

Wheat

24th 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 is witnessed mostly strong today due to strong buying pressure. The higher price in physical market as compared to futures market is also supporting the prices up in futures market. The February contract opened high at Rs.921.80 and settled mostly up Rs.6.20 to Rs.926.20 today. February contract traded at the range of Rs.921.80-931.00 today.

Price Change:

Contracts	Closing	Previous	Change
February	926.20	920.0	+6.20

Indicators: The most of the indicators are indicating strong ness of wheat prices however RSI is indicating trend reversal as it has reached to 76.72 in overbought condition. Open interest as well as volume is increasing.

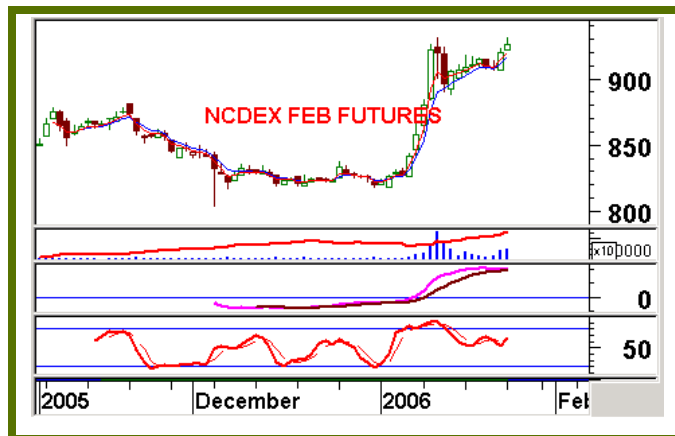
Outlook: The wheat futures are likely to remain bullish in the coming days.

Advice: Go for long position near 927.0 with target near 931.0, next 935.5 and put stop loss near 921.0.

Support and Resistance Levels:

The current resistance levels are at 931.0 and 935.5 marks and support levels are at 921.7 and 917.1 marks as very short term.

Contract	Support Level		Resistance Level	
	1 st	2 nd	1 st	2 nd
January	921.7	917.1	931.0	935.5



DEMAND, SUPPLY AND PRICES AT IMPORTANT CENTRES

DOMESTIC MARKET COMMENTARY

Wheat spot prices are decreasing gradually due to weak demand from flour and Chakki mills in **Delhi**. FCI had sold 15000 tonnes of wheat at Rs.844 per quintal to these mills therefore they have sufficient stock at present but it is likely to deplete within two or three days, according to trade sources. Wheat dara mill quality opened at Rs.1020 per quintal but traded low at Rs.1015-1020 per quintal at Lawrence road in Delhi. The arrival also remained weak around 4000-5000 bags at Lawrence road. According to trade sources, the prices are likely to go up further following three to four days. At Narella mandis, wheat prices prevailed at Rs.980-985 per quintal on lower side and Rs.985-990 per quintal at Najafgarh mandis.

In **Uttar Pradesh** market, the wheat prices decreased abruptly due to weak demand from flourmills, Chakki mills and neighbouring States. The demand for wheat remained weak in UP market as the millers are now waiting for FCI's

selling in this market. The market remained weak 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 has sold wheat at this market on Friday. At Kasgang, the wheat prices remained weak and prevailed at Rs.885-895 per quintal with average arrival of 350-400 quintal. At Etah mandis, the wheat has traded at Rs.905-915 per quintal today with arrival of 300-400 quintal on lower side.

In **Punjab** market, the wheat prices reversed back and traded on higher side today due to strong demand and less arrival. At Khanna market, wheat prices increased by Rs.20-25 per quintal today due to paucity of arrival and good market demand. At Amritsar market, it traded at the range of Rs.980-985 per quintal on steady range with daily average arrival of 150-250 bags from godown stocks. At Ludhiana, wheat prices increased slightly today. FCI was

expected to sell around 10000 tonnes of wheat in Punjab market.

In **Gujarat** market, the wheat prices remained range bound with steady sentiment today due to restricted arrival from M.P. The arrival remained around 5-7 motors from M.P. The FCI sold 50000 bags of wheat at the rate of Rs.892 per quintal to the millers.

