

## Wheat

31<sup>st</sup> October-5<sup>th</sup> November, 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: November (Future)

NCDEX November contract traded on higher side today, as the contract opened above the previous closing price and settled slightly on higher side. The movement of prices remained thin.

The Stochastic and RSI indicates trend reversal as it has been reached at overbought condition. The other indicators indicate slight bullishness of the prices.

The open interest as well as the volume of trade is declining.

**Outlook:** The wheat futures are likely to remain range bound but trend reversal might be possible as short term. However, the wheat futures are likely to remain strong in medium term. Openings of the prices may be on higher side in the coming trading days.



### Support and Resistance Levels:

The first resistance is seen at 829.6 marks and the second at 835.1 marks. The first support is seen at 823.2 marks and the second at 819.7 marks as short term.

Contract	Support Level		Resistance Level	
	1 <sup>st</sup>	2 <sup>nd</sup>	1 <sup>st</sup>	2 <sup>nd</sup>
November	823.2	819.7	829.6	835.1

## DEMAND, SUPPLY AND PRICES AT IMPORTANT CENTRES

### Market Highlights

#### Delhi:

The wheat prices maintained its strong sentiment at the Lawrence road in Delhi as well as futures market today after the end of festival holiday. The arrival remained very feeble around 5000-6000 gunny bags. Therefore the prices remained strong, which offset the normal market demand. The wheat dara mill quality was traded at the range of Rs.818-820 in Lawrence road. The Delhi market for wheat remained closed for few days due to festival holiday. Therefore the trading activity remained slight poor in this week. The activity remained pronounced at the end of this week. The wheat prices are likely to remain strong in the coming week.

#### Ahmedabad:

The Ahmedabad markets remained closed from several days as festival season is going on in this market. Therefore the trading activity remained very poor in this week and it is likely to open the market from coming Monday.

#### Amritsar:

Amritsar market also behaved as Ahmedabad market. The trading activity remained thin and less stock of wheat is also a major negative factor for wheat trading. According to the traders, the wheat was traded at the range of Rs.800-815 per quintal at this weekend. The activity was noticed at this weekend.

#### Ludhiana:

Ludhiana market showed an upward trend for prices at this weekend. The less stock and less arrival were also a positive factor for price hike up. The godown stocks were sold in this market. The wheat was traded at the range of Rs.810-815 per quintal at this weekend. At the Jagraon market it remained strong at Rs.810-815 per quintal at this weekend.

#### Maharashtra:

After the closing of market from several days, the wheat was maintained its strong sentiment due to less arrival from M.P. The dara wheat variety maintained its strong sentiment in the Maharashtra market at this weekend as against of last week. The wheat was traded at the range of Rs.870-875 per quintal at this weekend.

#### Haryana:

Strong festive demand pushed up the wheat prices at the in the Haryana market. The less stock was also a bullish factor for prices. At the Karnal, Hodal and Palwal market wheat was quoted at Rs 875-880, Rs 735-750 and Rs 740-780 per quintal, respectively. At the Hisar market, wheat was offered at a stable range of Rs 790-795 per quintal at this weekend.

#### Rajasthan:

The strong demand from Gujarat and strong spot market demand kept wheat prices stable in the Rajasthan market. At the Khairtal and Alwar market wheat was quoted at slight lower side Rs. 725-730 and Rs.720-725 per quintal, respectively at this weekend. On an average 50-100 bags arrival was noticed. At the Kota market wheat was available at a higher price of Rs 810-815 per quintal at this weekend.

#### Uttar Pradesh:

U.P mandis remained strong due to strong market demand as festive season was going. In most of the market the prices remained on higher side. At the Hapur, Kanpur, Baranasi, and Bareilly markets, wheat was traded at the range of Rs.798-805, Rs.783-785 (mill quality), Rs.790-795 and Rs.800-805 per quintal at this weekend.

