

Wheat

19th 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 continued its slight strong sentiment and traded bullish after midsession today. The physical market further increased today in Delhi, which bolstered the futures market. The prices opened firm and remained range bound till mid day but later spillover buying pressure pushed up the prices and settled on higher side today. The February contract opened mostly up at Rs.912.00 and touched Rs.915.80 but it did not sustained and fell down slightly though the prices remained far above than that of last closings. The February contract settled up Rs.4.60 at Rs.914.80. February contract traded at the range of Rs.908.40-915.80 today.

Price Change:

Contracts	Closing	Previous	Change
February	914.80	910.20	+4.60

Indicators: Most of the indicators are hinting bullish sentiment for wheat prices except PROC. RSI is prevailing on overbought region, indicates trend reversal.

Outlook: The prices are likely to remain slight strong but trend reversal might be possible in the coming days.

Advice: Go for long position near 910.5 with target near 918.5, next 924.2 and put stop loss near 907.

Support and Resistance Levels:

The current resistance levels are expecting at 919.0 and 924.2 marks and support levels are at 908.7 and 905.3 marks as very short term.

Contract	Support Level		Resistance Level	
	1 st	2 nd	1 st	2 nd
January	908.7	905.3	919.0	924.2



DEMAND, SUPPLY AND PRICES AT IMPORTANT CENTRES

DOMESTIC MARKET COMMENTARY

Wheat spot prices again increased by Rs.5-10 per quintal today in Delhi. Wheat dara mill quality opened at Rs.1035-1037 per quintal and traded at the range of Rs.1037-1040 per quintal at the Lawrence road with arrival of 4000-5000 bags from Haryana, Madhya Pradesh and Uttar Pradesh. The strong demand pushed up the prices again at the domestic spot market. The traders and millers are still eyeing on FCI's selling. According to the market news, FCI is expected to sell wheat at the open market to restrict the price rise. The wheat prices remained steady at Narella and Najafgarh. The wheat prices prevailed at Rs.985-995 per quintal at Narella and Rs.985-990 per quintal at Najafgarh today. The slight less arrival also boost up the market today.

In Uttar Pradesh market, the wheat prices remained mostly stable today due to stable demand-supply scenario. The

most of the market showed steady sentiment today due to government intervention programme. The market remained quiet as FCI likely 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 the region till now, according to trade sources. According to the traders, if FCI does not sell wheat then the prices would touch Rs.1450-1500 per quintal. They also noted that the States has stock around 1-1.5 lakh quintal. It is not sufficient to meet the demand until March. At Kasgang, the wheat prices increased many folds and prevailed at Rs.925-950 per quintal with average arrival of 500-600 quintal. At Etah mandis, the wheat has traded at Rs.945-955 per quintal today with arrival of 300-400 quintal.

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. About 12000 bags are likely to sell within this week. Therefore the prices remained almost stable at most of the mandis. Karnal market showed steady sentiment where as Khanna market remained hot today. At Hisar market, wheat has prevailed at Rs.990-1000 per quintal.

In Punjab market, the wheat prices remained slight down at Amritsar market and it traded at the range of Rs.1005-1010 per quintal with daily average arrival of 200-300 bags from godown stocks. The market has less stock where as most of the stock are confined to Patiala and Hoshiarpur region. The wheat has quoted at Rs.1030-1040 a quintal at Chandigarh and Rs.1040-1050 each quintal at Jalandhar market. FCI is expected to sell around 1000 tonnes of wheat in Punjab market.

In Gujarat market, the wheat prices remained tremendously strong today and it opened at Rs.1021-1025 per quintal and traded at Rs.1035-1040 per quintal at Ahmedabad market. The paucity of arrival and strong demand from the market pushed up the prices again though the market participants are still eyeing on the government's policy. The market is feeding by Rajasthan.

The wheat prices remained mostly steady in Maharashtra market due to policy of FCI. 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. Therefore the market price remained quiet. Dara wheat mill quality traded at the range of Rs.1015-1020 per quintal.

However the wheat products like Atta, Maida Suji, and Chakki prices fell down slightly in Delhi as the domestic demand for wheat products remained stagnant and the people are taking away from the market.

The market is entirely depends on FCI's policy therefore most of the market showed a steady range in all India. If FCI sells wheat then the price would be stable to slight down if it is not then the prices will increase further.

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

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

Markets	17.01.06	18.01.06
Delhi (Lawrence Road)	1030-1035	1037-1040
Haryana (Karnal)	970-975	970-975
Haryana (Khanna)	997-1000	1010-1015
Ahmedabad	1007-1010	1035-1040
Ludhiana	955-960	960-965
Ludhiana (Jagraon)	955-960	960-965
Rajasthan (Kota)	952-957	961-965
Amritsar	1005-1010	1000-1005
Uttar Pradesh (Kanpur)	1000-1005	1000-1005
Uttar Pradesh (Bareilly)	990-995	994-996
Uttar Pradesh (Shahjahanpur)	987-992	987-992
Maharashtra	1015-1020	1015-1020
Madhya Pradesh (Satna)	920-925	925-930
Madhya Pradesh (Indore)	990-1000	995-1005

PRICES OF WHEAT PRODUCTS IN DELHI (In Rs.)

