

WHEAT DAILY

3rd May, 2007

SPOT MARKETS:

Punjab & Haryana Contribute for Procurement - Private Trade Active in Other Centres

The Govt. agencies have procured around 8 Mln Tonnes of wheat so far as on 30.04.07. The amount is lower as against the procurement of 8.8 Mln Tonnes during corresponding period of last year. The procurement is still lower than previous year by 9%. Everybody related to wheat trading are closely watching the total procurement. The corporation had set a target of 15 million tonnes this year against 9.3 million tonnes last year. However, industry watchers see the procurement to be in the range of 11-12 million tonnes. In case of lower procurement government may have to import around 3-4 million tonnes to meet its public distribution system requirements. Very interestingly, government-run agencies, State Trading Corp. and Food Corp. of India, have already made the first move of the process of importing wheat from global market. The initiation of wheat import is a clear reflection that the government expects to fall short of its 15-mln-ton procurement target this year also. However, agricultural minister so far very optimistic to achieve the wheat procurement target this year.

Total arrivals in Delhi markets stood steady around 35,000 qtls and prices at Lawrence Road were quoted at Rs.950 per quintal with arrivals of 14000 qtls for ready delivery (truck loaded). Narela and Najafgarh markets experienced the arrivals of 10000 qtls and 5000 qtls respectively with the prices of Rs.910-915 and Rs.890-915 respectively on loose basis while Karavali experienced 3000 qtls of arrival with the price of Rs.875. In Achnera, the arrivals were 3000 qtls with price Rs. 890. ITC and Godrej were active in these markets. Glencore, for instance, is buying largely from Gujarat, while Cargill and Ruchi are sourcing from the Bundi-Kota belt of Rajasthan. AWB is similarly focussed on Gujarat and MP.

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

Mathura	6000 Qtls	Rs. 925per qtl
Kosi	5000 Qtls	Rs. 900 per qtl
Hodal	2500 Qtls	Rs. 860 per qtl
Palwal	2000 Qtls	Rs. 870 per qtl
Rajkot	5000 Qtls	Rs. 870-875 per qtl

PRICE DRIVERS:

Bullish:

1. Government decided to give a bonus of Rs.100/qlt on MSP to induce farmers to sell to them taking the MSP together with bonus to Rs.850 per quintal.
2. Private trade actively purchasing wheat from Gujarat, Rajasthan and Madhya Pradesh mandis

Bearish:

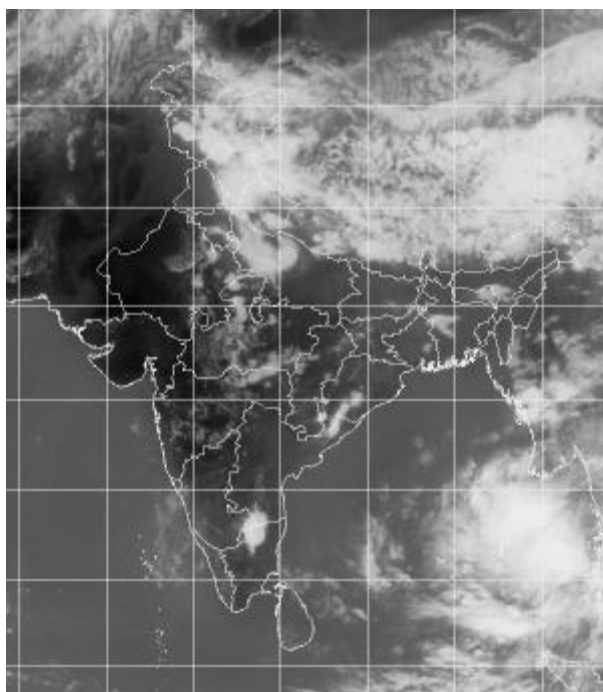
1. Fresh arrivals increasing with each passing day.
2. Increasing possibility of government meeting procurement targets.
3. Arrivals in Uttar Pradesh mandis are expected to set the trend for softening prices, as the state is poised for huge production.

WEATHER:

SPOT MARKET PRICE FOR WHEAT (Rs./Quintal)

Markets	Variety	02.05.07	01.05.07	Change
Delhi (Lawrence Road) Ready delivery	Wheat Mill quality	950	950	-
Delhi (Narela) Loose	Wheat Mill quality	910-915	910-915	-
Haryana (Palwal) Loose	Wheat Mill quality	870	870	-
Rajasthan (Kota)	Wheat Mill quality	988-993	980-985	+8
Uttar Pradesh (Kanpur)	Wheat Mill quality	942-947	940-945	+2
Madhya Pradesh (Indore)	Wheat Mill quality	932-937	932-938	-1
Uttar Pradesh (Bareilly)	Wheat Mill quality	947-952	947-952	-

SATELLITE PICTURE OF MONSOON PROGRESS (02.05.07)



Monsoon Features (02.05.07)

- ✓ As predicted thunderstorm activity accompanied with strong winds has commenced over parts of northwest India. Consequently prevailing heat wave conditions over this region will abate. Day temperatures are likely to fall over Rajasthan, West Madhya Pradesh and adjoining central India. Yesterday's low pressure area over south Andaman Sea persists and likely to become more marked. It is likely to cause enhanced rainfall activity with isolated heavy falls over Andaman & Nicobar Islands during next 48 hours

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

- ✓ Gradual rise in day temperatures over northwest India.
- ✓ Scattered rain/thundershowers are likely over East India and northeastern states.

Source: IMD (GOI)

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