

Wheat

10th 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 slipped from its yesterday's gains and settled down today amidst selling pressure. Wheat futures opened mostly firm but did not continue the bullish trend and fell down at late hour. The slight strong physical market price did not support the futures market today. The February contract opened mostly up at Rs. 874.00 and settled down Rs.4.60 at Rs.866.80 today.

Price Change: February Contract

Contracts	Closing	Previous	Change
February	866.80	871.40	-4.60

Indicators: Candlesticks, RSI, PROC are indicating bearish sentiment where as MA and Stochastic are indicating bullish sentiment. Open interest as well as volume has decreased.

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

Advice: Go for short position near 870.2, target near 864.5 then 860.5 and put stop loss near 874.1.

Support and Resistance Levels:

The current resistance levels are at 870.7 and 875.9 marks and support levels are at 857.2 and 852.7 marks as very short term.

Contract	Support Levels		Resistance Levels	
	S1	S2	R1	R2
February	857.2	852.7	870.7	875.9



DEMAND, SUPPLY AND PRICES AT IMPORTANT CENTRES

DOMESTIC MARKET COMMENTARY

Wheat spot prices raised in **Delhi** market today amidst short of arrival as Muslim Parab. Wheat dara mill quality opened at Rs.980-982 per quintal and traded at the range of Rs.980-990 per quintal at the Lawrence road with arrival of 3000-4000 bags from Karnal, Khanna and M.P. The demand from mills remained stable. According to the traders, FCI is likely to release around 1-lakh bags of wheat to the millers, which had already declared earlier. They also noted that the prices are likely to remain steady at the domestic spot market. Wheat has traded at Rs.950-955 per quintal at Narella and Rs.965-970 per quintal at Najafgarh mandis today.

Uttar Pradesh market showed steady sentiment today slight strong demand from flourmills but the demand from other mill remained slight weak. The slight higher arrival also kept pressure on prices. The most of the market remained range bound with steady position today. Besides this government intervention programme also restricted the prices movement on upper side. Wheat prices traded on stable in Kasgang and quoted at Rs.880-890 per quintal with average arrival of 500 quintal and wheat dara mill quality quoted at RS.875-880 per quintal at Etha mandis with arrival of 400 quintal. The wheat has traded at the

range of Rs.995-1000 per quintal on mostly steady side at Hapur mandis today.

In **Punjab** market, the wheat prices slipped at Khanna market today due to weak demand. The other market showed steady sentiment today amidst stable demand-supply scenario. The average arrival is witnessed about 300-400 bags in Ludhiana market. The wheat dara mill quality has traded at the range of Rs.950-960 per quintal at Jalandhar mandis and Rs.940-950 per quintal at Chandigarh mandis on steady side.

In **Rajasthan** market, wheat prices decreased slightly at Kota mandis but prices have increased at Khairtal and Alwar market due to restricted arrival. The wheat has traded at Rs.960-965 per quintal in Jodhpur mandis on steady side. At Khairtal and Alwar market it traded at Rs.895-900 per quintal with very few arrival about 50 bags.

In **Gujarat** market, the wheat prices maintained its bullish sentiment and therefore it traded on higher side at Ahmedabad market today. The demand remained almost stable but few arrivals kept the market hot. At Saurashtra the wheat traded at the rate of Rs.900-905 per quintal with arrival of 900-1200 bags today and at Rajkot it traded at Rs.900-905 per quintal with arrival of 200-300 bags today. The arrival of new wheat crop has started but very few.

The wheat prices continued to range bound today in **Maharashtra** market. The wheat arrival remained within 2-3 lorries at Jalgaon market. Wheat Lok-1 variety has traded at the range of Rs.980-990 per quintal in Pune and Rs.975-980 per quintal in Mumbai on mostly stable side.

In **Madhya Pradesh** mandis, increase in freight charge coupled with arrival of new crop pulled down the prices again in Indore market today as compared with last day. The most of the market remained closed due to Maharam. The new wheat crop has hit around 100-200 bags in Indore market today. The new crop is likely to hit the market within 15-20 days as full-fledged. According to the market traders, the stock belongs to this state remained very low to 10-20%. The prices are likely to curb in the coming days, according to the traders. At Satna mandis, wheat prices prevailed at Rs.845-850 per quintal as loose basis with 150-200 quintal of arrival.

Most of the mandis showed a steady undertone for wheat prices today amidst government intervention programme and weak arrival. Where as bearish sentiment is witnessing in M.P. mandis due to new crop arrival. Wheat products prices have shrunk due to low demand for Atta and Maida.

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

PRICES OF WHEAT PRODUCTS IN DELHI (in Rs.)

