

## Wheat

1<sup>st</sup>-6<sup>th</sup> August 2005

### MAJOR ACTIVITY HIGHLIGHTS

- Demand, Supply and Prices at Important Centres
- International and Domestic News
- International Wheat Prices

### Technical Analysis

Commodity: Wheat

Exchange: NCDEX

Perspective: Very Short Term (Weekly)

Contract: September (Future)

**Candlesticks:** The candlestick formation is showing a mixed sentiment. However it is indicating weak sentiment.

**MACD:** The MACD (5-day) is lying bearishly below its EMA but it has started moving upwards.

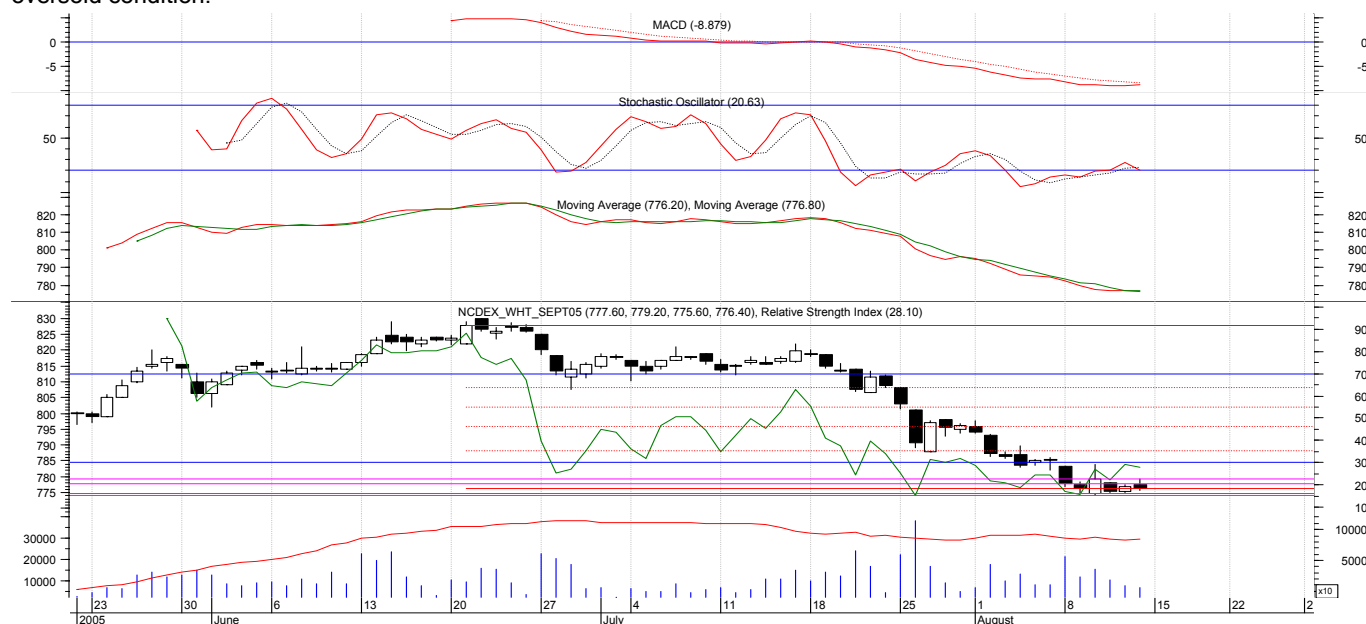
**Stochastic:** The %K-line after cutting the %D-line from down, moving downwards in the normal region. Indicating weak sentiment.

**Relative Strength Index (RSI):** The RSI (28.10) is in the oversold condition.

**Moving Averages (MA):** The 3-day MA is going to downwards after cutting the 5-day MA from up. Indicating weak sentiment

The open interest as well as the volume of trade is slight strong throughout the week.

The first resistance is seen at 777.80 marks and the second at 779.75 mark. The first support is seen at 774.69 marks and the second at 773.92 marks.



**Outlook:** The technical indicators are showing a mixed sentiment in wheat futures market. The wheat futures are expected to remain weak for very short-term period. However, the wheat futures may witness some uptrend in long term.

### Support and Resistance Levels:

Contract Month	Support Level		Resistance Level	
	1 <sup>st</sup>	2 <sup>nd</sup>	1 <sup>st</sup>	2 <sup>nd</sup>
September	774.69	773.92	777.80	779.75

## DEMAND, SUPPLY AND PRICES AT IMPORTANT CENTRES

### Market Highlights

#### Delhi:

In Delhi, the wheat prices remained range bound with weak undertone in this week as compared to last week. It is witnessed that the wheat prices are moving within the range of Rs.755-760 per quintal at the mandis. At this weekend the wheat was traded at the range of Rs.757-758 per quintal at Lawrence road. The demand from flourmills remained stable, arrival remained moderate and market demand witnessed poor. Therefore the sentiment remained range bound. The arrival was moderate at 8000-10000 bags.

