

Wheat

16th 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)

Strong buying pressure and weak stock belongs to FCI has pushed up the wheat futures again at the NCDEX today. Though the prices went to mostly up but fell down and settled mostly up as compared with last day. The further weakness on the physical market in Delhi did not support the futures market. The February contract opened far below at Rs.855.00 but strong buying pressure pushed up the prices by Rs.12.40 to Rs.870.20 and traded within the range of Rs.850-897. March contract opened mostly down to Rs.815 and settled up Rs.3.00 to Rs.820.60 and traded within the range of Rs.811.00-825.40 today.

Price Change: February Contract

Contracts	Closing	Previous	Change
February	870.20	857.80	+12.40

Indicators: The all of the indicators are hinting to bullish sentiment for wheat prices. Volume has mostly increased but open interest has decreased abruptly, indicating trend reversal.

Outlook: It is expected that the wheat futures to trade slight bullish in the coming days but trend reversal might be possible, so trade cautiously.

Advice: Go for long position near 865.5, target near 873.5 next 880.4 and put stop loss near 860.5.

Support and Resistance Levels:

The current resistance levels are at 880.4 and 888.2 marks and support levels are at 868.2 and 861.3 marks as very short term.

Contract	Support Levels		Resistance Levels	
	S1	S2	R1	R2
February	868.2	861.3	880.4	888.2



DEMAND, SUPPLY AND PRICES AT IMPORTANT CENTRES

DOMESTIC MARKET COMMENTARY

The sentiments continued to bearish for wheat market in **Delhi** due to lack of buyer and sluggish demand from flourmills and Chakki mills as they got wheat from the FCI. FCI has sold wheat around 20000 tonnes to the millers therefore the sentiment remained weak. Wheat dara mill quality opened at Rs.935-937 per quintal and traded within the range of Rs.930-935 per quintal at the Lawrence road. Despite the arrival is witnessing very weak at 2000-3000 bags from MP and UP but it did not offset the sluggish demand. Apart from this the stockists are also releasing their stocks at the markets. Wheat has traded in the range

of Rs.930-940 per quintal at Narella mandis and Rs.935-945 per quintal at Najafgarh mandis on bearish side today. According to the traders, the wheat prices are likely to continue this trend in the coming two to three days also.

The wheat prices has curbed in **Uttar Pradesh** market due to paucity of demand from flourmills and Chakki mills despite the arrival remained weak today. Government intervention programme that is selling of wheat by the FCI to the open market is also restricting the prices movement on upper side. Wheat prices traded on bearish side in Kasgang and quoted at Rs.850-855 per quintal with

average arrival of 300-400 quintal and wheat dara mill quality quoted at RS.850-855 per quintal at Etha mandis with arrival of 200-300 quintal. The wheat prices remained almost weak at the range of Rs.970-980 per quintal at Hapur mandis today.

In **Punjab** market, the wheat prices continued to show range bound sentiment in Khanna and others market. The FCI's wheat is selling in the Amritsar market, according to trade sources. The wheat dara mill quality has decreased further and traded at the range of Rs.910-915 per quintal at Jalandhar mandis and Rs.960-965 per quintal at Chandigarh mandis on stable side.

In **Rajasthan** market, the sentiments continued to remain bullish today also at Kota market where the prices has increased from Rs. 925-930 per quintal to Rs.940-945 per quintal today due to weak arrival and slight upward demand. The wheat has traded at Rs.950-960 per quintal in Jodhpur mandis on weaker side. At Khairtal and Alwar market it traded at Rs.875-885 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 price for wheat remained strongly bullish in **Maharashtra** market due to paucity of arrival and strong demand from mill industry. The wheat arrival remained very week at Jalgaon market around 2-3 lorries and wheat has traded on mostly strong at Rs.935-940 per quintal where as new wheat crop has traded within the range of Rs.915-920 per quintal with average arrival of 75-100 bags. Wheat Lok-1 variety has traded at the range of Rs.1000-1020 per quintal in Pune and Mumbai on higher side.

In **Madhya Pradesh** mandis, weak demand from neighbouring states pulled down the prices slightly today. The new wheat crop has hit in Indore market but very few. The new crop is likely to hit the market within 10-15 days as full-fledged, reported by the traders. The Satna market remained steady and wheat has traded within the range of Rs.815-820 per quintal with arrival of 400-500 bags. The new wheat crop is expected to hit Satna market in March.

