

Wheat

26th 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: March (Future)

NCDEX wheat futures bounced back to bearish sentiment and settled down amidst technical correction as the market went to over bought condition. The light selling pressure at late hour has also underpinned the market. The slight weak domestic spot prices also provided some underlying support to the wheat futures. The March contract opened above at Rs.856.80 and settled down by Rs.6.00 at Rs.849.40 and traded within the range of Rs.848.20-858.00 today.

Price Change: March Contract

Contracts	Closing	Previous	Change
March	849.40	855.40	-6.00

Indicators: All of the indicators are hinting to bearish ness of wheat prices. MACD is indicating medium term bullishness. Open interest is increasing but volume is decreasing.

Outlook: It is expected that the wheat futures to trade bearish in the coming weeks.

Advice: Sell near 852.5, target near 845.0 next 839.3, stop loss at 856.0.

Support and Resistance Levels:

The current resistance levels are at 849.3 and 855.2 marks and support levels are at 842.0 and 839.3 marks as very short term.

Contract	Support Levels		Resistance Levels	
	S1	S2	R1	R2
March	842.0	839.3	849.3	855.2



DEMAND, SUPPLY AND PRICES AT IMPORTANT CENTRES

DOMESTIC MARKET COMMENTARY

Domestic wheat prices showed range bound with slight weak undertone today in **Delhi** amidst weak demand from flourmills and Chakki mills despite the arrival is remaining poor around 1500-2000 bags daily. The wheat is coming from MP and Khanna. The traders are mainly eyeing on the fresh arrival and they are not willing to purchase wheat at higher price. Apart from this, FCI has declared to sell 20000 tons of wheat in Delhi, which is providing some underlying support. Wheat dara mill quality has traded within the range of Rs.950-955 per quintal at Lawrence road decreased by Rs.5 per quintal today. Narella and Najafgarh mandis remained steady today and wheat has

quoted at Rs.930-940 per quintal at Najafgarh and Rs.935-945 per quintal at Narella mandis today.

The wheat prices have soared today amidst slight upward demand from mills and lower arrival in **Uttar Pradesh** market. The less stock to the stockists and higher requirement of flourmills has aggravated the situation. Wheat has traded on mostly bullish side in Bareilly, Kanpur, Shahjahanpur and Kasgang market. Wheat mill quality has quoted at Rs.885-895 per quintal with average arrival of 200-300 quintal at Kasgang and wheat dara mill quality quoted at Rs.885-890 per quintal at Etha mandis with

arrival of 200-250 quintal. The wheat prices increased to Rs.975-980 per quintal at Hapur mandis today.

In **Punjab** market, the wheat prices slightly fell down again at most of the trading centre due to weak demand from flourmills and stockists are realising their stocks.

In **Rajasthan** market, wheat prices bounced back to higher position today and traded on mostly bullish side as fresh strong demand from flourmills. At Khairtal and Alwar market it traded at Rs.880-890 per quintal with very few arrival about 60-80 bags.

The bearish trend of wheat prices is still continuing in **Gujarat** market. The fresh arrival of new wheat crop in Saurashtra and other region has bolstered the prices to down. The buyers are not willing to buy wheat at higher prices. The arrival of new wheat crop is increasing and the many companies are procuring wheat at Rs.781 per quintal at Rajkot market, according to the traders. The old wheat prices curbed down further by Rs.35-40 per quintal at Ahmedabad market and traded at Rs.870-880 per quintal. The fresh arrival around 20000-25000 bags of new wheat crop is witnessed at Saurashtra market. The new wheat has traded within the range of Rs.805-815 per quintal. At Rajkot, the wheat has traded at Rs.770-780 per quintal on lower side.

Jalgaon, Mumbai and Pune in **Maharashtra** for wheat market are continuing bearish trend as higher arrival of new crop and weak demand from flourmills and Chakki mills. The wheat prices have declined by Rs.5-10 per quintal in most of the market today. The new wheat crop has traded within the range of Rs.880-890 per quintal with arrival around 80-110 bags in Jalgaon market. Wheat Lokwan variety has traded at the range of Rs.975-990 per quintal in Pune and Mumbai on lower side and mill quality has traded within the range of Rs.910-920 per quintal with stable arrival.

In **Madhya Pradesh** mandis, wheat prices fell down abruptly in Indore market due to dearth of demand from mills and stable arrival. The average arrival of 7500-8000 bags is witnessed at Indore market and prices have declined by Rs.45-50/qlt today.

The wheat prices remained steady in **Haryana** market as no arrival. FCI's wheat is selling in the market. Wheat has traded within the range of Rs.850-860 per quintal at Dhabwali mandis on lower side.

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

PRICES OF WHEAT PRODUCTS IN DELHI (in Rs.)

