

Wheat

23rd January, 2006

MAJOR ACTIVITY HIGHLIGHTS

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

TECHNICAL ANALYSIS

Exchange: NCDEX

Perspective: Very Short Term (Weekly)

Contract: February (Future)

Wheat Futures at the NCDEX remained mostly strong today amidst technical correction and good buying pressure. The steady physical market price in Delhi did not support the futures market, as the future prices are too low than that of spot prices. The cutting of January contract also pushed up the futures market today. The February contract opened low at Rs.907.0 and settled mostly up Rs.12.00 to Rs.919.20 today. February contract traded at the range of Rs.907-923 today.

Price Change:

Contracts	Closing	Previous	Change
February	919.20	907.20	+12.00

Indicators: The most of the indicators are indicating to bullish trend however, Stochastic is indicating slight bearishness of wheat prices. The open interest as well as volume is increasing.

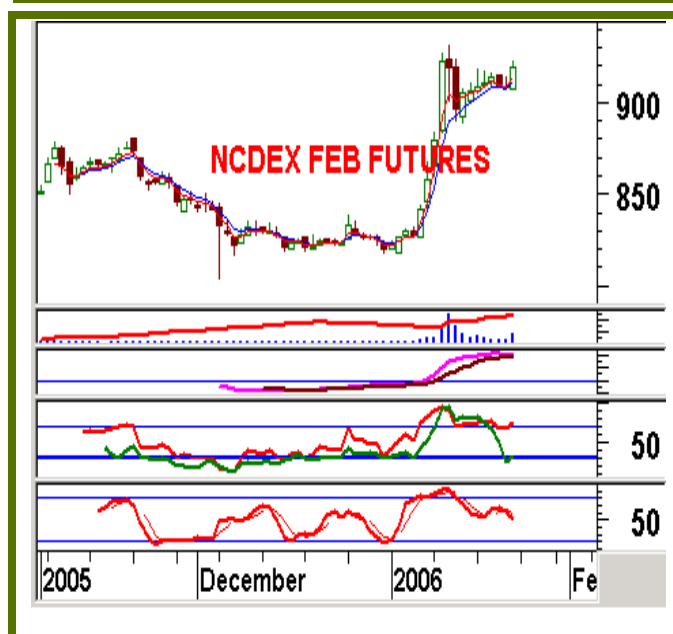
Outlook: The wheat futures are expected to remain slight bullish in the coming days.

Advice: Go for long position near 918.5 with target near 925.0, next 931.1 and put stop loss near 911.5.

Support and Resistance Levels:

The current resistance levels are at 925.8 and 932.4 marks and support levels are at 911.9 and 907.1 marks as very short term.

Contract	Support Level		Resistance Level	
	1 st	2 nd	1 st	2 nd
January	911.9	907.1	925.8	932.4



DEMAND, SUPPLY AND PRICES AT IMPORTANT CENTRES

DOMESTIC MARKET COMMENTARY

Wheat prices is remaining steady in **Delhi** market today due to slight weak demand from flour and Chakki mills as these mills got wheat from FCI on Friday. FCI sold 15000 tonnes wheat at the rate of Rs.844 per quintal to the flour and Chakki mills. The arrival remained slight weak at 5000-6000 bags from M.P., Haryana and U.P. The dara wheat mill quality traded at Rs.1020-1022 per quintal at Lawrence road in Delhi. But according to the traders, this amount of wheat is not sufficient to meet the domestic demand and therefore the prices are expected to remain steady to low for three to four days and might be remain go up later. At Narella mandis, wheat has quoted at Rs.985-1000 per quintal and Rs.980-990 per quintal at Najafgarh mandis today.