Wheat Products	17.01.06	18.01.06
Atta (90kg)	1065	1047
Maida Grade 1(90kg)	1181	1172
Suji (50kg)	652	647
Chokar (50 kg)	382	357
Chokar (35 kg)	262	251
Chakki Atta (90kg)	1000	985

INTERNATIONAL MARKET:

CBOT Wheat Slips amidst Technical Sales

Chicago Board of trade (CBOT) wheat futures remained weak Tuesday due to technical sales and unsatisfactory U.S. wheat export news. The main bearish news was from the Egypt tender, slow weekly shipments and the possibility of some rain for later this week in the southern plains was enough to trigger the sell-off. The other bearish factor was weekly U.S. wheat export inspections of 11.764 million bushels, below analysts' estimates of 15 million to 20 million and below last week's 22.629 million bushels. The three U.S. wheat futures exchanges were closed Monday for Martin Luther King, Jr. Day. CBOT March wheat settled down 6 cents at \$3.288, while May closed down 6.5 cents at \$3.388 per bushel. March wheat support comes in at \$3.258 and \$3.238 with resistance at \$3.325 and \$3.355. The gulf spot cash soft red winter wheat basis bids decreased 2 cents after midday while cash interior basis bids were mixed.

NEWS ANALYSIS:

Wheat Acreage Increased to near 26-Million Ha in India

At last, wheat acreage in India covered 25.397 million hectares in the Nov.1-Jan. 16 period, relative to 24.963 million hectares in the previous year period, the Ministry of Agriculture reported Monday. Despite the fact that Scientists are worried that if recent rise in temperatures is continue, can harmfully affect the crop. Rains across northern India have also been limited, they noted. A healthy wheat crop is vital this year, because market supplies are tight and the possibility of imports in the near term will pivot on sowing and production prospects in the current crop year to June. Scientists forecast an Indian wheat crop of 74 million-76 million tons in the current crop year to June, above recent years but still below the 1999-2000 records of 76.4 million tons. The area has increased in Gujarat, Chhattisgarh, Maharashtra, Rajasthan, Uttar Pradesh and West Bengal in this year as compared to last year where as the sowing is lagging behind in Karnataka and Madhya Pradesh.

Ukraine Likely to Fetch Lower Wheat Crop

Low temperatures likely to damage the wheat crop in Russia. In addition, Ukraine's minister of agriculture reported Ukraine would export a maximum of 2 million metric tons (MMT) of grain for the rest of this season, as against of total 10 million tons exported hitherto from the 2005-06 harvests. Ukraine wheat planting decreased due to a dry autumn season. According to the forecast of the Ukrainian Agricultural Ministry, the future winter wheat crop at 10.0 MMT, behind from the previous harvest of 19.2 MMT. Egypt bought 300,000 tonnes of wheat from France,

Australia and Russia in their optional origin tender over the weekend with none of the business going to the US. Weekly export inspections, released during the session, came in at 11.76 million bushels as compared with 15-20 million expected.

Argentina Harvested 90% of 2005-06 Wheat Crop

According to the Buenos Aires Cereals Exchange, the farmers in Argentina had harvested 90% of the 2005-06 wheat crops by Saturday. As of Jan. 13, Argentina had exported 4.085 MMT of 2005-06 wheat, which was less than last year's 4.28 MMT, the Agriculture Secretariat reported Monday.

WEATHER OUTLOOK:

The western disturbance as an upper air system now lies over Jammu & Kashmir and adjoining Himachal Pradesh. The induced low-pressure area over northwest Rajasthan & neighbourhood has become less marked. Under its influence rain/snow occurred at many places over Jammu & Kashmir, Himachal Pradesh and Uttaranchal with isolated heavy falls over Jammu & Kashmir. With likely eastwards movement of the system the snowfall activity over the

western Himalayan region is likely to decrease from today onwards for the next 2-3 days. Night temperatures over northwest India are significantly above normal, which are likely to decrease by 3-4 deg C during next 2-3 days. Fog is also likely during morning hours in the plains of north India for the next 2-3 days.

The prevailing weather condition is congenial for wheat crop but increasing in temperature might be adversely affected the coming wheat crop.

FOREX (As on 18th January, 2006):

Foreign Currency	Rs. per unit
1 US \$	44.31
1 Euro	53.73
100 Yen	38.53
1 British £	78.30

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