

WHEAT DAILY

21st May, 2007

SPOT MARKETS:

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

Wheat procurement by Government surpasses last year procurement as on May 18 and stood around 10.3 Mln Tonnes. The Centre had bought a total of 9.22 Mln Tonnes of the food grain last year. The trend is rising the hopes that Govt. will be able to procure around 12 Mln Tonnes of the food grain this year. Procurement has been steadily increasing since the past two weeks after the government announced import tenders and ruled out an increase in the minimum support price or an incentive bonus. The govt. is also likely to import around 3-4 Mln Tonnes foodgrain to build enough stocks so that it can intervene in the market if prices rise. Arrivals across the country are also improving in the last week and touches around 13.12 Mln Tonnes so far likewise same period of previous year. The procurements are higher in the states of Haryana, Uttar Pradesh, Madhya Pradesh and Rajasthan as compared to last year but still away from achieve the target levels. However, in Punjab the procurement remained sharply lower around 6.29 Mln Tonnes so far as against about 6.94 Mln Tonnes during same period of last year. Around 14 lakh tonnes of foodgrain has still to be procured from Punjab to reach the targeted level of 75 lakh tonnes for the state. 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. Global wheat production for 2007/08 is projected 4 percent higher than in 2006/07, but remains below 2004/05 and 2005/06. Global ending stocks for 2007/08 are projected at 113.4 million tons, down 6 percent from 2006/07, and the lowest since 1981/82.

Total arrivals in Delhi markets stood up around 30,000qtls and prices at Lawrence Road were quoted steady at Rs. 920-925 per quintal with arrivals about 10,000-12,000 qtls for ready delivery (truck loaded). At Narela and Najafgarh markets the price remains 880-885/qlt, and 870-880/ qtl respectively (loose basis) on the back of arrivals 3000qtls and 5000qtls respectively. Local flour millers and ITC are active in the markets. Karavali market witnessed arrivals around 2500qtls and price remained Rs.870-875/qlt. Achnera market is closed.

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

Mathura	4000 Qtls	Rs.860-865 per qtl
Kosi	1500 Qtls	Rs. 850-860 per qtl
Hodal	2000 Qtls	Rs. 850-855-per qtl
Palwal	2500 Qtls	Rs. 850-855 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

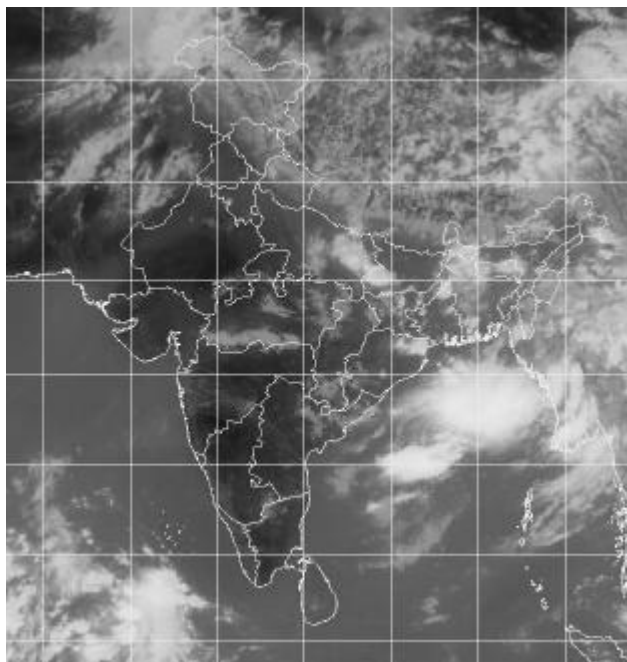
Bearish:

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.

SPOT MARKET PRICE FOR WHEAT (Rs./Quintal)

Markets	Variety	19.05.07	18.05.07	Change
Delhi (Lawrence Road) Ready delivery	Wheat Mill quality	920-925	920-928	-3
Delhi (Narela) Loose	Wheat Mill quality	880-885	875-885	-
Haryana (Palwal) Loose	Wheat Mill quality	850-855	850-851	+4
Rajasthan (Kota)	Wheat Mill quality	962-968	963-968	-
Uttar Pradesh (Kanpur)	Wheat Mill quality	955-960	960-965	-5
Madhya Pradesh (Indore)	Wheat Mill quality	925-930	925-930	-
Uttar Pradesh (Bareilly)	Wheat Mill quality	930-935	915-920	+15

SATELLITE PICTURE OF MONSOON PROGRESS (19.05.07)



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 (19.05.07)

- ✓ A western disturbance as an upper air system lies over north Pakistan and neighbourhood. Under its influence, scattered rain/thundershower activity are likely over Western Himalayan region during next 2-3 days. Isolated to scattered rain/thundershower accompanied with squall is also likely over plains of northwest India during the same period. Heat wave conditions continued over some parts of Coastal Andhra Pradesh and coastal Tamil Nadu. Heat wave conditions also developed over some parts of Vidarbha and isolated pockets of north Rajasthan. However, they are likely to abate from north Rajasthan and continue over some parts of Coastal Andhra Pradesh, coastal Tamil Nadu and Vidarbha during next 2 days. The highest maximum temperature of 45.9°C has been recorded over Ganganagar (Rajasthan) during past 24 hrs.

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, Orissa, West Bengal & Sikkim.

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

- ✓ Scattered rain/thunderstorm activity is likely over Western Himalayan region and adjoining northern plains.

Source: IMD (GOI)

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