

## Wheat

21<sup>st</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: February (Future)

Wheat Futures at the NCDEX remained range bound with slight weak today. The weak physical market price in Delhi again bolstered the futures market to slight down. The physical market price decreased today in Delhi due to FCI sold wheat to flourmills and Chakki Atta mills. The prices opened low and remained range bound with slight weak today. The ending time of January contract also create pressure in the futures the market. January contract has completed its trading activity today. The February contract opened low at Rs.908.20 and went upto Rs.914 but did not sustained and fell down after midday and settled fractionally down Rs.0.40 to Rs.908.00. February contract traded at the range of Rs.906-914 today. The final settlement price for January contract pegged at Rs.1026.25 today by NCDEX.

Price Change:

Contracts	Closing	Previous	Change
February	908.00	908.40	-0.40

**Indicators:** Most of the indicators are hinting strong bearish sentiment for wheat prices except Candlesticks, as this indicator is indicating trend reversal.

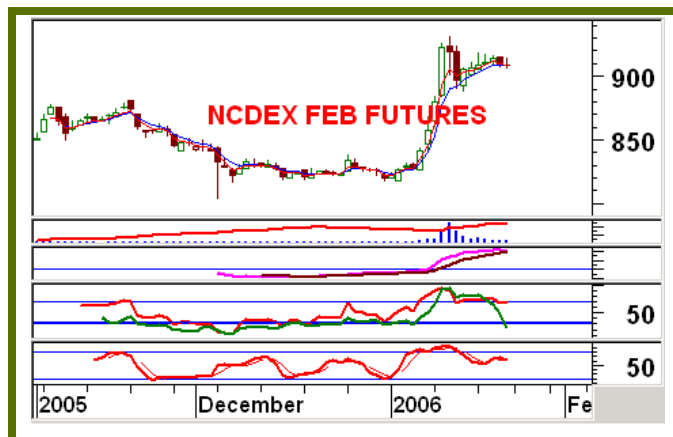
**Outlook:** The prices are likely to remain range bound in the coming days.

**Advice:** Go for long position near 908.5 with target near 912.0, next 915.0 and put stop loss near 903.5.

### Support and Resistance Levels:

The current resistance levels are expecting at 914.6 and 918.7 marks and support levels are at 905.6 and 900.9 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	905.6	900.9	914.6	918.7



### DEMAND, SUPPLY AND PRICES AT IMPORTANT CENTRES

#### DOMESTIC MARKET COMMENTARY

The wheat prices stumbled further at the domestic spot market in **Delhi** due to news that FCI may release wheat today. According to the traders, FCI might release 15000 MT of wheat at the open market at Rs.844 per quintal today, which bolstered the spot prices down. Wheat dara mill quality opened at Rs.1028-1030 per quintal but traded at Rs.1020-1025 per quintal at the Lawrence road in Delhi today. The arrival remained slight weak around 5000-6000 bags from M.P., U.P. and Haryana. FCI will give wheat to flour mills and Chakki Atta mills. According to a trader, this amount of wheat is not likely to affect the wheat spot prices and he noted that the prices are expected to remain steady to slight low at the spot market. At Narella

mandis, wheat has quoted at Rs.985-1000 per quintal and Rs.980-990 per quintal at Najafgarh mandis.

Today's Quotes in Delhi mandis (In quintal): Wheat MP (deshi) 1200-1350, wheat dara (for mills) 1020-1025, Chakki Atta (delivery) 1035-1040, Chakki Atta Rajdhani (10 kgs) 120, Shakti Bhog (10 kgs) 120, roller flour mill 1030-1040, Maida 1100-1110 (90 kilos) and Sooji 1120-1130 (90 kgs).

In **Uttar Pradesh** market, the wheat prices remained steady today due to stable demand from Delhi and other States, as these States has feeded by FCI today. FCI sold wheat in Maharashtra, Ahmedabad and Delhi. The demand for wheat remained slight weak 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. FCI did not sell wheat in this region till now, according to trade sources. At Kasgang, the wheat prices decreased slightly and prevailed at Rs.900-910 per quintal with average arrival of 500-600 quintal. At Etah mandis, the wheat has traded at Rs.925-930 per quintal today with arrival of 400-500 quintal on lower side.

In **Punjab** market, the wheat prices decreased slightly due to news that FCI is likely to sell wheat in this mandis. At Amritsar market, it traded at the range of Rs.1000-1005 per quintal with daily average arrival of 200-300 bags from godown stocks. The wheat has quoted at Rs.995-1000 a quintal at Samana and Rs.1040-1050 each quintal at Jalandhar market on steady side. At Ludhiana, wheat prices fell down slightly by Rs.10-20 per quintal today. FCI is expected to sell around 1000 tonnes of wheat in Punjab market at the rate of Rs.858 per quintal.

In **Gujarat** market, the wheat prices were decreasing brazenly due to FCI sold wheat to the millers and it traded at Rs.1000-1010 per quintal at Ahmedabad market. The arrival remained around 3000-4000 bags from M.P. The FCI sold 50000 bags at the rate of Rs.892 per quintal to the millers.

