

## Wheat

15<sup>th</sup> 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 at the late hour and traded bullish today amidst speculative buying and expectation of production downfall of Rabi wheat. The weak physical market price in Delhi did not support the futures market. The February contract opened far below at Rs.851.00 but strong buying pressure pushed up the prices by Rs.6.40 to Rs.860.40 and traded within the range of Rs.843-861.80.

**Price Change: February Contract**

Contracts	Closing	Previous	Change
February	860.40	854.00	+6.40

**Indicators:** The all of the indicators are hinting to weakness of wheat prices. Volume as well as open interest has increased today.

**Outlook:** It is expected that the wheat futures to trade slight bullish in the coming days but trade cautiously.

**Advice:** Go for long position near 861.5, target near 868.5 next 871.2 and put stop loss near 857.0.

**Support and Resistance Levels:**

The current resistance levels are at 877.1 and 881.1 marks and support levels are at 864.1 and 858.0 marks as very short term.

Contract	Support Levels		Resistance Levels	
	S1	S2	R1	R2
February	864.1	858.0	877.1	881.1



### DEMAND, SUPPLY AND PRICES AT IMPORTANT CENTRES

#### DOMESTIC MARKET COMMENTARY

Sentiments is witnessing very poor in the wheat market due to the selling pressure from the Government. Therefore the demand from flourmills and Chakki mills is remaining very weak and it pulled down the prices by Rs.25-30 per quintal at the spot market in **Delhi** today. FCI has sold additional wheat about 20,000 tonnes at the open market to mills at Rs.844 per quintal, according to the traders. Wheat dara mill quality declined by Rs.250-30 per quintal and traded within the range of Rs.945-950 per quintal where as the prices remained at Rs.970-980 per quintal yesterday at Lawrence road. The lower arrival cannot offset the weak demand. The arrival remained

within 2000-3000 bags. Narella and Najafgarh mandis also showed bearish undertone and prevailed at Rs.955-965 per quintal with short of arrival.

**Uttar Pradesh** market showed almost range bound with steady sentiment today due to stable demand supply scenario. Government intervention programme is also restricting the prices movement on upper side. The demand from most of the mills remained stable except roller flourmills. The most of the market remained range bound with steady position today but the prices curbed in Shahjahanpur market. Wheat prices traded on steady in Kasganga and quoted at Rs.875-880 per quintal with

average arrival of 500-600 quintal and wheat dara mill quality quoted at RS.880-890 per quintal at Etha mandis with arrival of 200-300 quintal. The wheat prices remained almost steady at the range of Rs.995-1000 per quintal at Hapur mandis today.

In **Punjab** market, the wheat prices continued to show range bound sentiment in Khanna market. But Ludhiana market showed a strong downward tone today due to FCI's selling and weak demand. The FCI's wheat is selling in the Amritsar market, according to trade sources. The wheat dara mill quality has decreased and traded at the range of Rs.950-960 per quintal at Jalandhar mandis and Rs.960-965 per quintal at Chandigarh mandis on stable side.

In **Rajasthan** market, the sentiments remained strongly bullish at Kota market where the prices has increased from Rs.905-910 per quintal to Rs.925-930 per quintal today due to weak arrival. The wheat has traded at Rs.970-980 per quintal in Jodhpur mandis on slight higher side. At Khairtal and Alwar market it traded at Rs.880-885 per quintal with very few arrival about 50-100 bags.

In **Gujarat** market, the wheat prices have been showing steady sentiment from several days due to stable demand supply scenario in Ahmedabad market. The new wheat crop is coming in the Saurashtra market with arrival of 5000-6000 bags and traded within the range of Rs.890-900 per quintal.

The market sentiment for wheat remained hot in **Maharashtra** market due to paucity of arrival and strong demand from mill industry. The wheat arrival remained very week at Jalgaon market. The arrival of new wheat crop is remained within 30-35 bags at this market and the crop retains moisture. Wheat Lok-1 variety has traded at the range of Rs.990-1000 per quintal in Pune and Mumbai on higher side.

In **Madhya Pradesh** mandis, fewer arrivals kept the wheat market hot. The strong demand from other States also provided underlying support in the Indore market therefore the wheat prices are still ruling high in this market. The new crop is likely to hit the market within 10-15 days as full-fledged, reported by the traders. The Satna market is also contributing bullish sentiment due to no stock.

