

Wheat

4th February, 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: February (Future)

NCDEX wheat futures traded on mostly bullish side today amidst strong physical market price and speculative buying. The news of wheat import by India did not support the futures market today. The prices opened mostly firm and remained hot at most of the session. The February contract opened mostly firm at Rs. 849.60 and settled typically up Rs.20.40 at Rs.867.60 today. February contract traded at the range of Rs.844.00-869.80 today.

Price Change: February Contract

Contracts	Closing	Previous	Change
February	867.60	847.20	+20.40

Indicators: The all of the indicators are indicating strong bullish sentiment. Open interest as well as volume is increasing.

Outlook: The wheat futures are expected to remain strong in the coming days but trade cautiously.

Advice: Go for long position near 865.5, target near 873.0 then 878.5 and put stop loss near 861.0.

Support and Resistance Levels:

The current resistance levels are at 881.3 and 888.2 marks and support levels are at 867.8 and 862.1 marks as very short term.

Contract	Support Levels		Resistance Levels	
	S1	S2	R1	R2
February	867.8	862.1	881.3	888.2



DEMAND, SUPPLY AND PRICES AT IMPORTANT CENTRES

DOMESTIC MARKET COMMENTARY

Wheat spot prices continued to increase on the wholesale grain market today in **Delhi** due to increased demand from rolling flourmills and Chakki mills and also paucity of arrival. Wheat dara mill quality opened at Rs.990-992 per quintal and traded on Rs.995-1000 per quintal at Lawrence road. The restricted arrival of 800-1200 bags from M.P., U.P. and Haryana kept the wheat market remarkably hot. Traders said the rise in wheat prices was mostly attributed to increased offtake by rolling flourmills. Wheat MP deshi traded at Rs.1200-1300 per quintal in Delhi. At Najafgarh mandis wheat has traded within the range of Rs.950-955

per quintal on mostly higher side and in Narella, it has quoted at Rs.955-960 per quintal on bullish side today.

In **Uttar Pradesh** market, wheat prices are restricted due to less stock at the market yards and import decision by India. Wheat prices traded mostly steady in Kasganj and quoted at Rs.870-875 per quintal with average arrival of 300-350 quintal and wheat dara mill quality quoted at Rs.870-875 per quintal at Etha mandis with arrival of 200-300 quintal. FCI was not likely to sell wheat in this state till now, according to trade sources.

In **Punjab** market, the wheat prices have increased further due to strong demand and holding the stocks by the stockists. Besides this the strong demand from rolling flourmills also bolstered the market up. At Khanna market, wheat prices have increased by Rs.12-15 per quintal today with short of arrival.

In **Rajasthan** market, wheat prices continued to rise by Rs.5-10 per quintal at Kota mandis as compared with yesterday amidst paucity of arrival and strong demand from rolling flourmills. The wheat has traded on mostly upper side at Rs995-1000 per quintal in Jaipur and Jodhpur market. The demand from Chakki mills remained distinct. The most of the bags are coming from M.P. At Khairtal and Alwar market it traded at Rs.890-895 per quintal with very few arrival.

In **Gujarat** market, the wheat prices have been remaining steady due to weak demand from South India. The wheat import decision has taken for the South Indian states where the prices prevailed between Rs.1250-1300 per quintal. The traders in Gujarat are expecting that this would be affected the wheat market in this State as they are supplier to the South India. 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 1500-2000 bags today and at Rajkot it traded at Rs.825-830 per quintal with arrival of 300-400 bags today.

The wheat prices got its strong position today in **Maharashtra** market due to upward demand from the mills and weak arrival. Wheat Lok-1 variety has traded at the range of Rs.980-985 per quintal in Pune and Rs.980-985 per quintal in Mumbai. The average arrival is witnessing around 4-8 trucks at Jalgaon market.

In **Madhya Pradesh** mandis, wheat prices are gradually mounting and traded on higher side today due to strong buying pressure from neighbouring states. The arrival remained steady at 10-12 trucks in Indore market. The new crop is likely to hit the market within 15-20 days.

The government has decided to import wheat about 5 lakh MT today and it will be come within 60 days. But this news did not affect to the market and traders are expecting that its impact would be feasible in the coming month. Because everyone has aware that the government has less stock therefore they has taken the import decision. At present wheat stocks to the FCI prevailed at 4.7 MMT as of Feb 1 as compared with 73 MMT last year same period.

However the wheat products like Atta, Maida Suji, and Chakki prices has mounted today due to the strong demand of wheat products and strong wheat prices at the spot market.

