

Wheat

7th 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 has showed a strong bullish sentiment today at the NCDEX amidst strong buying pressure and strong prices in physical market. The futures price recovered abruptly though the prices remained far below than that of spot market. The January contract opened far below at Rs.806.00 as compared with previous closing and settled up Rs.13.80 at Rs.823.40. January contract traded at the range of Rs.805.60-824.80 today.

Price Change:

Contracts	Closing	Previous	Change
January	823.40	809.60	+13.80

Indicators: Most of the indicators like Candlesticks, Price ROC, RSI and MA are indicating strong bullish sentiment of wheat prices. Stochastic has reached at 87.95 in overbought region and it is indicating trend reversal. MACD is hinting bullishness of wheat prices as medium term.

Outlook: The wheat futures are expected to remain bullish on Saturday.

Advice: Go for long position near 823 with target near 828 and set stop loss near 819.

Support and Resistance Levels:

The current resistance levels are expecting at 828.1 and 831.5 marks and support levels are at 823.6 and 819.6 marks as very short term.

Contract	Support Level		Resistance Level	
	1 st	2 nd	1 st	2 nd
January	823.6	819.6	828.1	831.5



DEMAND, SUPPLY AND PRICES AT IMPORTANT CENTRES

DOMESTIC MARKET COMMENTARY

Wheat spot price is maintaining steady sentiment today in Delhi. Most of the mandis showed stable position. Wheat dara mill quality opened steady today at Rs.942-945 per quintal at Lawrence road in Delhi. The arrival has increased slightly to 8000-10000 bags from Haryana and Uttar Pradesh. The demand is significantly strong. The market is keeping watchful eye on FCI's decision. At Narella, wheat was traded on relatively steady side at Rs.895-900 per quintal with average arrival of 400-500 bags. At Najafgarh the wheat price is prevailing on Rs.890-895 per quintal.

In Haryana mandis, wheat prices remained firm today and dara mill quality wheat was quoted at Rs.870-872 per quintal in Karnal market as loose basis. The market has

less stock and demand is very strong from Delhi and other States. According to the trade sources, there was very poor stock at the market yards as well as FCI's godown. Wheat is trading at Rs.895-900 per quintal in Hisar market and Rs.810-850 per quintal at Palwal market.

The wheat prices increased many folds in Uttar Pradesh market. Most of the market witnessed strong bullish sentiment today. The wheat prices increased Rs.10-15 per quintal at most of the region with less arrival and strong demand from mills. The market has less stock.

The prices have increased further in Ahmedabad market with paucity of arrival from Rajasthan. Heavy demand from flour and roller mills and low arrivals will only exacerbate

the situation. In Jaipur the prices remained at Rs.935-940 per quintal on slight higher side. But in Kota market the prices increased Rs.10-12 per quintal to Rs.885-887 per quintal. At Khairtal and Alwar market it prevailed at Rs.845 and Rs.840-845 per quintal. The promising demand from Ahmedabad and other States kept the prices mostly strong in this region.

Maharashtra market is maintaining its bullish sentiment from several days despite the FCI's selling. The average arrival is between 7-10 trucks from M.P. The prices increased Rs.5-7 per quintal with promising demand from flour and roller mills. The demand from Chakki mills is also strong. In M.P. the prices remained almost steady today due to stable arrival of 15-20 trucks and steady demand but negligible stock and no arrival pushed up the prices far above at Satna mandis. The prices prevailed at this mandis at bilty price of Rs.890-900 per quintal.

The other market showed a bullish undertone today and the overall sentiment for wheat is significantly strong in India. Less stock to the governments likely to 6.5 MMT to the FCI, strong demand from the market, building stocks by the optimistic traders and speculators etc. are aggravating the situation.

Wheat products like Atta, Maida Suji, and Chakki is continued its strong sentiment due to higher wheat prices.

It is expected that the wheat price to trade on bullish side on Saturday at most of the mandis.

