

## Wheat

14<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 at the NCDEX recovered slightly today and traded on slight higher side at the late session. The prices remained bearish till midday but later slight buying pressure pushed up the prices up at the late hour. The downward sentiment of physical market also supported the futures market at early session. The January contract remained slightly strong. The January contract opened low at Rs.886.20 and settled slightly up Rs.3.20 at Rs.895.00. January contract traded at the range of Rs.881.00-906.80 today.

Price Change:

Contracts	Closing	Previous	Change
January	895.00	891.80	+3.20

**Indicators:** Candlesticks, Price ROC and Stochastic are indicating slight bearish sentiment of wheat futures. RSI and MA is indicating slight bullish undertone. MACD is remaining at positive zone and indicating upward ness of wheat prices as medium as well as long term.

**Outlook:** The prices are anticipated to remain slight weak in the coming day.

**Advice:** Go for short position near 898.00 with target near 888.00, next 879.8 and put stop loss near 904.5.

### Support and Resistance Levels:

The current resistance levels are expecting at 900.5 and 907.6 marks and support levels are at 879.8 and 874.2 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	879.8	874.2	900.5	907.6



### DEMAND, SUPPLY AND PRICES AT IMPORTANT CENTRES

#### DOMESTIC MARKET COMMENTARY

Domestic wheat prices rebounded from its recent strong gains and traded at lower side today. The wheat dara mill quality opened low at Rs.1010-1015 per quintal and traded at Rs.1015-1025 per quintal at the Lawrence road in Delhi due to the slight higher arrival as stockists released their stocks. Apart from this, FCI sold wheat around 1.25-1.5 lakh bags of wheat to the mills at the rate of around Rs.840-845 per quintal, which is also fuelled the market to trade lower side, according to the traders. The arrival from U.P. remained pronounced. The average arrival witnessed around 10000-12000 bags from U.P. and Haryana at Lawrence road. At Narella mandis, wheat has traded at Rs.990-1000 per quintal with 500-600 bags arrival and it prevailed at Rs.990-1000 per quintal at Najafgarh today.

In Madhya Pradesh market, wheat prices remained slight steady to high and prevailed at Rs.990-1000 per quintal with arrival of 10-15 trucks in Indore market. The demand remained saturated.

In Uttar Pradesh market, the wheat has increased further at most of the mandis due to strong demand and FCI did not sell wheat in the region, according top trade sources. They also noted that the States has stock around 1-2 lakh quintal. It is not sufficient to meet the demand until March. At Kasgang, the wheat has traded at the range of Rs.910-915 per quintal with arrival of 1200-1500 quintal. Bareilly and Kanpur market witnessed bullish undertone today.

In Ahmedabad, the prices decreased around Rs.50-60 per quintal to Rs.990-1000 per quintal due to FCI begin selling wheat in this region. According to market sources, FCI sold

50000 bags of wheat in Gujarat at the price of Rs.882-885 per quintal to the millers. According to a trader, five international companies are taking the godowns in Gujarat for procurement of wheat in this current year. In Jaipur, wheat traded at steady range of Rs.990-1000 due to stagnant demand and stocks are releasing by the stockists. FCI is selling wheat to the villages, according to trade sources. In Kota market the prices decreased today and prevailed at Rs.955-960 per quintal. At Khairtal and Alwar market it traded on steady range at Rs.925-930 and Rs.925-930 per quintal.

In Haryana market, FCI sold around 60000 bags of wheat at the rate of Rs.858 per quintal to the millers, according to the market sources. Despite FCI's selling the prices continued to rise due to the very strong demand and this amount of wheat is not sufficient to meet the domestic demand.

It is witnessed that the wheat prices fell down at most of the trading centre due to the FCI's selling and stagnant demand. The stockists are also releasing their stocks due to the higher price of wheat at the domestic market and the prices has been reached its peak level since two to three days. FCI is likely to continue selling at most of the trading centre. At Maharashtra market, FCI also sold wheat and therefore the prices has decreased in Mumbai and Pune around Rs.20-25 each quintal and prevailed at the range of Rs.1000-1020 per quintal. Less stock at the market yards as well as FCI, strong demand from flour and roller mills as well as Chakki mills etc. kept the sentiment burning at some centres. FCI has decided to release around 2 lakh metric tonnes of wheat in the open market to restrict the price rise.

However the wheat products like Atta, Maida Suji, and Chakki prices are restricted due to the wheat prices has fell down today and FCI sold wheat to the millers. In Delhi market, the wheat products remained almost steady.