The wheat prices remained mostly steady in **Maharashtra** market due to government's policy. But downward trend is witnessed in Mumbai, Pune etc. 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. But the stockists are not reluctant to sell wheat at lower price and therefore they are holding the stocks until they fetch a higher price. The arrival from M.P. remained very poor. According to a trader, FCI is 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.1007-1012 per quintal at Nasik. While wheat dara has traded at the range of Rs.1070-1075/quintal in Pune and Rs.1065-1070/quintal in Mumbai. Wheat Lok-1 variety prevailed at Rs.1100-1125/quintal.

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.

However the wheat products like Atta, Maida Suji, and Chakki prices are decreasing gradually 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.

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

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

Wheat Products	19.01.06	20.01.06
Atta (90kg)	1036	1029
Maida Grade 1(90kg)	1163	1158
Suji (50kg)	642	639
Chokar (50 kg)	357	360
Chokar (35 kg)	251	243
Chakki Atta (90kg)	980	975

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

Markets	19.01.06	20.01.06
Delhi (Lawrence Road)	1030-1035	1020-1025
Haryana (Karnal)	970-975	974-977
Haryana (Khanna)	1015-1017	1010-1012
Ahmedabad	1045-1050	1000-1010
Ludhiana	960-965	960-965
Ludhiana (Jagraon)	960-965	950-955
Rajasthan (Kota)	970-975	980-983
Amritsar	1000-1010	1000-1005
Uttar Pradesh (Kanpur)	985-990	985-990
Uttar Pradesh (Bareilly)	980-985	980-985
Uttar Pradesh (Shahjahanpur)	990-995	995-1000
Maharashtra	1010-1012	1007-1012
Madhya Pradesh (Satna)	925-930	925-930
Madhya Pradesh (Indore)	980-990	980-990

#### INTERNATIONAL MARKET:

##### CBOT Wheat Reversed Back on Oversold Conditions

Chicago Board of Trade (CBOT) wheat futures bounced back from its recent losses and settled higher Thursday on rumours that Iraq is likely to import U.S. hard wheat. Besides this, Kansas City and Minneapolis markets remained bullish, which also provided some underlying support. A stronger dollar in the morning and continued talk of stiff competition on the world export market for US exporters has helped pressure the market. Technically oversold conditions, tight old-crop wheat supplies, and dryness over the southern Plains' hard red winter areas and a cold snap in Russia also supported the market up. Kansas City Board of Trade March wheat closed 10.25 cents higher at \$3.83 a bushel; Minneapolis Grain Exchange March remained high 7.5 cents to \$3.90; and CBOT March settled up 4 cents to \$3.265 and May wheat settled high \$3.5 at \$3.37. March wheat support comes in at \$3.223 and \$3.15 with resistance at \$3.31 and \$3.343. The U.S. Department of Agriculture will release its weekly export sales report Friday.

#### NEWS ANALYSIS:

##### FCI Releases 15000 MT of Wheat in Delhi

The Food Corporation of India (FCI) has decided to release 15,000 tonnes of wheat to Delhi government to restrict increase in price of flour in the capital. The government will release this amount of wheat in the market at the PDS rates. According to the State Food and Civil Supplies Minister R.K. Chauhan, 7,500 MT of wheat would be supplied to flour mills in the city and the rest 7500 MT to 'Atta Chakkis' catering to small localities. Such amount of wheat would only be supplied to licensed flourmills and small Atta Chakkis on the basis of their area and number of people they serviced. But according to the traders, this small amount of wheat is not sufficient to meet the domestic demand and therefore the prices of wheat is expected to go up further in the coming day. FCI is likely to release wheat to the people in a day or two. As of Jan. 1, India's wheat stocks totalled around 6.3 million metric tons, compared with 8.9 million tons on the same day last year. To replenish stocks, the government will start purchasing

wheat 15 days in advance from the usual practice of April 1," said Pawar.

### Global Wheat Outlook on Thursday

On Thursday, Japan imported 115,000 tonnes of wheat at their weekly tender with 70,000 tonnes of the total coming from the US. South Korea looks for 38,300 tonnes of US wheat and Jordan announced a tender for 100,000 tonnes of hard wheat. Iraq is tendering to buy 100,000-150,000 tonnes of hard milling wheat for March-April delivery. In world news, Pakistan is likely to import 400,000-500,000 metric tons of wheat in 2006, in spite of an expected bumper crop this year, according to Pakistani officials. Extremely cold temperatures in Russia create a threat to the wheat crops there, though the effect on the market was muted, sources said.

### WEATHER OUTLOOK:

**NORTH:** Weather will be mainly dry over the region. However, a spell of moderate rainfall/snowfall is likely over the western Himalayas from 22<sup>nd</sup> evening.

**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.

### FOREX (As on 20<sup>th</sup> January, 2006):

Foreign Currency	Rs. per unit
1 US \$	44.36
1 Euro	53.70
100 Yen	38.52
1 British £	78.17

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