

## Wheat

11<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 market touched its peak level today and increased drastically after the Midsession at the NCDEX. Strong buying pressure and strong physical market price again pushed up the prices at the futures market. The prices are increasing after reducing the subsidies by the government and continuing this trend at the futures market. The most of the optimistic traders are holding their stocks due to less stock at the market yards. The futures price drastically increased today though the prices still remained far below than that of spot market. The January contract opened far above at Rs.861 and closed mostly up Rs.38.40 at Rs.895.0 and went to Rs.899, which was lifetime high. January contract traded at the range of Rs.859-899 today.

**Price Change:**

Contracts	Closing	Previous	Change
January	895.00	856.60	+38.40

**Indicators:** Most of the indicators like Candlesticks, Price ROC and MA are indicating strong ness of wheat prices. RSI and Stochastic is still remained on overbought condition and indicating trend reversal. MACD is hinting bullishness of wheat prices as medium as well as long term.

**Outlook:** The prices are expected to remain bullish in the coming day. But trend reversal might be possible after the Midsession.

**Advice:** Go for long position near 896.0 with target near 905.0, next 910.0 and put stop loss near 885.0.

**Support and Resistance Levels:**

The current resistance levels are expecting at 909.7 and 915.5 marks and support levels are at 869.7 and 860.5 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	869.7	860.5	909.7	915.5



### DEMAND, SUPPLY AND PRICES AT IMPORTANT CENTRES

#### DOMESTIC MARKET COMMENTARY

Wheat spot prices continued its strong sentiment at most of the mandis in India. In Delhi, the wheat market opened mostly up at Rs.975-977 per quintal, which is lifetime high in this marketing year 2005-06 at the Lawrence road and it has traded on Rs.975-980 per quintal today with average arrival of 5000-6000 bags, which is lower as compared to previous day. The demand is gradually increasing day by day. At Narella, the prices prevailed at Rs.910-915 per quintal with average arrival of 100-200 bags, the market activity remained slight poor. The wheat has traded at Rs.915-920 per quintal at Najafgarh today. FCI did not sell wheat in Delhi, therefore the prices is increasing day by day as the market has no inventory at that moment. The most of

the arrival is coming from Khanna and Karnal in Haryana and rest is arriving from U.P but few.

The wheat prices remained firm in Uttar Pradesh market. The most of the mandis showed a positive undertone. At Bareilly market it traded at Rs.955-957 per quintal on higher side today as compared to previous day in Uttar Pradesh. In Shahjahanpur and Kanpur, the prices increased to Rs.995-1000 and Rs.973-975 per quintal today. Heavy demand from flour and roller mills and short arrivals will only exacerbate the situation.

In Ahmedabad, the prices are increasing drastically from several days and has crossed its highest level and traded

at RS.1010-1015 per quintal due to shortage of arrival and strong demand. The average arrival of 500-600 bags is witnessed in this market. In Jaipur, the prices remained at o Rs.995-1000 per quintal due to very less stock and scarcity of arrival. In Kota market the prices remained steady. At Khairtal and Alwar market it traded on steady range at Rs.855-860 and Rs.850-855 per quintal. The hopeful demand from Ahmedabad and other States kept the prices predominantly strong in this region.

Every day the wheat prices are increasing about Rs.5-10 per quintal in Maharashtra market. Wheat was quoted at the range of Rs.955-960 per quintal. The average arrival is between 300-500 bags from M.P and local. The exceptional demand from flour and roller mills and also Chakki mills is rolling up the prices.

All of the market is continuing its bullish undertone for wheat prices due to less stock at the market yards as well as FCI, strong demand from flour and roller mills as well as Chakki mills etc.

Wheat products like Atta, Maida Suji, and Chakki increased many folds in Delhi market due to dearth of arrival and high consumption demand.

