

Wheat

17th 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 slight strong today. The steady to slight strong market sentiment at the physical market triggered the futures market slight up though the market has reached to mostly strong position but after midday the strong selling pressure pulled down the prices and settled on slight higher side. The February contract settled slightly up today. This contract touched Rs.918.20 but it did not sustained and fell down due to selling pressure. The February contract opened slight low at Rs.906.00 and settled slightly up Rs.1.20 at Rs.908.00. February contract traded at the range of Rs.904.00-918.20 today.

Price Change:

Contracts	Closing	Previous	Change
February	908.00	906.80	+1.20

Indicators: Most of the indicators are indicating slight bullish sentiment of wheat futures where as Candlesticks, RSI and Stochastic is hinting bearishness of wheat prices.

Outlook: The prices are anticipated to remain bearish in the coming days.

Advice: Go for short position near 909.0 with target near 900.0, next 895.00 and put stop loss near 915.00.

Support and Resistance Levels:

The current resistance levels are expecting at 911.1 and 919.4 marks and support levels are at 896.94 and 890.00 marks as very short term.

Contract	Support Level		Resistance Level	
	1 st	2 nd	1 st	2 nd
January	896.94	890.00	911.1	919.4



DEMAND, SUPPLY AND PRICES AT IMPORTANT CENTRES

DOMESTIC MARKET COMMENTARY

Wheat spot prices opened firm again at Rs.1030-1035 per quintal in Delhi market but fell down slightly and traded at the range of Rs.1025-1030 per quintal at the Lawrence road due to rumour that FCI sold wheat to the traders and millers in Delhi. The arrival is remained between 8000-9000 bags from M.P., Haryana and Uttar Pradesh. The demand remained stable. Rumour that FCI is likely to sell wheat around 1.5 lakh bags to the millers in this week and therefore the prices is prevailing on stable range. At Narella mandis, wheat has quoted at the rate of Rs.980-985 per quintal with 400-500 bags of arrival. Wheat has traded at Rs.975-980 per quintal at Najafgarh market today.

In Madhya Pradesh market, wheat prices remained range bound with slight strong due to stagnant demand and prevailed at Rs.980-985 per quintal at Indore market.

In Uttar Pradesh market, the wheat prices remained stable today due to stable demand-supply scenario. The rumour that FCI would sell wheat in this market restricted the prices up. FCI did not sell wheat in the region, according to trade sources. According to the traders, if FCI does not sell wheat then the prices would hit Rs.1450-1500 per quintal. They also noted that the States has stock around 1-2 lakh quintal. It is not sufficient to meet the demand until March. At Kasganj, the wheat has traded at the range of Rs.912-915 per quintal with arrival of 1300-1600 quintal on steady

range. Bareilly, Shahjahanpur and Kanpur market witnessed steady to slight weak undertone today.

In Haryana market, FCI is expected to sell around 60000 bags of wheat at the rate of Rs.858 per quintal to the millers, according to the market sources. Therefore the prices remained almost stable at most of the mandis. Despite FCI's selling the prices continued to rise due to the very strong demand.

In Amritsar market, the wheat has traded at mostly upper side at Rs.1000-1005 per quintal with weak arrival of 5000-8000 bags. The market activity remained slight poor in Amritsar and Ludhiana market due to rain.

The wheat prices increased in Maharashtra market due to paucity of arrival and good demand from the mills. 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 wheat in this market to check the prices up. Dara wheat mill quality traded at the range of Rs.1010-1015 per quintal.

However the wheat products like Atta, Maida Suji, and Chakki prices are steady due to the speculation that FCI is likely to sell wheat to the millers. In Delhi market, the wheat products remained almost steady for this reason.

