

Wheat

9th 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 jumped at late hour today amidst rumour of increase in MSP of wheat. Wheat futures opened mostly firm but remained range bound till mid session but rumour that government increases the MSP rate, which boosted the futures market at late hour. The February contract opened mostly up at Rs. 861.00 and settled up Rs.12.40 at Rs.871.20 today.

Price Change: February Contract

Contracts	Closing	Previous	Change
February	871.20	858.80	+12.40

Indicators: The most of the indicators are indicating strong bullish sentiment where as Stochastic is indicating bearish sentiment. Open interest as well as volume is increased.

Outlook: The wheat futures are likely to trade steady to firm in the coming days but take position cautiously.

Advice: Go for long position near 872.0, target near 883.1 then 887.9 and put stop loss near 865.5.

Support and Resistance Levels:

The current resistance levels are at 883.1 and 887.9 marks and support levels are at 860.7 and 856.9 marks as very short term.

Contract	Support Levels		Resistance Levels	
	S1	S2	R1	R2
February	860.7	856.9	883.1	887.9



DEMAND, SUPPLY AND PRICES AT IMPORTANT CENTRES

DOMESTIC MARKET COMMENTARY

Wheat spot prices continued to steady at the domestic spot market today in **Delhi** due to stable demand-supply scenario. Wheat dara mill quality opened at Rs.975-976 per quintal and traded at the range of Rs.975-980 per quintal at the Lawrence road with average arrival of 6000-7000 bags. The demand from mills remained pronounced. The wheat is coming from Khanna and Karnal from Haryana and also Madhya Pradesh. The NCDEX quality wheat is arriving from Haryana. Wheat prices remained steady at Narella and Najafgarh mandis. Wheat has traded at Rs.950-960 per quintal at Narella and Rs.960-965 per quintal at Najafgarh mandis today.

Wheat prices showed mixed trend in **Uttar Pradesh** market amidst slight higher arrival despite the demand from flourmills remained pronounced. Wheat dara mill quality has decreased by Rs.20-25 per quintal in Shahjahanpur market where the prices have increased by Rs.5-10 per quintal at Kanpur market and Bareilly market showed steady sentiment 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.875-880 per quintal with average arrival of 400-600 quintal and wheat dara mill quality quoted at RS.875-880 per quintal at Etha mandis

with arrival of 300-400 quintal. The wheat has traded at the range of Rs.980-1000 per quintal on mostly stable side at Hapur mandis today.

In **Punjab** market, the wheat prices remained almost range bound today. The demand from mills remained stable. The wheat dara mill quality has traded at the range of Rs.950-960 per quintal at Jalandhar mandis and Rs.940-945 per quintal at Chandigarh mandis on steady side due to paucity of arrival and government intervention programme.

In **Rajasthan** market, wheat prices witnessed range bound with steady side today. 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.885-895 per quintal with very few arrival.

In **Gujarat** market, the wheat prices continued to increase due to short of arrival and slight strong demand from mills. Demand from the flour and Chakki mills remained slight weak but few arrivals kept pressure on prices. At Saurashtra the wheat has increased and traded at the rate of Rs.895-905 per quintal with arrival of 1000-1500 bags today and at Rajkot it traded at Rs.895-905 per quintal with arrival of 300-400 bags today. The arrival of new wheat crop is starting but very few.

The wheat prices remained range bound today in **Maharashtra** market. The wheat arrival remained within 3-4 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, due to increase in freight charge the demand remained slight weak therefore the prices has decreased slightly today as compared with last day. The arrival remained restricted between 5-9 trucks in Indore market. The new wheat crop has hit the market but very few around 75-100 bags. 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%. At Satna mandis, wheat prices prevailed at Rs.815-820 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. Wheat products prices remained steady at most of the market.

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

PRICES OF WHEAT PRODUCTS IN DELHI (in Rs.)

