

Wheat

7th February, 2006

MAJOR ACTIVITY HIGHLIGHTS

- Demand, Supply and Prices at Important Centres
- International and Domestic News

TECHNICAL ANALYSIS

Exchange: NCDEX

Perspective: Very Short Term (Daily)

Contract: February (Future)

NCDEX wheat futures reversed back from its recent gains and traded on mostly lower side today due to weakness in physical market price. The news that the FCI was likely to sell 10000 tonnes of wheat to Chakki mills pulled down the wheat prices at spot market in Delhi. The prices opened mostly down and settled mostly lower side. The February contract opened mostly down at Rs. 875.00 and settled mostly down Rs.22.20 at Rs.856.00 today. February contract traded at the range of Rs.855.20-875.00 today.

Price Change: February Contract

Contracts	Closing	Previous	Change
February	856.00	878.20	-22.20

Indicators: The all of the indicators are hinting strong bearish sentiment. Open interest as well as volume is decreasing.

Outlook: The wheat futures are expected to remain bearish in the coming days but take position cautiously.

Advice: Go for short position near 854.5, target near 846.5 then 842.6 and put stop loss near 859.5.

Support and Resistance Levels:

The current resistance levels are at 869.9 and 875.1 marks and support levels are at 847.0 and 842.6 marks as very short term.

Contract	Support Levels		Resistance Levels	
	S1	S2	R1	R2
February	847.0	842.6	869.9	875.1



DEMAND, SUPPLY AND PRICES AT IMPORTANT CENTRES

DOMESTIC MARKET COMMENTARY

Wheat spot prices bounced back from its recent gains and traded on mostly lower side amidst FCI's selling of wheat in Delhi and higher arrival at the domestic spot market in Delhi today. Wheat dara mill quality opened mostly down at Rs.980-982 per quintal and traded within the range of Rs.975-980 per quintal with arrival of 6000-7000 bags at the Lawrence road in Delhi. The arrival was from U.P., M.P. and also Haryana. According to the traders, FCI further declared to sell 10,000 tonnes of wheat to Chakki mills in February therefore the prices has showed a downward sentiment at the spot market. At Najafgarh mandis wheat has traded on lower range of Rs.950-960 per quintal on

higher side and in Narella, it has quoted at Rs.945-960 per quintal today.

In **Uttar Pradesh** market, wheat prices showed mixed sentiment at most of the mandis today. Bareilly market showed a positive undertone where as prices has decreased at Shahjahanpur market but wheat prices remained steady at Kanpur market today. The demand remained weak and stockists are releasing their stocks at the market. Besides this government intervention programme also restricted the prices movement on upper side. Wheat prices traded on stable in Kasgang and quoted at Rs.875-880 per quintal with average arrival of 300-400 quintal and wheat dara mill quality quoted at

RS.875-880 per quintal at Etha mandis with arrival of 300-350 quintal.

In **Punjab** market, the wheat prices remained firm due to less arrival and hoarding the stocks by the stockists as FCI is pulling wheat from this region. As well the strong demand from rolling flourmills also kept pressure on prices. Therefore the wheat prices have increased by Rs.15-20 per quintal at most of the mandis. The wheat dara mill quality has traded at the range of Rs.885-895 per quintal at Jalandhar mandis and Rs.910-915 per quintal at Chandigarh mandis.

In **Rajasthan** market, wheat prices restricted and traded on slight lower side. At Khairtal and Alwar market it traded at Rs.885-895 per quintal with very few arrival.

In **Gujarat** market, the wheat prices continued to steady sentiment amidst poor demand from South India, according to the traders. Demand from the flour and Chakki mills remained slight weak but few arrivals kept pressure on prices. At Saurashtra the wheat has traded at the rate of Rs.820-825 per quintal with arrival of 1000-1700 bags today and at Rajkot it traded at Rs.825-830 per quintal with arrival of 300-400 bags today.

The wheat prices plummeted today in **Maharashtra** market due to weak demand and local arrival of new wheat crop around 70-80 bags and selling pressure by the stockists. The lower price in M.P. also damaged the wheat prices in Maharashtra market. Wheat Lok-1 variety has traded at the range of Rs.990-995 per quintal in Pune and Rs.895-900 per quintal in Mumbai. The average arrival remained 4-5 lorries at Jalgaon market.

In **Madhya Pradesh** mandis, releasing stocks by the stockists pulled down the prices slightly at Indore market and decreased by Rs.5-10 per quintal. The arrival remained higher at 10-15 trucks in Indore market. The new crop is likely to hit the market within 15-20 days. The demand South India remained weak. At Satna mandis, wheat prices prevailed at Rs.815-820 per quintal as loose basis with 100-200 quintal of arrival.

