

■ W H E A T

■ June 12, 2007

Domestic Market Recap**Punjab, Haryana, U.P. and Rajasthan Contribute for Procurement**

In Tuesday's trading, most of the major markets witnessed steady to down in wheat prices against a lower supply. Total arrivals in Delhi (Lawrence Road) decrease to 14,000 qtls and prices remain down between Rs 945 per quintal on improved demand from local floor millers. At Narela and Najafgarh markets the price remains 902-908/qrtl, and 900-905/ qtl respectively (loose basis) on the back of arrivals around 3500-qtls and 2000qtls respectively. Karavali market witnessed arrivals around 1000qtls and price remain Rs.870-875/qrtl. Achnera market saw the arrivals around 800qtls and price remains 885-888/qrtl.

Domestic Spot Market Prices

Market	Variety	Prices (Rs/qrtl)		Change	Arrivals (Qtls)
		12.06.07	11.06.07		
Delhi (Lawrence Road) Ready Delivery	Mill quality	945	952-954	-5	14,000
Delhi (Narela) Loose	Mill quality	902-908	903-909	-1	3500
Haryana (Palwal) Loose	Mill quality	868-870	880-885	-15	800
Uttar Pradesh (Mathura) Loose	Mill quality	880	882-883	-3	2000
Uttar Pradesh (Kosi) Loose	Mill quality	873-875	890	-15	1500
Haryana (Hodal) Loose	Mill quality	870-875	870-875	-	500
Gujarat (Rajkot) Loose	Mill quality	865	865	-	1000
Rajasthan (Kota)	Mill quality	965-970	968-973	-3	
Uttar Pradesh (Kanpur)	Mill quality	962-967	965-970	-3	
Madhya Pradesh (Indore)	Mill quality	941-946	941-946	-	
Uttar Pradesh (Bareilly)	Mill quality	950-955	955-960	-5	

International Futures Quotes (as of June 11, 2007)**CBOT**

Contract Month	Open	High	Low	Settle	Change
July 2007	545.00	557.50	541.00	556.00	+28.50
September 2007	556.00	572.00	555.00	571.75	+29.25
December 2007	559.00	586.50	559.00	583.75	+27.25

KCBT

Contract Month	Open	High	Low	Settle	Change
July 2007	535.00	548.50	533.00	548.50	+30.00
September 2007	546.00	562.25	544.50	562.25	+30.00
December 2007	560.00	578.00	558.00	578.00	+30.00

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International Market Recap**CBOT July Contract Tested 11-Year High**

CBOT wheat finished sharply higher Monday on a bullish government crop report. July wheat tested 11-year high. July wheat closed 28.5 cents higher at \$5.56 per bushel. This was 1.5 off the high and 15 up from the low. December Wheat closed up 27.25 at \$5.838 per bushel. This was 14.75 up from the low and 2.75 off the high. More rain in the forecast for the plains in the next few days and storms from the weekend combined with friendly numbers from the USDA supported the sharply higher trade early in the session. The USDA pegged US 2007/08 all winter wheat production at 1.61 billion bushels, which was below trade expectations 1.64 billion bushels (range 1.592-1.686) and down slightly from the 1.616 billion projected last month but up from 1.298 billion bushels last year. World wheat production for 2007/08 was pegged at 610.15 million tonnes, which was revised down from the 616.87 million forecast in May but up from 594.09 million for 2006/07. World wheat ending stocks for 2007/08 were pegged at 112.03 million tonnes (a 30 year low) versus 113.36 forecasted in May and 121.95 million for 2006/07. Informal reports of lower than expected yields in Oklahoma and Kansas along with the potential for further crop deterioration before harvest added to the bullish tone on the floor.

News Analysis**Govt. Wheat Procurement has Increased by 17% so far**

Wheat procurement by Government surpasses last year procurement and stood around 10.79 Mln Tonnes so far as on June 10. The procurement has increased by 17% till now as against last year. The Centre had bought a total of 9.22 Mln Tonnes of the food grain last year. The procurement is still short of the targeted 15 Mln Tonnes despite a 4 Mln Tonnes projected increase in output. The trend is showing that Govt. will be able to procure around 12 Mln Tonnes of the food grain this year. Presently, around 20,000 Tonnes wheat are procured daily from the farmers as against 1000 Tonnes in the year ago period. However, the procurement is seen decreasing as compared to last month of 90,000-100,000 tonnes during May-end. Arrivals are remained strong around 60,000 tonnes wheat is still arriving in mandis this year as against the last year's arrivals of 20,000 tonnes. The government has extended wheat procurement in Punjab and Haryana by 15 days until Jun 15 and it will continue in other states till June end as progressive procurement is remained strong. The government usually wraps up wheat procurement operations by May 31 but may consider extending the procurement season further this year if the states ask for it. The procurement of Punjab is still lower whereas, in Haryana, U.P., M.P. and Rajasthan it is higher as compared to last year. In Punjab, wheat procurement, till date, is lagging at 6.57 Mln Tonnes, down 5.3% from 6.94 Mln Tonnes a year ago period.

Global Wheat prod Projected Lowered 6.7 MT from Last Month

Global 2007/08 wheat production is lowered 6.7 million tons from last month. FSU-12 output is projected 7.3 million tons lower as dry weather and heat in Ukraine and Russia sharply reduce crop prospects. The most adverse conditions coincided with key reproductive stages of winter wheat development in both countries. Production for Moldova is also lowered. Production is lowered 0.6 million tons this month for Morocco as severe drought sharply reduced winter wheat output.

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