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

PRICES OF WHEAT PRODUCTS IN DELHI (in Rs.)

Wheat Products	14.02.06	15.02.06
Atta (90kg)	1001	1001
Maida Grade 1(90kg)	1164	1164
Suji (50kg)	643	643
Chokar (50 kg)	320	320
Chokar (35 kg)	209	209
Chakki Atta (90kg)	910	910

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

Markets	14.02.06	15.02.06
Delhi (Lawrence Road)	945-950	930-935
Haryana (Karnal)	950-955	940-945
Punjab (Khanna)	947-952	947-950
Ahmedabad	945-950	945-950
Ludhiana	890-900	890-900
Ludhiana (Jagraon)	890-900	890-900
Rajasthan (Kota)	925-930	940-945
Amritsar	950-955	950-955
Uttar Pradesh (Kanpur)	915-920	915-920
Uttar Pradesh (Bareilly)	940-943	920-925
Uttar Pradesh (Shahjahanpur)	965-970	950-955
Maharashtra (Jalgaon)	900-905	935-940
Madhya Pradesh (Satna)	830-840	810-820
Madhya Pradesh (Indore)	900-920	890-900

INTERNATIONAL MARKET:

CBOT Wheat Slightly Down amidst Technical Selling

Chicago Board of Trade (CBOT) wheat futures continued to remain bearish and traded on lower side Tuesday. Follow-through technical selling from the weak close yesterday and a continued sell-off in Kansas City and Minneapolis wheat helped trigger the early sell-off which pushed wheat to the lowest level since February 2nd. News that Iraq will buy Iraq will buy wheat from Canada or Australia and not the US helped to pressure. South Korea is tendering to buy 20,000 tonnes of US wheat and bought 25,200 tonnes of US wheat, which provide some underlying support. The market is also under selling pressure for the forecast of some light rains in the plains into the weekend. CBOT March wheat decreased 0.75 cent to \$3.473 per bushel. May wheat slipped 1.5 cents to \$3.585. KCBT March settled 2 cents lower to \$4.13, and MGE March wheat lost 4 cents to \$3.95. March wheat support comes in at \$3.433 and \$3.38 with resistance at \$3.48 and \$3.505.

NEWS ANALYSIS:

Punjab CM Urged Govt for Increase Wheat MSP to Rs.700/qtl

Punjab Chief Minister Amarinder Singh requested Prime Minister Manmohan Singh to rise in the Minimum Support Price (MSP) of wheat from Rs.650 to Rs.700 per quintal. He urged Manmohan Singh to give advice the Agriculture Ministry to hike the MSP of wheat because the agriculture inputs had grown up by 127% and there had been only 57% increase in the MSP that was not commensurate with the escalation in the terms of inputs as per the study undertaken by experts of PAU, Ludhiana. He also met Union Agriculture Minister Sharad Pawar to press for a hike in the MSP of wheat.

Punjab: Wheat Procurement Likely to Dip to 9 MMT

According to SS Channy, managing director of The Punjab State Co-operative Supply & Marketing Federation Ltd (Markfed), the wheat procurement by the Punjab government is likely to be around 8.5-9 MMT in 2006-07 as compared to 9.3 MMT of last year. He also concluded that the wheat production is expected to be down to 14.6 MMT in this year as compared with 15.3 MMT of last year.

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 Uttaranchal. Isolated rain/thundershowers also likely over Punjab and Haryana, Chandigarh & Delhi during next 24 hours. Weather will be mainly dry over the rest region.

EAST INDIA: Isolated rain/thundershowers is likely over Sub- Himalayan West Bengal & Sikkim.

NORTHEAST INDIA: Rain/thundershowers are likely over at a few places over Assam and Arunachal Pradesh and isolated over Nagaland, Manipur, Mizoram and Tripura. 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. Night temperatures over interior Peninsula are likely to remain 2-4°C below normal.

WEST INDIA: Isolated rain/thundershowers may occur over Rajasthan during next 24 hours. Weather will be mainly dry over the rest region. A fall of 2-3°C in Night temperatures is expected over Rajasthan.

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 16th February, 2006):

Foreign Currency	Rs. per unit
1 US \$	44.27
1 Euro	52.74
100 Yen	76.82
1 British £	37.63

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