

## Wheat

6<sup>th</sup> 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: January (Future)

Wheat futures market at the NCDEX fell down after the mid session today amidst strong selling pressure after the mid session. Futures market opened firm and traded steady till mid session but it did not sustained and slipped later. January contract opened firm at Rs.813 and closed down Rs.4.40 at Rs.807.60. January contract traded at the range of Rs.807.00-813.60 today.

Price Change:

Contracts	Closing	Previous	Change
January	807.60	812.00	-4.40

**Indicators:** Most of the indicators like Candlesticks, Price ROC, RSI and MA are indicating bearish ness of wheat prices. Stochastic has reached at 79.83 point and it is indicating bearishness. MACD is hinting bullishness of wheat prices as medium term.

**Outlook:** The wheat futures are likely to remain slight bearish on Friday.

**Advice:** Go for short position. Entry at 808, target 805 and given stop loss at 812.

**Support and Resistance Levels:**

The current resistance levels are at 809.6 and 812.1 marks and support levels are at 805.7 and 803.2 marks as very short term.

Contract	Support Level		Resistance Level	
	1 <sup>st</sup>	2 <sup>nd</sup>	1 <sup>st</sup>	2 <sup>nd</sup>
January	805.7	803.2	809.6	812.1



### DEMAND, SUPPLY AND PRICES AT IMPORTANT CENTRES

#### DOMESTIC MARKET COMMENTARY

Wheat spot prices continued its strong sentiment from several days and it is trading on higher side. Wheat dara mill quality opened at Rs.942-945 per quintal today at Lawrence road in Delhi amidst paucity of arrival. The wheat traded at Rs.935-940 per quintal yesterday at this mandis. The average arrival of 6000-8000 bags is witnessed. The most of the bags around 3000-4000 bags has arrived from Haryana and rest of the bags from U.P. The demand remained moderate. Traders are speculating that FCI likely to sell wheat in Delhi due to very less stock and restricted arrival. They are also expecting that the prices would go beyond from Rs.950 per quintal if FCI do not sell wheat in Delhi. At Narella mandis, the wheat prices have touched Rs.900-905 (Mill quality) per quintal with average arrival of 400-500 bags.

According to a Jaipur-based trader, wheat arrivals in Jaipur mandis were poor due to stocks with the FCI as well as private traders are short. Wheat prices in Jaipur are already at Rs. 935 per quintal from Rs 910 per quintal of previous week. FCI sold wheat in Jodhpur at Rs.840 per quintal to the millers, according to the traders. Heavy demand from flour and roller mills and low arrivals will only exacerbate the situation. A similar spurt was reported in Indore, where wheat prices have gone up by over Rs.35-40 per quintal in just two weeks. In Indore, wheat prices have increased up to Rs.925-930 per quintal and are expected to cross the Rs.950 mark as trickling arrivals. The average arrival remained around 15-20 trucks in Indore market. In Satna, the stock is already depleted and therefore wheat prices have shot up by Rs.875-880 per quintal. Wheat crop in

Madhya Pradesh and Gujarat is likely to delay because of low rainfall and drought in parts of central India. According to the traders, new transport norms announced that the government is also contributing to the price rise. The government has pegged the limit of weight of the cargo trucks at 9 tonnes, they reported. Earlier trucks carried around 20 tonnes per trip. Since the weight they are allowed to carry had been limited, freight costs have increased considerably. In New Delhi, traders have to pay a premium of Rs 15-20 per quintal on wheat arriving from Rajasthan, Uttar Pradesh and Haryana due to higher freight costs.

The wheat spot market in Uttar Pradesh also increased by Rs.5-10 per quintal at most of the trading centre due to brisk demand from mills and less stock at the market yards.

In Maharashtra market, wheat improved further and traded on higher side today due to very less arrival of 2-3 trucks. The most of the wheat is coming from M.P. According to trade sources, FCI is selling wheat to the millers in this State around Rs.880-890 per quintal.

The market sentiment for wheat in other markets witnessed positive trend today. In Ahmedabad market, the prices have shot up to Rs.950-955 per quintal with short of arrival from Rajasthan.

In Ludhiana market, the wheat was trading at the range of Rs.865-870 per quintal with restricted arrival of 50-70 bags from local area. But the demand remained very crucial. Wheat was quoted at Rs.850-860 per quintal at Jagraon market.