#### Ahmedabad:

The wheat prices at the Ahmedabad witnessed weak undertone in this week. There was no arrival. Wheat was offered at Rs 785-790 per quintal this weekend as compared to Rs 800 per quintal last week.

#### Amritsar:

At the Amritsar market wheat prices remained range bound with weak undertone this week as compared to last week. Wheat was offered at Rs 700 per quintal this weekend as against to Rs 705-710 per quintal last week. The traders were released the stock.

#### Ludhiana:

The market price of wheat at Ludhiana showed a range bound with slight strong undertone in this week as against last week. Wheat was trade at Rs 725-730 per quintal at the Ludhiana market, while at the Jagraon market it remained same as compared to last week and quoted at Rs 700 per quintal this weekend.

#### Maharashtra:

The market prices of wheat remained weak this week following the continuous downpour. The wheat was traded at the range of Rs.820-825 per quintal at this weekend due to less demand and released the stock by the traders.

#### Haryana:

Wheat at the Haryana markets witnessed a range bound with downward trend over this week. At the Karnal, Hodal and Palwal market wheat was quoted almost unchanged at Rs 727-730, Rs 700-725 and Rs 700-705 per quintal, respectively. However, at the Hisar market wheat was offered at a same price of Rs 690-700 per quintal at this weekend.

#### Rajasthan:

The wheat prices at the Rajasthan markets remained comparatively weak in this week against last week. At the Kota market wheat was available at a lower price of Rs 770 per quintal at this weekend as against Rs 770-774 per quintal last week. At the Khairtal and Alwar market wheat was quoted marginally changed at Rs 685-690 and Rs 685-690 per quintal, respectively at this weekend.

#### Uttar Pradesh:

The wheat prices in this week at Uttar Pradesh markets also showed a downtrend at most of the places in this week amidst lack of support from flour mills and lack of demand. At the Hapur, Kanpur, Baranasi, and Bareilly markets, wheat was traded almost unchanged at the range of

Rs.742-748, Rs.768-770 (mill quality), Rs.768-772 and Rs.735-740 per quintal at this weekend.

#### Vayda Bazaar:

At the futures market, the wheat futures have witnessed a bearish sentiment over this week. The wheat futures declined moderately in the first couple of days in this week. However, the downtrend in the wheat future prices came to a halt and became range bound over the last few days. The wheat futures at the NCDEX are expected to trade range bound in very short-term period. However, slight uptrend is likely in the medium term. The wheat futures were governed by the factors like government procurement, supply scenario, hoarding of stock and weather concern.

#### Spot Market Price For Wheat (In Rs./Quintal)

Markets	06.08.05	13.08.05
Delhi (Lawrence Road)	758-760	757-758
Haryana (Dhabwali)	685-690	685-690
Ahmedabad	800	785-790
Ludhiana	720	725-730
Ludhiana (Jagraon)	700	700
Rajasthan (Kota)	770-774	770
Amritsar	705-710	700
Madhya Pradesh (Indore)	795-800	793-795
Uttar Pradesh (Bareilly)	732-735	735-736
Uttar Pradesh (Shahjahanpur)	763-766	769-770
Maharashtra	830-835	820-825

#### Prices of Wheat Products in This Week (in Rs.)

Wheat Products	06.08.05	13.08.05
Atta (90kg)	794	794
Maida (90kg)	935	935
Suji (50kg)	520	520
Chokar (50 kg)	254	254
Chokar (35 kg)	171	169
Chakki Atta (90kg)	745	745

#### CONCLUSION

In this week, it is witnessing that the most of the places showed a range bound with weak undertone on wheat trading. The market showed this type of behaviour due to lack of demand from flourmills, poor demand from market and monsoon activity. The stockists are releasing the stocks from their godowns and there by arrival are increasing in the spot market however the demand is poor, therefore the price are decreasing. At the futures market also the wheat was fluctuated tremendously and settled on lower side. It is expected that the wheat prices would decline in spot as well as futures market in the coming week.

## INTERNATIONAL AND DOMESTIC NEWS:

### US Wheat Export till July 28 Up 65 Percent on Week

According to the United States Department of Agriculture (USDA), the U.S. wheat exports for the week ended July 28 totaled 862300 tons, well above the traders' estimates of 3-5.5 lakh tons. The weekly sales were 65 percent above the previous week and 68 percent over the prior four-week average, with major increases for Nigeria (293,000 tons, including 23,500 tons switched from unknown destinations), Japan (143,500 tons), Mexico (77,900 tons) and Iraq (55,000 tons). The USDA has also reported that Egypt had bought 60,000 metric tons of U.S. soft white wheat. According to the U.S. Wheat Associates, the soft red winter wheat harvest is completed in all surveyed states. Overall, soft wheat proteins are down this year with the average to date of 9.7 percent. This compares to last year's overall cumulative protein of 10.3 percent for the 2004 SRW crop.