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

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

Markets	12.01.06	13.01.06
Delhi (Lawrence Road)	1040-1045	1020-1025
Haryana (Karnal)	945-950	975-980
Haryana (Khanna)	-	985-990
Ahmedabad	1025-1030	990-1000
Ludhiana	945-950	945-950
Ludhiana (Jagraon)	885-890	885-890
Rajasthan (Kota)	975-980	955-960
Amritsar	940-950	940-945
Uttar Pradesh (Kanpur)	987-990	1005-1010
Uttar Pradesh (Bareilly)	986-990	998-1003
Uttar Pradesh (Shahjahanpur)	1007-1012	1108-1010
Maharashtra	985-990	985-990
Madhya Pradesh (Satna)	950-970	920-925
Madhya Pradesh (Indore)	990-1000	990-1000

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

Wheat Products	12.01.06	13.01.06
Atta (90kg)	1065	1065
Maida Grade 1(90kg)	1181	1181
Suji (50kg)	652	652
Chokar (50 kg)	382	382
Chokar (35 kg)	262	262
Chakki Atta (90kg)	1000	1000

#### INTERNATIONAL MARKET:

##### CBOT Wheat Bullish amidst USDA Seedings Data

Chicago Board of Trade (CBOT) wheat futures remained strong Thursday, supported by Kansas City Board of Trade hard red winter wheat futures after the U.S. Department of Agriculture reported lower 2006 U.S. HRW wheat plantings. The plantings remained totalled 29.9 million acres, behind 900,000 acres from the average analyst estimate of 30.8 million. Besides this, the lingering U.S. drought could be decreasing yield and demand would be good in future, which pushed up the market high. U.S. white winter wheat seedings were projected at 4.2 million acres, lower the average trade estimate of 4.47 million and just below last year's 4.3 million acres. CBOT March wheat closed up 2.75 cents at \$3.333; while May settled up 2.75 cents at \$3.44 per bushel. March wheat support comes in at \$3.285 and \$3.245 with resistance at \$3.353 and \$3.38.

#### NEWS ANALYSIS:

##### WASDE: Global Wheat Production Up Slightly

Global wheat production in 2005/06 is up slightly, consumption is down fractionally, exports and imports increase fractionally, and ending stocks rise slightly. Foreign production is up nearly 1 million tons due primarily to larger crops in China and EU-25, partially offset by smaller crops in Kazakhstan and Russia. Projected foreign exports are up because of larger exports by Paraguay and Bulgaria. Foreign consumption is down, with the largest month-to-month decrease occurring in Russia. Forecast foreign ending stocks are up 1 million tons due to larger stocks in China, EU-25, Croatia, and Bulgaria, partially offset by smaller stocks in Kazakhstan and Paraguay.

##### Centre Likely to Release 1.5 Lakh MT Wheat Every Month

According to the Agricultural Minister, the Centre had decided to discharge 1.5 lakh tonnes of wheat every month from January in the open market to manage the prices. At the same time, stocks of wheat are below buffer norms. As per the Food Ministry's revised norms, the country should have a buffer stock of 8.20 million tonnes of wheat and 11.80 million tonnes of rice. Despite the fact that, overall, foodgrain stocks match the buffer norm, the granaries have only 6.01 million tonnes of wheat and 14.08 million tonnes of rice as on January 6. According to the Food Ministry, wheat stocks can assist meets the demands of the targeted public distribution system for four months. He also ruled out about the wheat import. His statement stems from the Centre's view that wheat arrivals due from March-end could help, though the Food Ministry expects buffer wheat stocks to decline to 1.5 million tonnes by April 1.

#### WEATHER OUTLOOK:

Cold wave conditions have abated from most parts of the country. The lowest minimum temperature of 2.2° C was recorded at Pilani (Rajasthan). A western disturbance is likely to affect northwest India from tomorrow. It is likely to cause scattered to fairly widespread rain/snowfall over the Western Himalayas upto 17th. Isolated to scattered light rain/thundershowers are also likely over the adjoining plains of Punjab, Haryana and north Rajasthan from 15th. Minimum temperatures over northwest India are likely to increase by 2-4° C during next 3-4 days which may fall subsequently. Under the influence of the upper air cyclonic circulation over southwest Bay of Bengal.

#### Forecast valid for next 72 hours

**NORTH:** Isolated to scattered rain /snow is likely to commence over Jammu & Kashmir and Himachal Pradesh from tomorrow which may subsequently increase and extend into Uttaranchal. Isolated to scattered

rain/thundershowers likely over Punjab and Haryana from 15th. Weather will be mainly dry over the rest region.

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

**SOUTH:** Isolated rain/thundershowers likely over south Tamil Nadu, Kerala and Lakshadweep. Weather will be mainly dry in the rest region.

**WEST:** Isolated rain/thundershowers likely over north Rajasthan from 15th. Weather will be mainly dry over the region.

#### FOREX (As on 13<sup>th</sup> January, 2006):

Foreign Currency	Rs. per unit
1 US \$	44.26
1 Euro	53.35
100 Yen	38.63
1 British £	77.95

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