Wheat Products	8.02.06	9.02.06
Atta (90kg)	1029	1020
Maida Grade 1(90kg)	1189	1180
Suji (50kg)	656	651
Chokar (50 kg)	337	332
Chokar (35 kg)	224	220
Chakki Atta (90kg)	940	940

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

Markets	8.02.06	9.02.06
Delhi (Lawrence Road)	975-980	980-990
Haryana (Karnal)	945-950	950-955
Punjab (Khanna)	950-955	940-945
Ahmedabad	935-940	945-950
Ludhiana	930-935	930-935
Ludhiana (Jagraon)	930-935	910-920
Rajasthan (Kota)	927-930	920-925
Amritsar	910-920	910-915
Uttar Pradesh (Kanpur)	915-920	915-920
Uttar Pradesh (Bareilly)	945-950	940-945
Uttar Pradesh (Shahjahanpur)	960-965	965-967
Maharashtra (Jalgaon)	850-855	850-860
Madhya Pradesh (Satna)	850-855	845-850
Madhya Pradesh (Indore)	890-900	880-890

INTERNATIONAL MARKET:

CBOT Wheat Surges on KCBT Sets New Contract High

At the Chicago Board of Trade (CBOT) wheat futures bounced back and traded on bullish side Wednesday in choppy trading due to light fund buying. KCBT March wheat set a new contract high for the fifth consecutive session, which was underpinned the market. Bullish technical action and attracted active fund and speculative buying also supported the market. Funds were noted buyers of near 3,000 contracts into the mid-session. Besides this continued dryness in the southern plains and a turn back up in many commodity markets, which were down yesterday, also provided underlying support the wheat market. News that Taiwan is tendering for 72,800 tonnes of US wheat and hopes that the US gets a good portion of the Iraq tender for 1 million tonnes helped support. CBOT March wheat increased 5 cents to \$3.568 per bushel; KCBT March jumped 13.5 cents to \$4.265; and MGE March wheat rose 7.5 cents to \$4.095. The U.S. Department of Agriculture is scheduled to release the February supply and demand report on Thursday. USDA also will release weekly export sales report on Thursday. Analysts expect wheat sales of 200,000-400,000 metric tons for the week ended Feb. 2.

NEWS ANALYSIS:

Government Failed to Restrict Wheat Prices

The government has failed on the wheat prices front, which is ruling high at Rs 975-1000 per quintal at most of the trading center, where as the prices prevailed between Rs.800-850 per quintal same period of last year. The stockists are hoarding stocks till the prices to touch a new high level though the stocks belong to the stockists are very poor. Government should have decided to import much earlier. The imported will reach in end of March to April when the crop will hit the market. The Food

Corporation of India's (FCI) offer of Rs.650 a quintal, which is far below than that of market price. The traders said, if government do not increase the MSP of wheat then procurement is likely to go down as of previous year. FCI's existing wheat reserves are not enough to keep prices under check and meet the growing requirements of employment generation and welfare schemes. By April, FCI's wheat stocks could fall way below buffer norms to about 1.5 million tonnes, as it releases wheat in the open market to stabilise prices.

UP Flour Mills Urged to Increase Wheat Availability

Roller flourmills in Uttar Pradesh are struggling for survival, since wheat has vanished from the markets. This crisis in UP is mainly due to the deregulation of the wheat trading, since till date there were no restriction on the inter state movement of goods or any limits on storage by the traders. Government has allowed the various MNCs to procure wheat from farmers at the minimum support price fixed by the government. Therefore the UP Roller Flour Millers Association has written to the state government to release at least 50, 000 million tonnes in UP, under OMSS-D, for the months of February and March. A shortfall of 25% in wheat production, together with a low allotment of wheat for release in the open market by FCI has aggravated the situation in UP. The monthly allotment for open market in UP was far lower than many smaller states. The FCI allots only 8000 MT of wheat for UP, which is not sufficient. The FCI released 25,000 MT for West Bengal, 35,000 MT for Delhi and, Karnataka, 25,000 MT for Maharashtra and Tamilnadu and 8,000 MT for UP. The allotment situation remained the same for the current month February.

WEATHER OUTLOOK:

Mainly dry weather conditions continue to prevail over the country. This scenario is likely to continue for next 2-3 days. Isolated light rainfall is also likely over West Bengal & Sikkim and Northeastern states on 10th and 11th February. Day temperatures continue to be above normal by 4-6 deg C over northwest India, northeastern states & west Madhya

Pradesh, 2-4 deg C over Gangetic plains and central parts of the country. Night temperatures are also above normal by 2-4 deg C over northwest India and 2-4 deg C Gangetic plains, Sauashtra and Kutch and north Madhya Pradesh .

Forecast:

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

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

NORTHEAST INDIA: Isolated rain/thundershowers likely over Sub-Himalayan West Bengal & Sikkim and northeastern States on 10th & 11th. Weather will be mainly dry over the rest region.

SOUTH INDIA: Isolated rain/thundershowers likely over Nicobar Islands. Weather will be mainly dry over 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 9th February, 2006):

Foreign Currency	Rs. per unit
1 US \$	44.20
1 Euro	52.96
100 Yen	37.51
1 British £	77.15

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