### Global Wheat Report on Wednesday

In global wheat news, a USDA attaché said Iberian Peninsula wheat and coarse grain imports may reach a record 22 million metric tons for marketing year 2005-06, 6 million tons more than its May forecast, and about 8 million tons more than during marketing year 2004-05. The increase was expected because of a devastating drought this year, rising feed demand and use of feed wheat for ethanol production. The U.K. and France will supply about half of the total, with additional supplies seen from Black Sea exporters, Germany, Hungary, and crop harvest-dependent sources such as Finland and Canada, among others, the attaché said. On average, analysts forecast the U.S. Department of Agriculture would put the 2005-06 U.S. wheat crop at 2.180 billion bushels, up from last year's 2.158 billion. U.S. wheat ending stocks for 2005-06 were seen at 653 million bushels. U.S. grain analysts surveyed by Dow Jones Newswires forecast the USDA would estimate the 2005-06 U.S. spring wheat crop at 561 million bushels, down from the government's July estimate of 589 million bushels and slightly below last year's 569 million bushels. Analysts estimated the U.S. 2005-06 durum crop at 91 million bushels, down from the USDA's July estimate of 94 million but slightly above last year's 90 million bushels. U.S. spring wheat and durum crop projections were expected to be lowered by late season crop disease pressure, analysts said.

### European Commission Concerned Export Licenses for Wheat

Meanwhile, the European Commission has issued export licenses for 421,000 metric tons of soft wheat as of Aug. 10 or for the first six weeks of the 2005-06 marketing year, official figures showed Thursday. The European Commission issued 1.504 million tons of soft wheat import licenses as of Aug. 10 or six weeks into the 2005-06 marketing year, official figures showed Thursday.

### Wheat: US Exports Increased by 19%

According to the latest report of USDA, the net sales of 620,800 metric tons (MT) of wheat were 28 percent below the previous week, but 9 percent over the prior 4-week average. Major increases for Mexico (181,800 MT), Nigeria (81,800 MT, including 57,500 MT switched from unknown destinations), Egypt (62,800 MT), Iraq (55,000 MT), South Korea (46,900 MT), Venezuela (45,900 MT), Japan (42,000 MT, including 25,800 MT reported late), Yemen (36,000 MT), Peru (33,900 MT, all switched from unknown destinations), and the Philippines (30,000 MT) were

partially offset by decreases for unknown destinations (37,000 MT) and Guatemala (19,000 MT). Exports of 740,000 MT--a marketing-year high--were 19 percent above the week earlier and 62 percent over the prior 4-week average. The primary destinations were Nigeria (164,000 MT), Mexico (88,100 MT), Japan (87,600 MT), China (59,100 MT), Egypt (57,800 MT), Peru (50,500 MT), Venezuela (47,900 MT), Colombia (37,200 MT), South Korea (26,000 MT), and Guatemala (24,800 MT). (This summary is based on reports from exporters for the period July 29-August 4, 2005.)

### Global World Wheat Production Slightly Down

According to the USDA World Agricultural Outlook Board's latest forecasts, the projected 2005-06 global wheat production is down slightly from last month, consumption and trade are nearly unchanged, but ending stocks are down. Production is down 2.2 million MT due mostly to smaller crops in the EU-25 (down 2.3 million), Argentina (down 1.5 million), and the United States. This is partially offset by larger crops in China (up 2 million MT), Ukraine (up 0.5 million), South Africa, and Moldova. Projected global trade is nearly unchanged. The most notable import changes are China (down 1 million MT), the EU-25 (up 0.7 million), and Algeria (up 0.3 million). Forecast exports rise for Russia (up 1 million MT), the United States, and Ukraine (up 0.5 million), but decline for Argentina (down 1.5 million) and the EU-25 (down 1 million). Global consumption decreases fractionally with the largest month-to-month changes occurring in Russia (down 1 million MT), the EU-25 (up 0.5 million), and Algeria (up 0.3 million). Global 2005-06 wheat ending stocks fall slightly with the largest declines forecast for the United States, the EU-25, Argentina, and Russia, which are only partially offset by increases in China (up nearly 1 million MT), as well as smaller increases in the stocks of many other countries. Projected U.S. 2005-06 ending stocks of wheat are down 66 million bushels from last month due to lower production and higher exports. Total wheat production is 41 million bushels less than last month primarily because of lower yields of other spring wheat. Projected exports are up 25 million bushels from last month due to less competition from Argentina and strong global demand for high quality wheat. The 2005-06 projected price range is \$2.85 to \$3.35 per bushel, up 25 cents from last month because of smaller production, larger exports, and stronger-than-expected prices.