In **Uttar Pradesh** market, the wheat prices maintained its steady sentiment today also due to stable demand from Delhi and other States. The demand for wheat remained slight week in UP market as the millers are now waiting for FCI's selling in this market. The market remained silent because FCI is expected to sell around 8000 tonnes of wheat at the rate of Rs.865 per quintal to the flourmills association, according to the traders. According to the trade sources, FCI sold wheat at this market on Friday. At Kasgang, the wheat prices remained stable and prevailed at Rs.900-910 per quintal with average arrival of 400-500 quintal. At Etah mandis, the wheat has traded at Rs.925-930 per quintal today with arrival of 400-500 quintal on steady side.

In **Punjab** market, the wheat prices decreased at Khanna market due to millers got wheat from FCI at Rs.858 per quintal, according to a source. At Amritsar market, it traded at the range of Rs.980-985 per quintal with daily average arrival of 200-300 bags from godown stocks. The wheat has traded at Rs.995-1000 a quintal at Samana and Rs.1035-1040 a quintal at Jalandhar market on lower side. At Ludhiana, wheat prices again fell down by Rs.5-10 per quintal today. FCI was expected to sell around 10000 tonnes of wheat in Punjab market.

In **Gujarat** market, the wheat prices slipped once more due to very less demand from the mills. The millers are not reluctant to purchase wheat at higher prices as they have sufficient stocks, which they fetched from FCI yesterday. Therefore the prices fell down from Rs.1000-1010 to Rs.980-985 per quintal today at Ahmedabad market. The arrival remained around 2000-3000 bags from M.P. The FCI sold 50000 bags at the rate of Rs.892 per quintal to the millers.

The wheat prices fell down in **Maharashtra** market due to government's policy. Downward trend is witnessed in Mumbai, Pune etc also. where the prices decreased due to FCI sold wheat to the millers and consumers' co-operatives societies at the rate of Rs.922 per quintal on Tuesday. This restricted the price movement on upper side. The arrival from M.P. remained very poor. According to a trader, FCI was likely to sell around 15000 tonnes of wheat in this market to check the prices up. Dara wheat mill quality traded at the range of Rs.1000-1005 per quintal at Jalgaon. While wheat dara has traded at the range of Rs.1055-1065/quintal in Pune and Rs.1045-1050/quintal in Mumbai. Wheat Lok-1 variety prevailed at Rs.1100-1125/quintal in Mumbai.

In **Madhya Pradesh** mandis, wheat prices remained steady due to less demand from Delhi, Gujarat and Maharashtra. The demand from South India remained pronounced in this State therefore the prices remained mostly steady. The arrival remained 10-15 trucks in Indore market today. This State is supplying wheat in various States.

However the wheat products like Atta, Maida Suji, and Chakki prices fell down again due to the millers fetched wheat from the FCI. Apart from this the domestic demand for wheat products remained stagnant and the people are taking away from the market.

The wheat prices is witnessed steady to low at most of the trading centre in India due to FCI has sold 1.5-2.0 lakh MT wheat in the domestic market to stabilize prices. But this amount of wheat is not sufficient to meet the domestic demand. If FCI sell wheat periodically then the prices would be checked.

It is anticipated that the wheat price to deal on slight lower side on Monday at most of the mandis.

PRICES OF WHEAT PRODUCTS IN DELHI (in Rs.)

Wheat Products	20.01.06	21.01.06
Atta (90kg)	1029	1020
Maida Grade 1(90kg)	1158	1149
Suji (50kg)	639	634
Chokar (50 kg)	360	355
Chokar (35 kg)	243	239
Chakki Atta (90kg)	975	975

SPOT MARKET PRICE FOR WHEAT (In Rs./Quintal)

Markets	20.01.06	21.01.06
Delhi (Lawrence Road)	1020-1025	1020-1022
Haryana (Karnal)	974-977	950-955
Punjab (Khanna)	1010-1012	970-975
Ahmedabad	1000-1010	980-985
Ludhiana	960-965	955-960
Ludhiana (Jagraon)	950-955	945-950
Rajasthan (Kota)	980-983	970-977
Amritsar	1000-1005	980-985
Uttar Pradesh (Kanpur)	985-990	977-980
Uttar Pradesh (Bareilly)	980-985	980-983
Uttar Pradesh (Shahjahanpur)	995-1000	1000-1005
Maharashtra (Jalgaon)	1007-1012	1000-1005
Madhya Pradesh (Satna)	925-930	925-930
Madhya Pradesh (Indore)	980-990	980-990