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

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

Wheat Products	13.02.06	14.02.06
Atta (90kg)	1010	1001
Maida Grade 1(90kg)	1180	1164
Suji (50kg)	651	643
Chokar (50 kg)	328	320
Chokar (35 kg)	213	209
Chakki Atta (90kg)	950	910

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

Markets	13.02.06	14.02.06
Delhi (Lawrence Road)	970-980	945-950
Haryana (Karnal)	955-957	950-955
Punjab (Khanna)	947-952	947-952
Ahmedabad	945-950	945-950
Ludhiana	925-930	890-900
Ludhiana (Jagraon)	890-900	890-900
Rajasthan (Kota)	905-910	925-930
Amritsar	945-955	950-955
Uttar Pradesh (Kanpur)	912-915	915-920
Uttar Pradesh (Bareilly)	940-943	940-943
Uttar Pradesh (Shahjahanpur)	980-985	965-970
Maharashtra (Jalgaon)	840-850	900-905
Madhya Pradesh (Satna)	820-825	830-840
Madhya Pradesh (Indore)	890-900	900-920

#### INTERNATIONAL MARKET:

##### CBOT Wheat Remains Bearish on Fund Selling

Chicago Board of Trade (CBOT) wheat futures declined on Monday in modest activity due to lack of fund buying and spillover weakness from hard red winter wheat futures at the Kansas City Board of Trade. Disappointment over the lack of news on the Iraq tender for 1 million tonnes over the weekend, follow-through technical selling from the weak action on Friday and continued talk of at least some rain for the plains states later this week helped to pressure the market early. Iraq cancelled their tender for 1 million tonnes of US wheat stating that prices were too high. CBOT March wheat declined 7.25 cents to \$3.48 per bushel, KCBT March fell 15 cents to \$4.15 cents, and MGE March wheat slipped 10.5 cents to \$3.995. March wheat support comes in at \$3.465 and \$3.433 with \$3.52 and \$3.555 as resistance.

#### NEWS ANALYSIS:

##### Rising Temperature Likely to Down Wheat Output

The wheat yield has been falling in Punjab for the past five years. The state meets 60% of the country's total requirement of wheat. The major reason is to be the increasing temperature in this region. It is witnessed that the maximum day temperature has prevailed very high during February and March in the past five years, severely affecting the per hectare production of wheat. The other reason for the fall in productivity is said to be fatiguing of the earth, which has been overexploited for the past four decades. The average yield of wheat was 46-47 quintals/hectare across the state In 1999-2000. Where as the yield was 42-43 quintals per hectare in 2004-05, decreased by 4-5 quintals per hectare. This year also the rising temperature at this time has become a big worry for the Punjab Agriculture Department. The wheat crop has been in good shape so far this year, but the rising

temperature might be reducing the yield. In this stage, it requires cold weather conditions for tillering at this stage. Haryana, the other major wheat producing state and western Uttar Pradesh are also following Punjab in this regard. Therefore the changing of weather pattern is contributing the lower wheat output in this country.

### **Iraq Cancelled US Wheat Tender; Egypt Floated Tender**

Iraq cancelled their tender for 1 million tonnes of US wheat due to higher price than other suppliers. In addition, there was talk that Iraq will look for other suppliers as well such as Europe, Canada or Australia. Egypt has given a tender for 55,000-60,000 tonnes of wheat from the US, France, Canada or Australia. On Saturday, Egypt bought 120,000 tonnes of wheat from Australia and 60,000 tonnes from the US. While it was better news than the last two tenders from Egypt where the US was shut out.

### **WEATHER OUTLOOK:**

During past 24 hrs. rain/snow has occurred at a few places over Jammu & Kashmir. Rain/thundershowers have also occurred at a few places over Assam and Andaman & Nicobar Islands. This activity is likely to continue over these areas during next 2 days. Day and night temperatures were generally 4-6°C above normal over northwest India, Gangetic plains, north Madhya Pradesh, Gujarat and northeastern States. However, they were 6-8°C above normal over some parts of Rajasthan and Haryana. A fall of 2-3°C in night temperatures over northwest India is expected during next 2-3 days. However, they are likely to increase by a similar magnitude towards the end of the week.

### **Forecast:**

**NORTH-WEST INDIA:** Rain/snow likely at many places over higher reaches of Jammu & Kashmir and at a few places over rest Jammu & Kashmir, Himachal Pradesh

and isolated over Uttaranchal. Isolated rain/thundershowers also likely over Punjab and Haryana. Weather will be mainly dry over the rest region.

**EAST INDIA:** Isolated rain/thundershowers is likely over Sub- Himalayan West Bengal & Sikkim. Weather will be mainly dry over the rest region.

**NORTHEAST INDIA:** Rain/thundershowers are likely over at a few places over Assam and Arunachal Pradesh. 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**

Favourable 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 15<sup>th</sup> February, 2006):**

Foreign Currency	Rs. per unit
1 US \$	44.22
1 Euro	52.70
100 Yen	37.73
1 British £	77.07

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