### IGC WORLD WHEAT ESTIMATES

	(Million tons)				
	2002-03	2003-04	2004-05	2005-06 (Forecast)	
				29.06	27.07
Production	566	555	624	604	608
Trade	106	103	106	108	109
Consumption	600	593	613	608	613
Stocks	165	127	138	133	133
Year-Year Change	-34	-38	+11	-4	-5
5 Major Exporters <sup>#</sup>	43	40	52	52	52

<sup>#</sup> Argentina, Australia, Canada, EC, United States

Source: International Grains Council

## INTERNATIONAL WHEAT PRICES

Latest Australian wheat board exports cash prices indicative basis quotes over US futures

(US dollar / MT)

Contract	ASW 10%		AH 13%		APH 13%		APH 14%	
	5-Aug	4-Aug	5-Aug	4-Aug	5-Aug	4-Aug	5-Aug	4-Aug
Aug '05	150	143	188	181	191	185	216	210
Sep '05	135	126	173	165	177	169	202	194
Oct '05	137	134	170	171	174	175	198	200
Nov '05	142	137	178	174	181	178	206	203
Dec'05	131	128	173	170	177	174	202	199
Jan '06	131	130	174	172	178	176	202	200

## PORT WATCH

No latest vessel position is reported today.

## WEATHER WATCH

### Meteorological Analysis

Last week's well marked low pressure area over north Bay of Bengal off Gangetic West Bengal coast lay over Jharkhand and neighbourhood on 4<sup>th</sup>. It weakened into a low pressure area over north Chhattisgarh and adjoining Jharkhand on 5<sup>th</sup> and was seen over Jharkhand and adjoining Bihar on 6<sup>th</sup>. It became less marked on 7<sup>th</sup>. However, its associated upper air cyclonic circulation extending in lower tropospheric levels moved east-northeastwards and lay over northeastern States and neighbourhood upto 10<sup>th</sup>.

Last week's upper air cyclonic circulation over East Rajasthan and neighbourhood lay over southwest Rajasthan and neighbourhood on 4<sup>th</sup> and became less marked on 5<sup>th</sup>.

A fresh upper air cyclonic circulation in the middle tropospheric levels formed over northwest Bay of Bengal off Orissa-West Bengal coast on 8<sup>th</sup> and persisted upto 10<sup>th</sup>.

The off-shore trough running from south Konkan to Kerala was seen on many days of the week.

The western end of monsoon trough shifted northwards on 5<sup>th</sup>. With the weakening of the low pressure area over Jharkhand & Bihar, its eastern end also shifted northwards on 7<sup>th</sup>. Thereafter the axis of monsoon trough continued to lay close to the foot hills of the Himalayas.

### Rainfall

Moderate rainfall occurred at many places with isolated heavy falls over Gangetic West Bengal, Orissa, Chhattisgarh and East Madhya Pradesh during 1<sup>st</sup> half of the week. Subsequently the rainfall activity increased over Bihar, Sub-Himalayan West Bengal & Sikkim and parts of northeastern States.

Moderate rainfall with isolated heavy falls also occurred along the west coast on many days of the week. Increased rainfall activity occurred over Western Himalayan Region and adjoining plains of Punjab & Haryana during middle of the week.

Light to moderate showers also occurred in the remaining parts of the country. However, the rainfall activity was subdued over West Uttar Pradesh, Rajasthan, West Madhya Pradesh, Saurashtra & Kutch and Tamil Nadu & Pondicherry.

### Rainfall During The Week (For the week ending on 10<sup>th</sup> August, 2005)

Rainfall was excess/normal in 16 and deficient/scanty in 20 out of 36 meteorological sub-divisions (Actual: 48.1 mm, Normal: 64.2 mm and Departure: -25%).

### Outlook For The Week Ending On August 17<sup>th</sup>, 2005

- Monsoon trough is likely to remain close to foot hills of Himalayas during 1<sup>st</sup> half of the week. Under this scenario moderate showers with isolated heavy falls likely over northeastern States, Sub Himalayan West Bengal & Sikkim and Bihar.
- There is possibility of revival of monsoon with formation of low pressure area during middle of the week which may enhance the rainfall activity over eastcentral and adjoining Peninsular India.
- Moderate rainfall activity likely to continue along the west coast.
- Subdued rainfall likely in most parts of the remaining country.

### FOREX (As on 13<sup>th</sup> August 2005):

Foreign Currency	Rs. per unit
1 US \$	43.60
1 Euro	54.33
1 British £	78.98
100 Yen	39.71

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