The downward sentiment of wheat prices has restricted and traded on steady range in **Maharashtra** market due to paucity of arrival from M.P. 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.1000-1010 per quintal at Jalgaon with less arrival. While wheat dara has traded at the range of Rs.1060-1065/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. But according to a trader, the wheat prices has decreased by Rs.70-80 per quintal today at Indore market due to very less demand from other states. The demand from South India remained pronounced in this State. The arrival remained 12-15 trucks in Indore market today. FCI did not sell wheat in this market.

However the wheat products like Atta, Maida Suji, and Chakki prices continued it downward trend due to the millers got wheat from the FCI at lower prices. 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 sells wheat periodically then the prices would be checked.

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

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

Markets	21.01.06	23.01.06
Delhi (Lawrence Road)	1020-1022	1015-1020
Haryana (Karnal)	950-955	955-957
Punjab (Khanna)	970-975	990-995
Ahmedabad	980-985	980-985
Ludhiana	955-960	957-960
Ludhiana (Jagraon)	945-950	950-955
Rajasthan (Kota)	970-977	970-975
Amritsar	980-985	980-985
Uttar Pradesh (Kanpur)	977-980	963-965
Uttar Pradesh (Bareilly)	980-983	965-967
Uttar Pradesh (Shahjahanpur)	1000-1005	979-981
Maharashtra (Jalgaon)	1000-1005	1000-1010
Madhya Pradesh (Satna)	925-930	925-930
Madhya Pradesh (Indore)	980-990	975-985

PRICES OF WHEAT PRODUCTS IN DELHI (in Rs.)

Wheat Products	21.01.06	23.01.06
Atta (90kg)	1020	1017
Maida Grade 1(90kg)	1149	1145
Suji (50kg)	634	630
Chokar (50 kg)	355	350
Chokar (35 kg)	239	239
Chakki Atta (90kg)	975	972

INTERNATIONAL MARKET:

CBOT remained closed on Saturday.

NEWS ANALYSIS:

FCI: Adequate Wheat Stock Under PDS

The Food Corporation of India (FCI) reported that the wheat and wheat products prices were increasing due to non-release of wheat stocks by it. But the common people are now in problem. According to FCI General Manager, FCI had released wheat in Punjab, Haryana, Delhi, Maharashtra and Chandigarh for distribution under PDS and he included that FCI has no shortages of stock. He also included that the FCI is holding enough stocks to offset the demands of PDS as well as different welfare schemes of the Central Government. However an allocation of 80,000 and 60,000 quintals of wheat has been given for Punjab and Haryana, respectively for open sale to check the increasing trend of prices. In Chandigarh, 20,000 quintals of wheat has been allotted for January for release to flour mills.

Gujarat: Wheat Crop Likely to Hit in Mid-February

In Gujarat, it is expected that the new wheat crop arrival in Saurashtra and Kutch region would be late by a several days this year, according to trade sources. Trade sources reported that normal arrival of wheat crop in the Saurashtra markets by the end of January. The new wheat crop will start hitting in Junagadh and Amreli markets in the mid-February. In the month of March, the wheat crop arrival would be full-scale. Traditionally, wheat crop arrival is in full swing soon after Holi. Therefore by that time, the wheat prices also get stabilized. The wheat varieties "Soneri Tukda" and "Safed Tukda" of Saurashtra are in great demand in the neighbouring state of Maharashtra, as well as in southern states.

Wheat Prices Restricted amidst FCI's Selling

According to the Government, the increasing trend of wheat prices is arresting hopefully due to release of about 1.2 lakh tonnes of wheat every month for the next four months in the open market. Wheat traders reported that the prices are likely to touch Rs.1500 per quintal if the current situation continues. But the prices has been restricted since several days due to the food ministry has ordered immediate offloading of wheat to the tune of 1.2 lakh tonnes a month till April. Food and Agriculture Minister Sharad Pawar, has also reported that in spite of wheat stocks being slightly lower than the buffer norms, the situation will be handled by releasing wheat in the open market.

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 23rd January, 2006):

Foreign Currency	Rs. per unit
1 US \$	44.15
1 Euro	54.06
100 Yen	38.48
1 British £	78.60

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