The wheat prices has been showing an bullish trend in this week due to revival of buying by rolling flour mills against pause in selling by stockists and registered further gains. The paucity of arrival is also pushed up the prices. The new wheat crop is likely to hit the market in March to April. Therefore the stockists are not reluctant to sell wheat at lower prices and they are holding their stocks.

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

PRICES OF WHEAT PRODUCTS IN DELHI (in Rs.)

Wheat Products	2.01.06	3.02.06
Atta (90kg)	984	1003
Maida Grade 1(90kg)	1144	1162
Suji (50kg)	631	641
Chokar (50 kg)	325	332
Chokar (35 kg)	221	225
Chakki Atta (90kg)	940	1022

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

Markets	2.01.06	3.02.06
Delhi (Lawrence Road)	955-965	995-1000
Haryana (Karnal)	905-910	912-915
Punjab (Khanna)	923-925	935-940
Ahmedabad	920-925	920-925
Ludhiana	880-885	895-900
Ludhiana (Jagraon)	880-885	895-900
Rajasthan (Kota)	925-930	930-935
Amritsar	900-905	910-915
Uttar Pradesh (Kanpur)	923-925	910-915
Uttar Pradesh (Bareilly)	927-932	927-932
Uttar Pradesh (Shahjahanpur)	995-1000	1003-1007
Maharashtra (Jalgaon)	840-845	870-875
Madhya Pradesh (Satna)	860-865	850-865
Madhya Pradesh (Indore)	880-890	890-910

INTERNATIONAL MARKET:

CBOT Wheat Slips Further on Technical Sales

At the Chicago Board of Trade (CBOT), wheat futures fell down further on Wednesday due to technical sales and quiet U.S. wheat export news. The bearish sentiment in Kansas City Board of Trade has also underpinned the CBOT market. Weakness in the other grains and follow-through selling from Tuesday's weak technical action provided support early in the day and the selling drove futures to the lowest close since January 24th. Canada stocks were not as large as anticipated but the news failed to offer much support. Pressure also stemmed from news about global wheat supplies, including in India of a possible bumper wheat harvest. CBOT March wheat closed bearish 4 cents at \$3.393 after falling below its key 200-day moving average of \$3.435; while May ended down 4.25 cents at \$3.503 per bushel. March wheat support comes in at \$3.375 and \$3.358 with resistance at \$3.415 and \$3.490. U.S. soft red winter wheat basis bids remained stable Wednesday. For the weekly export sales report, released before the opening, traders are looking for wheat sales near 300,000-500,000 tonnes over 375,000 tonnes last week.

NEWS ANALYSIS:

India Going to Import Wheat from Southern Ports

India has decided to import 5 lakh tonnes of wheat within sixty days in this year, which is the first import since 1999. Wheat would be imported by the State Trading Corporation (STC) only to Southern ports (Chennai, Tuticorin and Kakinada), which do not have production of wheat and where open market prices have been in the range of Rs. 1100 to Rs. 1200 per quintal. Southern Country has been buying the wheat from Madhya Pradesh. It is also reported that there will be no imports of wheat to any other port. The situation will be revised again in April-May 2006. Australia is likely to grasp India's wheat business, a sale of 500,000 tons.

FCI Sold 5.52 lakh MT of Wheat in Dec-Feb

The FCI are releasing the wheat with a view to ensuring adequate availability of wheat in the open market as well as stabilizing wheat prices. It is witnessed that FCI already sold 4.02 lakh MT of wheat at the open market in December 2005 to January 2006. The FCI released 1.89 lakh tonnes of wheat in December 2005 followed by an additional 1.5-lakh tonnes of wheat in the first week of January 2006. An additional release of 63000 tonnes of wheat has been made in the second week of January 2006. In February 2006, 1.5 lakh tonnes of wheat has already been ordered for release. Therefore the prices have been showing a downward trend from January 18, 2006 due to this intervention. In Delhi and Mumbai, wholesale market prices have fallen by Rs. 100 per quintal while in Chennai they have fallen by Rs. 200 per quintal. Similar decline in wholesale wheat prices have taken place in Uttar Pradesh, Gujarat, Madhya Pradesh and other major consuming regions of the country.

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:

NORTH: Weather will be mainly dry over the region.

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

SOUTH: Isolated rain/thundershowers are likely over Tamil Nadu and Kerala. Weather will be Mainly dry in the rest region.

WEST: 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 3rd February, 2006):

Foreign Currency	Rs. per unit
1 US \$	44.23
1 Euro	53.48
100 Yen	37.34
1 British £	78.69

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