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

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

Markets	09.01.06	10.01.06
Delhi (Lawrence Road)	958-960	978-980
Haryana (Karnal)	870-875	925-930
Ahmedabad	995-1000	1010-1015
Ludhiana	920-925	930-935
Ludhiana (Jagraon)	875-880	875-885
Rajasthan (Kota)	910-915	910-915
Amritsar	885-890	890-895
Uttar Pradesh (Kanpur)	965-967	973-975
Uttar Pradesh (Bareilly)	947-950	955-957
Uttar Pradesh (Shahjahanpur)	995-997	995-1000
Maharashtra	950-955	960-965
Madhya Pradesh (Satna)	920-925	925-930
Madhya Pradesh (Indore)	940-945	940-945

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

Wheat Products	09.01.06	10.01.06
Atta (90kg)	966	984
Maida Grade 1(90kg)	1073	1091
Suji (50kg)	592	602
Chokar (50 kg)	357	358
Chokar (35 kg)	244	248
Chakki Atta (90kg)	930	960

#### INTERNATIONAL MARKET:

##### CBOT Wheat Remains Bearish on Technical Sales

Chicago Board of trade (CBOT) wheat futures showed a bearish trend and finished lower Monday amidst slow technical sales due to the three nearby March wheat contracts fell below their 20-day moving averages and on a 16-cent loss in CBOT soybeans. In spite of bullish U.S. weekly wheat export inspections of 22.305 million bushels failed to boost up the market. CBOT March wheat finished down 4.25 cents at \$3.265, while May closed down 3.75 cents at \$3.37 per bushel. The export sales pace is ahead of the pace to reach the USDA projection but the trade remains concerned that exports will be slower ahead as US wheat tries to compete with Australia, Russia and Europe for the world export market. March wheat support comes in at 3.245 and 3.223 with resistance at 3.28 and 3.315. Overnight U.S. wheat export sales remained quiet. Traders are keeping watchful eye on wheat-harvest reports from Argentina and Australia.

#### NEWS ANALYSIS:

##### FCI Likely to Sell 2-Lakh MT of Wheat in Local Market

Wheat plantings in India achieved 25.3 million hectares in the 1st Nov-9th Jan periods, as against of 24.9 million hectares in the year-earlier period, according to the Ministry of Agriculture. Food Corporation of India (FCI) will release about 200,000 metric tons of wheat in the local market to flour mills in January to ensure adequate supplies and keep prices under check, according to a source. FCI had also ruled out the wheat import. The current weather situation is also supporting the planting progress and therefore it is expected that the production would go up in this year.

##### Cold Spell Likely to Increase Wheat Output

According to a senior agriculture ministry official, the present rigorous cold wave in the northern regions of India has not affected major crops and the yield forecast remains positive. He also concluded that if the severe cold conditions continue, there might be slight damage. However the severe cold temperature in North India, sufficient sunshine and absence of fog is congenial for the crop because it enhances the photosynthesis. The farmers were worried that winter crops, especially wheat, might be hit due to the current spell of severe cold. However according to the agricultural scientists that there was no worry about the crop damage. Bright sunshine and low temperatures offer an ideal climate for the wheat crop, and therefore and the outlook for wheat yield is positive. The wheat production is likely to touch 74 MMT if the good weather continues till harvest.

#### WEATHER OUTLOOK:

The India Meteorological Department has forecast that the severe cold wave is likely to continue for the next 24-48 hours and ground frost is also likely in parts of Punjab, Haryana, Rajasthan, and Uttar Pradesh. Temperatures in Punjab and Haryana, the wheat bowl of India, have fallen drastically. Winter crops are sown November onwards and are harvested in March-April.

**NORTH:** Isolated rain/snow likely over higher reaches of Jammu & Kashmir. Weather will be mainly dry over the rest region.

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

**SOUTH:** Isolated Rain/thundershowers are likely over Andaman & Nicobar Islands, Tamil Nadu & Pondicherry,

Lakshadweep and Kerala. Weather will be mainly dry in the rest region.

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

**LOW TEMPERATURE WARNING:**

Ground frost is likely over some parts of East Uttar Pradesh and Bihar during next 2 nights.

**Source:** IMD

**Recommendation:** The severe cold temperature in North India, sufficient sunshine and absence of fog is congenial for the crop because it enhances the photosynthesis. Bright sunshine and low temperatures offer an ideal climate for

the wheat crop, and therefore and the outlook for wheat yield is positive.

**FOREX (As on 10<sup>th</sup> January, 2006):**

Foreign Currency	Rs. per unit
1 US \$	44.38
1 Euro	53.49
100 Yen	38.74
1 British £	78.35

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