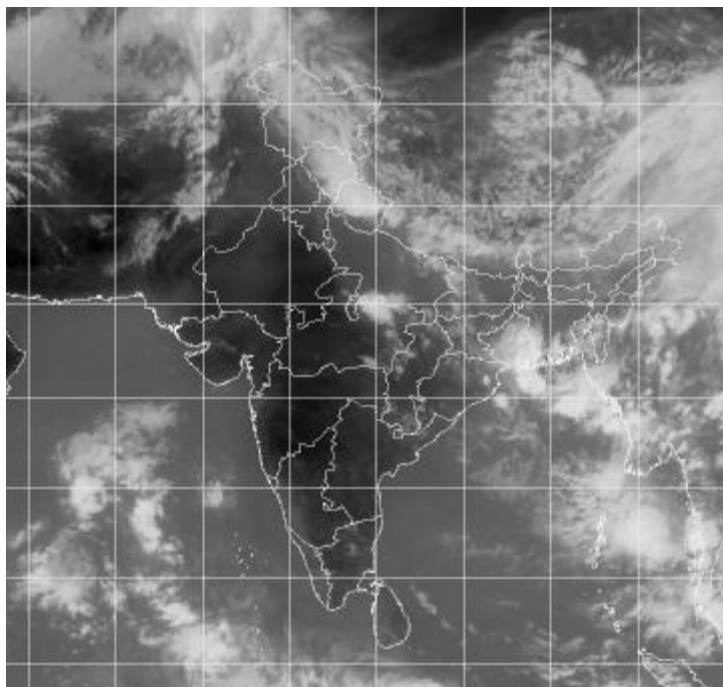
1. Fresh arrivals increasing with each passing day.
2. Wheat stocks in central pool has increased by 30.3% to 11.6 Mln Tonnes as on 1st May this year.
3. Arrivals in Uttar Pradesh mandis are expected to set the trend for softening prices, as the state is poised for huge production.

WEATHER:

SPOT MARKET PRICE FOR WHEAT (Rs./Quintal)

Markets	Variety	17.05.07	16.05.07	Change
Delhi (Lawrence Road) Ready delivery	Wheat Mill quality	920-928	920	+8
Delhi (Narela) Loose	Wheat Mill quality	875-885	Closed	-
Haryana (Palwal) Loose	Wheat Mill quality	850-851	850-851	-
Rajasthan (Kota)	Wheat Mill quality	958-962	957-961	+1
Uttar Pradesh (Kanpur)	Wheat Mill quality	958-962	960-965	-3
Madhya Pradesh (Indore)	Wheat Mill quality	930-935	925-930	+5
Uttar Pradesh (Bareilly)	Wheat Mill quality	945-950	930-935	+15

SATELLITE PICTURE OF MONSOON PROGRESS (16.05.07)



Monsoon watch

- ✓ The predictors for this year suggest an early monsoon onset over Kerala. The forecast Model Suggests that the monsoon onset over Kerala is likely to be on 24th May 2007 with a model error of ± 3 days.

Chief Features (16.05.07)

- ✓ Widespread rainfall with isolated heavy falls have occurred over northeastern states during past 24 hours. The current meteorological analysis suggests fairly widespread rainfall likely over east India during next 48 hours. Under the influence of an upper air cyclonic circulation extending in the lower tropospheric levels, rain/thundershowers are likely at a few places over western Himalayan and Punjab and isolated duststorm/thunderstorm accompanied with squall is likely over rest region during next 2 to 3 days. Heat wave conditions prevailed over Coastal Andhra Pradesh and north central Tamil Nadu and are likely to continue during next 48 hours. Yesterday, Hissar (Haryana) recorded the maximum temperature of 44.9 °C.

Warning (for next 48 hrs.)

- ✓ Isolated thunder squall is likely over Jammu division of Jammu & Kashmir, Himachal Pradesh, Uttarakhand, Punjab, Haryana, Delhi, Chandigarh, Uttar Pradesh, Bihar, Jharkhand, north Orissa, West Bengal & Sikkim.

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

- ✓ Scattered rainfall activity is likely over northeastern States and West Bengal.

Source: IMD (GOI)

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