#### Vyada Bazaar:

At the futures market, the wheat was traded on mostly higher side after the closing of NCDEX from several days and settled on almost higher side at this weekend. The prices are likely to bearish in the coming week likely Monday, as the market has been reached at overbought condition. Although the prices might be remain bullish as short term

However, uptrend sentiment is expected in the long 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	29.10.05	5.11.05
Delhi (Lawrence Road)	810-812	825-827
Haryana (Karnal)	-	875-880
Ahmedabad	830-835	Closed
Ludhiana	800-802	810-815
Ludhiana (Jagraon)	775-780	810-815
Rajasthan (Kota)	798-800	810-815
Amritsar	800-805	Closed
Uttar Pradesh (Kanpur)	793-795	812-817
Uttar Pradesh (Bareilly)	780-782	800-805
Uttar Pradesh (Shahjahanpur)	818-820	Closed
Maharashtra	870-875	870-875

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

Wheat Products	29.10.05	5.11.05
Atta (90kg)	832	833
Maida Grade 1(90kg)	979	980
Suji (50kg)	551	551
Chokar (50 kg)	291	301
Chokar (35 kg)	193	201
Chakki Atta (90kg)	790	790

#### CONCLUSION

The most of the mandis remained closed from several days as festival holiday was going. But the market when opened the strong sentiment reversed back and most of the market showed a positive trend for prices. The positive factor was less arrival and less stock at the market yards. At the futures market also the wheat was strong. It is expected that the wheat prices would strong in spot as well as futures market as long-term basis likely in this month due to less stock in the country.

## INTERNATIONAL AND DOMESTIC NEWS:

### Wheat Output Estimated at 74 MMT in India

Total wheat production in 2005-06 (April-March) is projected at 74 million tonne (MMT) in India. The Centre has also informally revised its production forecast from 73 to 74 MMT as favourable growing conditions during February and March. Some analysts are even anticipating production to reach 75 MMT.

### India: 2005-06 Durum Wheat Production Pegged at 1.2 MMT

The production of the durum wheat in India varies between 1-5% of total wheat output. Durum is the hardest of all wheat varieties. Its high protein content and gluten strength make durum good for pasta and bread. A red durum variety is used mostly for livestock feed. Soviet Union, North America, and Argentina are accounted for durum wheat production. In India, durum production for 2005-06 is projected at 1.2 MMT, unchanged from the previous season. It is grown mainly in the central India, which includes the states of Madhya Pradesh, Gujarat, parts of Punjab, south Rajasthan, and Maharashtra. In 2004-05, durum production was about 1.2 MMT, which was up 50% over the previous season of 2003-04. Improved growing conditions were accounted for increase in 2004-05 durum productions. Meanwhile, world durum output in 2005-06 is estimated at approximately 27 MMT, up 1 MMT from July's estimate, but down sharply from last year's record of 33 MMT. Major exporters, Canada, European Union (EU), and the US combined, account for approximately 60% of total durum production.

### Domestic Wheat Prices Remained Slight Strong in Delhi

Wheat prices remained slight strong at the domestic spot market where as firm sentiment witnessed at the futures market on Tuesday. The November and December contract opened above the previous closing price and settled on higher side. The November and December contract traded at the range of Rs. 815.20-820.00 and Rs.827.80-832.80 today.

### Global Wheat Summary on Thursday

In overnight U.S. wheat export news, Taiwan Flour Millers Association bought 92,250 metric tons of U.S. wheat,

including 59,150 tons of dark northern spring, 25,450 metric tons of hard red winter wheat, and 7,650 tons of western white wheat. South Korea bought 20,000 tons of U.S. wheat, including soft white, hard red winter and dark northern spring; and the USDA's CCC bought 4,130 tons of northern spring wheat for Nicaragua. Traders continued to eye early wheat harvest reports and weather in Australian and Argentina, two key global wheat exporters.

### Wheat: U.S. Export Remains Down

According to the latest export sales data of USDA, the net sales of 433,900 metric tons (MT) wheat were 14 percent above the previous week and 8 percent over the prior 4-week average. Increases reported for Japan (91,000 MT), the Philippines (85,000 MT), Nigeria (70,100 MT, including 33,500 MT switched from unknown destinations), Venezuela (63,300 MT), Peru (36,000 MT), Algeria (27,000 MT), South Korea (26,900 MT), and Italy (22,800 MT) were partially offset by decreases for unknown destinations (17,000 MT). Exports of 547,000 MT were 22 percent below the week earlier and 13 percent under the prior 4-week average. The main destinations were Nigeria (95,200 MT), Japan (68,300 MT), Iraq (55,300 MT), Pakistan (49,000 MT), Thailand (43,700 MT), Venezuela (41,000 MT), Peru (36,000 MT), Mexico (31,200 MT), Cuba (26,600 MT), and South Korea (25,500 MT). (This summary is based on reports from exporters for the period October 21-27, 2005.)