At Haryana mandis, wheat dara mill quality traded at Rs.865-870 per quintal in Karnal where as it traded at Rs.875-880 in Hisar and Rs.810-850 per quintal in Palwal market.

Wheat products like Atta, Maida Suji, and Chakki is also increased in Delhi due to higher prices of wheat.

The wheat prices are expected to trade on bullish side on Friday at most of the mandis.

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

Markets	04.01.06	05.01.06
Delhi (Lawrence Road)	935-940	940-945
Haryana (Karnal)	865-867	865-870
Ahmedabad	945-950	950-955
Ludhiana	850-855	865-870
Ludhiana (Jagraon)	835-840	850-860
Rajasthan (Kota)	885-890	875-880
Amritsar	870-875	870-875
Uttar Pradesh (Kanpur)	910-915	920-923
Uttar Pradesh (Bareilly)	904-907	908-910
Uttar Pradesh (Shahjahanpur)	940-945	935-940
Maharashtra	930-935	935-940
Madhya Pradesh (Satna)	870-875	870-875
Madhya Pradesh (Indore)	900-930	900-930

#### PRICES OF WHEAT PRODUCTS IN DELHI (In Rs.)

Wheat Products	04.01.06	05.01.06
Atta (90kg)	945	950
Maida Grade 1(90kg)	1039	1044
Suji (50kg)	573	576
Chokar (50 kg)	351	353
Chokar (35 kg)	239	241
Chakki Atta (90kg)	890	900

#### INTERNATIONAL MARKET:

##### CBOT Wheat Continues Up on Fund Buying

Chicago Board of Trade (CBOT) wheat futures maintained its strong sentiment and finished up Wednesday amidst fund buying, with Kansas City Board of Trade wheat futures improving from early losses amidst late speculative buying. The late recovery in soybeans and a lack of follow-through technical selling on the early sharp break helped support a bounce of nearly 6 cents from the lows of the day into the close. CBOT March wheat settled up 0.25 cent at \$3.463, just below last week's 2.5-month high of \$3.47. May finished up 0.25 cent at \$3.558 per bushel. March wheat support comes in at 3.45 and 3.415 with 3.47 and 3.53 as next resistance. Where as spot cash U.S. hard wheat basis bids remained weak and soft red basis was steady to firm, according to trade sources.

#### NEWS ANALYSIS:

##### FCI Sold around 4 Lakh MT of Wheat in Open Market

According to a source, FCI has sold 337,000-4,00,000 tonne of wheat in April-December period in the open market to stabilize the wheat prices. They have sufficient stocks to meet the country's requirement till the next procurement season begins. The next procurement season is likely to start in mid March. The FCI had earlier ruled out the need for wheat imports and reported that the wheat stocks in the country were comfortable. The country's wheat stocks prevailed at 6.61 million tonne as on December 26.

##### Pakistan Removed 15% Duty on Wheat Export

The Economic Coordination Committee (ECC) in Pakistan has removed the regulatory duty on the wheat export about 15% and wheat flour to restart wheat flour exports to Afghanistan. They have also discarded a suggestion for levying 20% regulatory duty on the import of wheat into Pakistan. It had been suggested by the provinces to the centre that the imported wheat was much lower than the wheat available in official reserves and the government should make a policy decision to off load the available wheat. According to a source, Pakistan has 3.578 million tonnes of wheat in official treasury, 2.32 million tonnes in Punjab, 466,000 tonnes in Sindh, 167,000 tonnes in NWFP, 100,000 tonnes in Balochistan, and 525,000 with PASCO.

#### WEATHER OUTLOOK:

**NORTH:** Isolated light rainfall/snowfall is likely over higher reaches of Jammu & Kashmir. Weather will be mainly dry over the rest region.

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

**SOUTH:** Rain/thundershowers are likely at a few places over Tamil Nadu & Pondicherry and isolated over Andaman

& Nicobar Islands, South Interior Karnataka, Lakshadweep and Kerala. Weather will be mainly dry in the rest region.

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

The rainfall would be beneficial for wheat crop because the irrigation is necessary in tillering stage. At most part of the country, the crop is now in tillering stage and some are in sowing stage. Over all climatic conditions is likely to good for the crop. But fog is not congenial for wheat crop if it persists in Morning also due to photosynthesis decreases.

#### FOREX (As on 5<sup>th</sup> January, 2006):

Foreign Currency	Rs. per unit
1 US \$	44.67
1 Euro	54.05
100 Yen	38.43
1 British £	78.36

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