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

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

Markets	14.01.06	16.01.06
Delhi (Lawrence Road)	1020-1025	1025-1030
Haryana (Karnal)	965-967	970-975
Haryana (Khanna)	985-990	995-997
Ahmedabad	Closed	1000-1005
Ludhiana	Closed	950-960
Ludhiana (Jagraon)	Closed	950-960
Rajasthan (Kota)	Closed	944-946
Amritsar	Closed	1000-1005
Uttar Pradesh (Kanpur)	1005-1007	1000-1005
Uttar Pradesh (Bareilly)	1000-1003	1000-1003
Uttar Pradesh (Shahjahanpur)	1007-1010	987-992
Maharashtra	Closed	1010-1015
Madhya Pradesh (Satna)	915-920	920-925
Madhya Pradesh (Indore)	975-980	985-990

PRICES OF WHEAT PRODUCTS IN DELHI (In Rs.)

Wheat Products	14.01.06	16.01.06
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 remained closed Saturday and Monday.

NEWS ANALYSIS:

UP: Roller Flour Mills Facing Shortages of Wheat

The wheat prices are increasing at retail market in Uttar Pradesh due to shortage. The State Government procured only 5.65 lakh tonnes of wheat in 2005-2006, as compared with 17.50 lakh tonnes in 2004-2005 and 20 lakh tonnes in 2003-2004. The market traders and officials of the State's Food and Civil Supplies Department is expecting that the prices would hit Rs.1450-1500 per quintal if similar situation prevails this month and if FCI does not sell wheat in the open market. According to the State Government, that the MSP is much below the rate offered by private parties. In the meantime, flourmill owners are worrying that they may be left with no option but to close the mills. The Union Ministry of Food and Consumer Affairs decided to release 1.50 lakh tonnes of wheat per month. Even Punjab, which normally has 100% surplus stocks, has been getting 1,000 tones per month from the central pool. But UP, where the surplus is only 10% during the normal season gets only 8,000 tonnes. According to V.V.S. Chauhan, secretary, UP Roller Flour Mills' Association, about 40-45 lakh tonnes of wheat per year requires for the 140-145 working flour mills in UP when the production is normal. By now, most of the mills are running at less than 50% of their installed capacity and incurring losses. According to him, around two lakh tonnes of wheat per month requires to run the mills. But now many millers have urged that they are on the border of closure, as they lie inactive most of the time, reported by him.

Private Buyers Preferring to Purchase Wheat from U.P.

The support price of wheat was pegged at Rs.640/qlt at the country, but the private wholesale buyers offered Rs.670/qlt to the wheat growers in Uttar Pradesh. In the given situation the roller flour millers are worried that they shall not be able to procure more than 6 lakh tones by the end of March 2006. The private buyers have a preference to purchase wheat from UP because the tax on purchase is only 6.5 per cent against 13 per cent in Punjab, according to Basantlal Singh, chief marketing officer, State Food and Civil Supplies Department. Besides this the buyers prefers UP's wheat than Punjab's wheat due to better quality. Buyers from other States prefer UP's wheat because tax is less.

WEATHER OUTLOOK:

As per the earlier assessment, the movement of a western disturbance towards J&K and adjoining parts of NW India has resulted in to warmer nights and the same conditions are to continue over NW India till 18-19 January 2006. Under its influence, scattered to fairly widespread snowfall over hilly regions of NW India (J & K, Himachal and Uttaranchal) and isolated to scattered rains over adjoining plains of NW India(Punjab, Haryana-including Chandigarh and Delhi, Western Uttar Pradesh, Rajasthan) is expected in coming days. Scattered to fairly widespread rains have been realized over south coastal Tamilnadu, Kerala, Lakshadweep, NE States, J &K, Himachal, Uttaranchal for the last 24-hrs. Yesterday's DEPRESSION over the southeast Arabian Sea has moved in predominant west-north-westerly direction during the last 24-hrs and persists as a low-pressure area now over the southeast Arabian Sea. It is likely to move in predominant west-north-westerly

direction and dissipate gradually. Hence, only a isolated to scattered rainfall activity is now expected over Lakshadweep and Kerala for next 24-48hrs or so.

The prevailing weather condition is congenial for wheat crop and if this weather continues then production is likely to go up.

FOREX (As on 16th 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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