### IGC WORLD WHEAT ESTIMATES (27.10.05)

(Million tons)

	2002-03	2003-04	2004-05	2005-06 (Forecast)	
				28.09	26.10
Production	566	555	623	609	609
Trade	106	103	106	109	109
Consumption	600	593	613	615	616
Stocks	165	127	138	132	130
Year-Year Change	-34	-38	+11	-5	-7
5 Major Exporters <sup>#</sup>	43	40	52	49	46

<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%	
	4-Nov	3-Nov	4-Nov	3-Nov	4-Nov	3-Nov	4-Nov	3-Nov
Nov-05	198	200	195	198	199	202	223	226
Dec-05	183	184	189	193	193	196	218	221
Jan-05	184	185	189	192	193	196	217	220
Feb-05	184	185	189	192	193	196	217	220
Mar-05	176	177	195	199	199	203	223	227
Apr-05	176	177	195	199	199	203	223	227

## PORT WATCH

No latest vessel position is reported at this weekend.

## WEATHER WATCH (As on 4<sup>th</sup> November, 2005)

### ALL INDIA WEATHER FORECAST BULLETIN VALID FOR NEXT 5-DAYS

#### Zone-wise weather forecast for next 5-Days

#### **NORTH & NORTH NORTH-WEST INDIA [ J&K, HP, UTTARANCHAL, PUNJAB, HARYANA, DELHI, WEST UP]**

Isolated to scattered snow/rains are expected over J & K, H.P., Uttaranchal, Haryana and Delhi during next 2-3 days only. Subsequently dry weather is likely to prevail over the region with a fall in night temperatures.

#### **EAST AND NE INDIA [EAST UP, BIHAR, JHARKHAND, WEST BENGAL, ORISSA, NE STATES]**

Isolated to scattered rainfall activity is expected over Orissa and Northeastern States for next 1-2 days only. Mainly dry weather may prevail subsequently.

#### **CENTRAL INDIA [MP, CHATTISGARH, VIDARBHA]**

Mainly dry weather is likely to prevail over the region except over Chattisgarh where isolated rains are expected during next 2days atleast.

#### **SOUTH INDIA [TAMILNADU, AP, KERALA, KARNATAKA, ANDAMAN & NICOBAR ISLANDS, LAKSHADEEP]**

Scattered to widespread rainfall is likely over Tamilnadu & Pondicherry, Rayalaseema and south coastal Andhra Pradesh, south interior Karnataka, coastal Karnataka, Kerala, Bay Islands and Lakshadweep.

#### **WEST INDIA [MAHARASHTRA OTHER THAN VIDARBHA, GUJARAT, RAJASTHAN]**

Mainly dry weather is likely to prevail over the region.

#### **Weather Outlook**

Isolated to scattered rainfall activity has been recorded during the last 24hrs over Tamilnadu, Rayalaseema, south

interior Karnataka, coastal Karnataka, Kerala, Lakshadweep, Andaman & Nicobar Islands, Orissa, Haryana and Delhi.

The upper air cyclonic circulation that was over north Tamilnadu and adjoining regions yesterday has weakened further and lies over coastal Karnataka today. On the otherhand, yesterday's upper air cyclonic circulation over south Bay of Bengal has intensified and organized in to a low pressure area today. It is expected that the low pressure system over south Bay is likely to move very slowly in west northwesterly direction in coming days. Under this scenario, scattered to fairly widespread rainfall with isolated heavy falls at some places are likely over Tamilnadu, Rayalaseema, south coastal Andhra Pradesh, south interior Karnataka, coastal Karnataka, Kerala, Bay Islands and Lakshadweep in coming 3-4 days.

The upper air cyclonic circulation over north Bay of Bengal and neighbourhood also weakened today. It is expected that isolated to scattered rainfall activity to continue over Orissa and NE states atleast for 1-2days.

The upper air cyclonic circulation lies over Punjab & neighbourhood area also persists today It is likely to move in northeasterly direction and weaken in coming 1-2days. This system is expected to give isolated to scattered rain/snow over Haryana, Delhi, Jammu & Kashmir, Himachal and Uttaranchal for next 2-3 days. Night temperature is likely to fall with the passage of this system in coming days.

#### **FOREX (As on 5<sup>th</sup> November, 2005):**

Foreign Currency	Rs. per unit
1 US \$	45.41
1 Euro	54.19
100 Yen	38.56
1 British £	80.24

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