However the wheat products like Atta, Maida Suji, and Chakki prices continued to climb and traded on mostly upper side today due to the strong demand of wheat products. The new wheat crop is likely to hit the market in March to April.

The wheat prices are likely to trade steady to low on coming **Tuesday** in the domestic spot market.

PRICES OF WHEAT PRODUCTS IN DELHI (in Rs.)

Wheat Products	4.02.06	6.02.06
Atta (90kg)	1020	1029
Maida Grade 1(90kg)	1180	1189
Suji (50kg)	651	656
Chokar (50 kg)	339	342
Chokar (35 kg)	229	232
Chakki Atta (90kg)	965	1047

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

Markets	4.02.06	6.02.06
Delhi (Lawrence Road)	1020-1025	975-980
Haryana (Karnal)	945-950	950-955
Punjab (Khanna)	935-940	950-955
Ahmedabad	920-925	920-925
Ludhiana	895-900	900-905
Ludhiana (Jagraon)	895-900	900-905
Rajasthan (Kota)	945-950	938-943
Amritsar	915-920	915-920
Uttar Pradesh (Kanpur)	915-920	915-920
Uttar Pradesh (Bareilly)	932-938	950-955
Uttar Pradesh (Shahjahanpur)	1003-1007	990-995
Maharashtra (Jalgaon)	895-900	855-860
Madhya Pradesh (Satna)	855-865	850-855
Madhya Pradesh (Indore)	915-920	910-915

INTERNATIONAL MARKET:

CBOT remained closed on Saturday.

NEWS ANALYSIS:

Farmers: Wheat Import Decision Baseless

According to the traders and political parties, the decision of wheat import by India just before the harvest is unjustified. They alleged that the government has made a false statement of shortage of wheat, while there was sufficient wheat stock in the country to meet the domestic demand. The increase in the wheat prices was due to hoarding the stock by the traders. Therefore the farmer leaders claimed that the government should re-impose mandatory stock holding limits for traders and should take immediate steps to offload large quantities of wheat held by them. It was witnessed that the wheat production in 2005 Rabi season was 72 MMT, which was almost the same as in the previous year. However the Government procurement of wheat was only 14.7 MMT and food companies and traders procured the rest amount of wheat. This shows that there is still enough wheat stock in the country. Now the government has a wheat stock of 4.7 MMT, which is adequate to meet the needs of public distribution system (PDS) and other welfare scheme for the next three months. The usual monthly offtake of wheat for the purpose is about 13 lakh tonnes. Therefore there was no need to import wheat just before the harvest.

Wheat Acreage Increased by 3.61-Lakh Hectares

Acreage of wheat crops has increased during the current Rabi season, even as sowing draws to an end. The area has increased due to bountiful monsoon, favorable weather and good soil moisture. As per the Ministry, wheat sowing has increased by 3.61-lakh hectare mainly on better coverage in Gujarat, Bihar, Uttar Pradesh, Rajasthan, Uttaranchal and West Bengal. Where as in Madhya

Pradesh, the area has decreased by over 6 lakh hectares till now. Wheat area has touched 265.08 lakh hectares in this year as compared with 261.47 lakh hectares of previous year same period.

WEATHER OUTLOOK:

As no significant weather system is affecting the country, largely dry weather conditions continue to prevail over most parts of the country. This scenario is likely to continue for another 2-3 days. However, due to formation of an upper air cyclonic circulation extending upto 3.6 km a.s.l over northeastern states and neighbourhood, isolated rainfall is likely over the region and Sub-Himalayan West Bengal & Sikkim. Isolated rainfall is also likely over Tamil Nadu and Kerala. Day & night temperatures are 4-5°C above normal over many parts of north and central India. However, the temperatures of northwest India are likely to fall by 2-3°C during next 2 days.

Forecast:

Forecast valid till 1430 hours IST of 9th FEBRUARY, 2006

NORTH-WEST INDIA: Rain/snow likely at a few places over higher reaches of Jammu & Kashmir and isolated over rest Jammu & Kashmir, Himachal Pradesh and Uttarakhand. Weather will be mainly dry over the rest region.

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

NORTHEAST INDIA: Weather will be mainly dry over the region.

SOUTH INDIA: Isolated rain/thundershowers are likely over Nicobar Islands. Weather will be mainly dry in the rest region.

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

CENTRAL INDIA: Weather will be mainly dry over the region.

Source: IMD

The current weather situation is not good for Rabi wheat crop but abundant sunshine is also helpful for the crop. Favorable irrigation and soil moisture for winter wheat areas of north India at this time but showers will be needed when this crop reaches the heading stage. But the rise in temperature might be harmful for the standing wheat crop.

FOREX (As on 6th February, 2006):

Foreign Currency	Rs. per unit
1 US \$	44.20
1 Euro	53.13
100 Yen	37.23
1 British £	77.80

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