Wheat Products	24.02.06	25.02.06
Atta (90kg)	965	965
Maida Grade 1(90kg)	1161	1161
Suji (50kg)	640	640
Chokar (50 kg)	282	282
Chokar (35 kg)	190	190
Chakki Atta (90kg)	895	895

Indian Agribusiness Systems Pvt. Ltd., New Delhi

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

Markets	24.02.06	25.02.06
Delhi (Lawrence Road)	955-960	950-955
Haryana (Karnal)	925-930	925-930
Punjab (Khanna)	905-910	900-905
Ahmedabad	905-910	870-880
Ludhiana	875-880	875-880
Ludhiana (Jagraon)	835-840	835-840
Rajasthan (Kota)	907-912	917-922
Amritsar	870-875	865-875
Uttar Pradesh (Kanpur)	912-915	917-922
Uttar Pradesh (Bareilly)	922-927	933-937
Uttar Pradesh (Shahjahanpur)	985-990	990-995
Maharashtra (Jalgaon)	905-910	900-905
Madhya Pradesh (Satna)	810-820	810-825
Madhya Pradesh (Indore)	875-885	830-840

INTERNATIONAL MARKET:

CBOT Wheat Futures Improves Further in Choppy Trade

Chicago Board of Trade (CBOT) wheat futures improved further and finished mostly higher Friday amidst choppy trading pattern in modest activity. A jump in gold and crude oil along with solid weekly export sales numbers supported the higher opening but Egypt news overnight helped trigger selling pressures to push the market to near unchanged at mid-session. Spillover strength from corn and soybeans and stronger outside markets helped provide support to wheat. CBOT March wheat gained 2 cents at \$3.683 per bushel. May wheat increased 2.5 cents at \$3.80. Besides this the domestic wheat prices are too strong. Commodity fund buying was estimated at 2,000 contracts. March wheat support comes in at \$3.638 and \$3.598 with resistance at \$3.70 and \$3.72.

NEWS ANALYSIS:

Minister: Importing Wheat Cheaper than Local Supply in South

According to the Food Minister Sharad Pawar, the cost of supplying wheat in Southern States would be higher than that of cost of importing wheat. It is due to cost of transporting. But he did not mentioned that the cost of importing wheat would be lower than the MSP of wheat (MSP Rs. 650/qlt). The government is importing wheat to refill its own stocks for running its PDS programme and to meet emergencies such as drought and floods. According to industry estimates, the transporting cost of wheat from Uttar Pradesh to South India is around Rs.100-130 per quintal. Adding it to the MSP of Rs.650/qlt would result in an estimated cost of Rs.750-780/qlt to supply it to states in South India, without miscellaneous costs for example loading, unloading and storage. The FCI's current selling price of wheat to flour mills is at Rs.948/qlt. It also charges an additional 2% tariff on such sales.

Wheat Import: Bids of AWB Ltd. Witnessed Lowest

The bid of the Australian wheat exporter, AWB Ltd (AWB.AU) is measured to be lowest among the eight bidders in a tender. The tender floated by State Trading Corp (STC) to import 5 lakh metric tons of wheat earlier. According to the STC, it has been offered by AWB to export wheat at the price of around \$179/ton or Rs.7922.5 per ton (Rs.792/quintal), cost and freight, but they kept an option to increase the rate to \$185/ton or Rs.8188.1 per ton from March 1. They also concluded that the quality related issues would be taken first followed by price. Before awarding the contract, STC has also to get the essential approvals on quality and price from the government. (1 dollar=INR 44.26)

WEATHER OUTLOOK:

A western disturbance is approaching the northern part of the country and is likely to cause scattered rain/snow over west Himalayan region and isolated to scattered rain/thundershowers over Punjab and northern Haryana during next 2-3 days. Day temperatures 5-8° C remain above normal over most parts of northwest, Gangetic Plains, central India, eastern parts of the country and 4-5 ° C over Maharashtra , Gujarat and Chhattisgarh where as night temperatures were above normal by 3-5° C over these area.

Forecast:

NORTH-WEST INDIA: Rain/snow likely at a few places over Jammu & Kashmir and Himachal Pradesh and isolated over Uttaranchal. Isolated rain/ thundershowers over Punjab and north Haryana during next 2-3 days . Day and night temperatures are likely to remain above normal by 4-6° C. Mainly Dry weather over the rest region.

Disclaimer

The information and opinions contained in the document have been compiled from sources believed to be reliable. The company does not warrant its accuracy, completeness and correctness. Use of data and information contained in this report is at your own risk. This document is not, and should not be construed as, an offer to sell or solicitation to buy any commodities. This document may not be reproduced, distributed or published, in whole or in part, by any recipient hereof for any purpose without prior permission from the Company. IASL and its affiliates and/or their officers, directors and employees may have positions in any commodities mentioned in this document (or in any related investment) and may from time to time add to or dispose of any such commodities (or investment). Please see the detailed disclaimer at <http://www.agriwatch.com/Disclaimer.asp>

© 2005 Indian Agribusiness Systems Pvt Ltd.

EAST INDIA: Isolated rain/thundershowers likely over Sub- Himalayan West Bengal & Sikkim. Weather will be mainly dry over the rest region. Day & night temperatures are likely to remain 3-5°C above normal.

NORTHEAST INDIA: Rain/thundershowers are likely at a few places over Assam & Meghalaya and Arunachal Pradesh. Mainly dry weather over the rest region.

SOUTH INDIA: Isolated rain/thundershowers likely over Nicobar Islands. Weather will be mainly dry over the rest region. Day temperatures likely to remain 2-3° C above normal. Night temperatures are likely to remain 2-3° C below normal.

WEST INDIA: Weather will be mainly dry over the region. Day and Night temperatures likely to remain markedly above normal over many parts of the region.

CENTRAL INDIA: Weather will be mainly dry over the region. Day temperatures are likely to remain 5-7° C above normal over Madhya Pradesh & Chhattisgarh.

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 25th February, 2006):

Foreign Currency	Rs. per unit
1 US \$	44.44
1 Euro	52.79
100 Yen	38.02
1 British £	77.59