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

Markets	05.01.06	06.01.06
Delhi (Lawrence Road)	940-945	942-945
Haryana (Karnal)	865-870	870-872
Ahmedabad	950-955	955-960
Ludhiana	865-870	865-870
Ludhiana (Jagraon)	850-860	850-860
Rajasthan (Kota)	875-880	885-887
Amritsar	870-875	870-875
Uttar Pradesh (Kanpur)	920-923	935-940
Uttar Pradesh (Bareilly)	908-910	918-923
Uttar Pradesh (Shahjahanpur)	935-940	950-955
Maharashtra	935-940	940-945
Madhya Pradesh (Satna)	870-875	890-900
Madhya Pradesh (Indore)	900-930	900-930

PRICES OF WHEAT PRODUCTS IN DELHI (In Rs.)

Wheat Products	05.01.06	06.01.05
Atta (90kg)	950	959
Maida Grade 1(90kg)	1044	1050
Suji (50kg)	576	579
Chokar (50 kg)	353	355
Chokar (35 kg)	241	243
Chakki Atta (90kg)	900	900

INTERNATIONAL MARKET:

CBOT Wheat Slips Down on Speculative Sells

Chicago Board of Trade (CBOT) wheat futures bounced back from its recent gains and traded on lower side Thursday due to technical and speculative sales and on global wheat export competition. The other factor for bearishness of prices was Egypt imported 320,000 tons of Australian and Russian wheat and no U.S. grain, which pulled down the prices. Some traders were also noted that Russian offers had been cheaper and more vigorous than had been expected. Midsession news of aggressive European Union marketing actions also pressured U.S. wheat. Finally, ambiguity about overnight reports of Iraq exports of 1 million tons of U.S. hard wheat was bearish. CBOT March wheat fell 6.5 cents at \$3.398; May remained down 6.5 cents at \$3.493 per bushel. For the weekly export sales report, released before the opening, traders are looking for wheat sales near 250,000-450,000 tonnes as compared with 356,500 tonnes last week. March wheat support comes in at 3.363 and 3.315 with 3.43 and 3.45 as next resistance.

NEWS ANALYSIS:

Rabi Wheat Sowing Still Increasing

Wheat sowing area is still increasing in this year as compared to last year. According to the agricultural Ministry, wheat coverage has increased to 242.96 lakh in this year as compared to 240.88 lakh during the corresponding period last year. The sowing is up in Bihar, Gujarat, Maharashtra, Rajasthan, West Bengal and Uttar Pradesh. The sowing is behind in Karnataka and Madhya Pradesh.

U.S. Wheat Exports Remained Same as of Last Year

U.S. wheat exports remained same in 2005 as compared to last year's space in spite of USDA forecasts for fewer sales in marketing year 2005/06. On the basis of last 2005 export sales report, USDA reported commitments of 19.825 million metric tons (MMT), compared to 19.823 MMT at the same time last year. According to USDA, U.S. wheat exports estimated at 27.22 MMT in 2005/06, a 6% drop from 2004/05. Nigeria was the main buyer of U.S. wheat in the world, importing 2.55 MMT so far, up 57% from this point last year. Japan is coming in slightly behind Nigeria, at 2.25 MMT, very close to their sales pace last year. The third major U.S. wheat customer is Iraq, purchasing 2.13 MMT compared to only 160,000 metric tons at the same time in 2004. Other markets buying more than a million tons of U.S. wheat include Mexico (1.8 MMT), the Philippines (1.29 MMT) and the EU (1.27 MMT).

WEATHER OUTLOOK:

Many parts of Jammu division, Punjab, Haryana, Rajasthan and Uttar Pradesh are under the grip of cold wave to severe cold wave conditions. They are likely to continue and extend into parts of Bihar during next two days. Subsequently, the night temperatures over parts of northwest India are likely to increase leading some respite from chilly weather. Due to low night temperatures, ground frost is likely over some parts of Punjab, Haryana, West Uttar Pradesh and Rajasthan during next 2 nights. Fog is likely over northern parts of Gangetic plains during morning hours.

NORTH: Weather will be mainly dry over the region.

EAST: Weather will be mainly dry over the region.

SOUTH: Rain/thundershowers are likely at a few places over Coastal Tamil Nadu & Pondicherry and Nicobar Islands and isolated over Andaman Islands, rest Tamil Nadu, South Interior Karnataka, Lakshadweep and Kerala. Weather will be mainly dry in the rest region.

WEST: Weather will be mainly dry over the region

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 6th January, 2006):

Foreign Currency	Rs. per unit
1 US \$	44.66
1 Euro	53.98
100 Yen	38.47
1 British £	78.33

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