INTERNATIONAL MARKET:

CBOT Wheat Settles Bullish Following Two-Sided Trade

Chicago Board of Trade (CBOT) wheat futures remained bullish and finished up Friday after two-sided trade, bolstered by late gains in Kansas City Board of Trade on news that tight U.S. hard red wheat supplies. Excellent physical buying of CBOT corn and soybean futures also provided support to CBOT wheat futures. CBOT March wheat settled steady at \$3.265, above its 50-day moving average of \$3.253, while May ended up 0.25 cent at \$3.373 per bushel. March wheat support comes in at \$3.223 and \$3.15 with resistance at \$3.265 and \$3.325. Weekly US export sales for wheat remained in between trade expectations of 300,000-500,000 and stood at 435,800 metric tonnes. Cumulative sales have reached 76.7% of the USDA forecast over 71.1% on average over the last five years. Sales of 317,300 metric tonnes per week are needed to reach the USDA estimate.

NEWS ANALYSIS:

Wheat Acreage Increased by 12% in 2005-06

Wheat sowing area has touched around 27 million hectare this year while last year it was sowed in the area of 24 million hectare, 12% increase in the area. Good rainfall during October and November was one of the main reasons for the expected increase in the wheat yield in the country. Therefore wheat prices are likely to slip in the coming months as areas of cultivation have doubled this year. In Gujarat, the acreage was 8.02 lakh hectares as of 22 December 2005, as compared to 7.35 lakh hectares sown in the entire Rabi season of 2004-05 and 65% higher than the 4.8-lakh hectares of normal cultivation of wheat in the state. In Maharashtra, acreage was 8.13 lakh hectares as of 22 December, which was more than the normal acreage of 8.01 lakh hectares and 6.5 lakh hectares sown, a year ago. In West Bengal, till 22 December 2005, wheat acreage almost doubled to 1.9 lakh hectares from 1-lakh hectares a year ago.

Wheat: USDA Weekly Export Sales Highlights

Net sales of 351,800 metric tons (MT) were 3 percent above the previous week, but 3 percent under the prior 4-week average. Major increases for Japan (68,400 MT), the Philippines (51,000 MT), Mexico (50,000 MT), Venezuela (47,300 MT), Nigeria (44,600 MT, including 18,000 MT switched from unknown destinations), and Yemen (40,000 MT) were partially offset by decreases for unknown destinations (28,000 MT). Sales of 84,000 MT for delivery in 2006/07 were for Venezuela (54,000 MT) and Nigeria (30,000 MT). Exports of 320,900 MT were 44 percent below the week earlier and 35 percent under the prior 4-week average. The main destinations were Nigeria (69,300 MT), Japan (61,800 MT), Iraq (50,500 MT), Mexico (32,200 MT), Venezuela (25,800 MT), and Colombia (21,000 MT). (This summary is based on reports from exporters for the period January 6-12, 2006)

WEATHER OUTLOOK:

NORTH: Isolated rain/snow likely over Jammu & Kashmir. Weather will be mainly dry over the rest region. However, a spell of moderate rainfall/snowfall is likely over the western Himalayas from 22nd evening till 24th.

EAST: Isolated rain/thundershowers likely over northeast Assam and Arunachal Pradesh. Weather will be mainly dry over the rest region.

SOUTH: Isolated rain/thundershowers are likely over Nicobar Islands. Weather will be **Mainly dry** in the rest region.

WEST: Weather will be **mainly dry** over the region.

Source: IMD

FOREX (As on 21st January, 2006):

Foreign Currency	Rs. per unit
1 US \$	44.11
1 Euro	53.53
100 Yen	38.15
1 British £	78.11

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