Wheat Products	7.02.06	8.02.06
Atta (90kg)	1029	1029
Maida Grade 1(90kg)	1189	1189
Suji (50kg)	656	656
Chokar (50 kg)	342	337
Chokar (35 kg)	228	224
Chakki Atta (90kg)	940	940

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

Markets	7.02.06	8.02.06
Delhi (Lawrence Road)	972-977	975-980
Haryana (Karnal)	940-945	945-950
Punjab (Khanna)	950-955	950-955
Ahmedabad	930-935	935-940
Ludhiana	930-935	930-935
Ludhiana (Jagraon)	930-935	930-935
Rajasthan (Kota)	930-933	927-930
Amritsar	910-920	910-920
Uttar Pradesh (Kanpur)	907-912	915-920
Uttar Pradesh (Bareilly)	948-953	945-950
Uttar Pradesh (Shahjahanpur)	980-985	960-965
Maharashtra (Jalgaon)	850-855	850-855
Madhya Pradesh (Satna)	850-855	850-855
Madhya Pradesh (Indore)	910-915	890-900

INTERNATIONAL MARKET:

CBOT Wheat Continues to Down on Weaker Corn, Soy

Chicago Board of Trade (CBOT) wheat futures continued to bearish trend and finished lower Tuesday in two-sided trade amidst earlier light fund buying. The spillover weakness from soybeans and corn also triggered the wheat futures down. CBOT March wheat slipped 3.25 cents to \$3.518 per bushel, KCBT March slipped 4.5 cents to \$4.13, and MGE March wheat decreased 2 cents to \$4.02. Dryness in the southern plains continues to provide underlying support and also new buying from speculators as open interest pushes to new highs. Commodity fund selling was estimated at 1,000 contracts at the CBOT. However, a lack of fund buying and weakness in metals, softs and industrial commodity markets helped to pressure futures into the close. For Thursday morning's supply/demand report, traders look for a drop of 6 million bushels in ending stocks from last month to 536 million bushels. March wheat support comes in at \$3.495 and \$3.465 with resistance at \$3.525 and \$3.57. In global wheat news, Iraq is likely to release the results of its tender for up to 1 million metric tons of optional origin wheat Wednesday. The announcement has been previously delayed.

NEWS ANALYSIS:

IGC: World Supply Demand Estimation on Wheat

According to International Grain Council (IGC), estimated 2005 production is increased by 4m. tons to 615m. following revisions to the figures for a number of countries, with the biggest rises in Kazakhstan, Canada and Pakistan. Harvesting is nearly complete in the southern hemisphere. Rains affected crop quality in Argentina and Brazil but boosted yields in Australia. Consumption in 2005/06 is increased by 2m. tons from the last estimate because of larger feed use in the EU and Canada. The trade forecast

is 1m. tons lower at 108m. due to reduced imports by China. Smaller crops led to a pick up in purchases by the EU, North Africa and Brazil, and demand elsewhere in Latin America and also Near East Asia is relatively strong, but China's imports will be much smaller than last season. Forecast shipments by the five major exporters are unchanged at 81m. tons, but there is an increase to 20m. tons in CIS exports, with strong recent sales, in particular from Russia. End-season stocks in the five major exporters are forecast at 49m. tons, up 2m. from before because of the revised crop estimates. The forecast of world stocks is raised 2m. tons to 133m.

UP Likely to Contribute 25 LT of Wheat to Central Pool

Wheat procurement agencies has set up about 4,500 wheat procurement centres that include food and civil supplies department, UP Essential Commodities Corporation, Pradeshiya Cooperative Federation and UP Agro etc in Uttar Pradesh. The state government procured only 5.5 lakh tonnes of wheat last year compared with the target of 25 lakh tonnes (LT). This year, State government again set a target to procure 25 lakh tonnes of wheat. The FCI is also going to procure 5 lakh tonnes of wheat. Where as the number of flourmills were on the edge of closure due to shortage of wheat. The Centre had allocated 8,000 tonnes of wheat for January and 8,000 tonnes for February 2006 for UP, where as the allocations was much higher in other states. The Roller Flour Mills Association has demanded that the Centre should increase the wheat allocations being made to the Centre.

WEATHER OUTLOOK:

Mainly dry weather conditions are prevailing over the country. This scenario is likely to continue for next 2-3 days except isolated light rain/snow over higher reaches of Jammu & Kashmir and Himachal Pradesh during next 24 hours. Isolated light rainfall is also likely over Sub-Himalayan West Bengal & Sikkim and Northeastern states during 9th to 11th February. Day temperatures continue to be above normal by 4-6 deg C over northwest India and 2-4 deg C over central and eastern parts of the country. Night temperatures are also above normal by 2-4 deg C

over northwest India and Gangetic plains. These warm conditions over northwest and central India are likely to continue for next 2-3 days. However, a fall of 1-2 deg C in minimum temperature is likely on 9th and 10th.

Forecast:

NORTH-WEST INDIA: Isolated rain/snow likely over higher reaches of Jammu & Kashmir and Himachal Pradesh.

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 8th 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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