

Wheat

17th 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 remained bearish after mid hour of trading session today due to speculative selling and technical correction. The steady ness of physical market prices did not support the market. The market kept it strong sentiment till mid session but selling pressure pulled down the prices later. The February contract opened far above at Rs.872.80 and went to Rs.882.40 but settled down Rs.7.00 at Rs.862.80 and traded within the range of Rs.858.60-862.80.

Price Change: February Contract

Contracts	Closing	Previous	Change
February	862.80	869.80	-7.00

Indicators: Candlesticks, MA and RSI is indicating bearish ness of wheat prices where as Stochastic is indicating slight bullish sentiment. MACD is indicating medium term bearish ness. Volume as well as open interest has decreased.

Outlook: It is expected that the wheat futures to remain slight bearish in the coming days but the market is too risky, so trade cautiously.

Advice: Go for short position near 866.2, target near 858.5 next 854.8 and put stop loss near 871.3.

Support and Resistance Levels:

The current resistance levels are at 862.9 and 869.9 marks and support levels are at 854.8 and 849.5 marks as very short term.

Contract	Support Levels		Resistance Levels	
	S1	S2	R1	R2
February	854.8	849.5	862.9	869.9



DEMAND, SUPPLY AND PRICES AT IMPORTANT CENTRES

DOMESTIC MARKET COMMENTARY

Wheat spot prices got back to steady position in **Delhi** today amidst slight upward demand from Chakki mills and paucity of arrival. Wheat dara mill quality traded within the range of Rs.930-935 per quintal with average arrival of 1500-2000 bags from MP and UP at the Lawrence road. Wheat MP deshi has traded within the range of Rs.1050-1175 per quintal on steady side. The demand from flourmills remained weak as they got wheat from FCI in this week. Traders said fresh supplies in the face of increased selling by stockists and reduced offtake by rolling flourmills was the main reason behind fall in wheat prices.

Apart from this, FCI has sold wheat to the flourmills also pushed down the prices recent but the sentiments remained steady now and wheat prices are likely to go up further in two to three days, according to trade sources. 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 steady side today.

The wheat prices showed a steady undertone today at most of the mandis in **Uttar Pradesh** due to weak arrival, despite the demand from roller flourmills remained poor as the product's demand is witnessed poor. 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 remained steady 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 steady at the range of Rs.970-980 per quintal at Hapur mandis today.

In **Punjab** market, the wheat prices has been continuing to show range bound sentiment in Khanna, Amritsar and others market. Where as the prices has curbed slightly at Ludhiana market. FCI has sold around 25000 bags of wheat at Rs.825 per quintal in Punjab, which has restricted the price to increase.

In **Rajasthan** market, the bullish sentiments restricted and traded steady at most of the mandis as FCI sold wheat to the millers. The wheat has traded at Rs.950-960 per quintal in Jodhpur mandis on stable 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 4000-5000 bags and traded within the range of Rs.890-900 per quintal on steady side.

The market price for wheat showed steady undertone today in **Maharashtra** market due to paucity of arrival and stable demand from mill industry. The wheat arrival remained stable at Jalgaon market around 3-4 lorries and wheat has traded 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 80-100 bags. Wheat Lok-1 variety has traded at the range of Rs.1005-1025 per quintal in Pune and Mumbai on slight higher side.

In **Madhya Pradesh** mandis, few arrivals pushed up the wheat prices in Indore market. The demand from flourmills remained strong. The new Lokwan variety has traded within the range of Rs.750-800 per quintal with average arrival of 500-700 bags in Indore market. The Satna market continued to steady and prevailed within the range of Rs.815-820 per quintal with arrival of 500-600 bags. The new wheat crop is expected to hit Satna market in March.

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

PRICES OF WHEAT PRODUCTS IN DELHI (in Rs.)

Wheat Products	15.02.06	16.02.06
Atta (90kg)	1001	986
Maida Grade 1(90kg)	1164	1161
Suji (50kg)	643	640
Chokar (50 kg)	320	310
Chokar (35 kg)	209	203
Chakki Atta (90kg)	910	890

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

Markets	15.02.06	16.02.06
Delhi (Lawrence Road)	930-935	930-935
Haryana (Karnal)	940-945	930-935
Punjab (Khanna)	947-950	945-950
Ahmedabad	945-950	945-950
Ludhiana	890-900	880-885
Ludhiana (Jagraon)	890-900	880-885
Rajasthan (Kota)	940-945	940-945
Amritsar	950-955	950-955
Uttar Pradesh (Kanpur)	915-920	915-920
Uttar Pradesh (Bareilly)	920-925	923-927
Uttar Pradesh (Shahjahanpur)	950-955	935-940
Maharashtra (Jalgaon)	935-940	935-940
Madhya Pradesh (Satna)	810-820	810-820
Madhya Pradesh (Indore)	890-900	910-920

INTERNATIONAL MARKET:

CBOT Wheat Remains Bullish on Soy Recover

Chicago Board of Trade (CBOT) wheat futures bounced back and settled bullish Wednesday, finishing higher for the first time in four trading sessions amidst technical buying. The bullish sentiment of soybean futures from double digit declines provided support for wheat futures. CBOT March wheat increased 4.75 cents to \$3.52 per bushel. May wheat also raised 4.75 cents to \$3.633. KCBT March settled up 3.5 cents higher to \$4.165, with KCBT May 1.75 cents higher at \$4.198. MGE March wheat increased 5.75 cents to \$4.013. News that European exporters were giving prices to the Grain Board of Iraq helped to pressure the wheat market early in the session as Iraq cancelled a tender to buy 1 million tonnes of wheat from the US on Monday. US grain exporters, on the other hand, seem confident that they can get at least part of the 500,000 tonne tender from India. March wheat support comes in at \$3.48 and \$3.433 with resistance at \$3.538 and \$3.565. The U.S. Department of Agriculture is scheduled to release the weekly export sales for the week ended Feb. 9 on Thursday. According to analyst's expectation, wheat sales will remain between 300,000-500,000 metric tons. Last week, sales were 354,700 tons.

NEWS ANALYSIS:

Wheat Output Likely to Low amidst Rising Temperatures

The rising temperature in the Indo-Gangetic regions of Punjab, Haryana and Western Uttar Pradesh might affect the standing wheat crop. Therefore the Indian Council of Agriculture Research (ICAR) has advised farmers to keep the wheat fields moist. The temperature has been increasing between 3 to 5 degrees Centigrade in the last few days might affect the quality of the grain. The Agriculture Ministry and the scientists are keeping a close watch on the situation. According to experts, the standing

crop is at two stages: the early sown variety in Punjab, where tillering has completed and prevailed at the vegetative phase and will mature a week early. In western Uttar Pradesh, the wheat is still at the tillering stage. Wheat harvest begins in Madhya Pradesh by the middle of the next month. Untimely high temperatures reduce the moisture content and affect the grain quality. Wheat production had resulted in fall in the last year due to the abnormality of temperature.

Wheat Procurement Target in Punjab, Haryana & UP

Wheat production is expected to be between 73 and 75 million tonnes, according to the government. Therefore they raised the procurement target to 16.2 MMT this year. The target for procurement is fixed this year from Punjab at 85 lakh tonnes compared to 90 lakh tonnes last year. Haryana's procurement target is 42 lakh tonnes and Uttar Pradesh's 25 lakh tonnes. Last year Uttar Pradesh had procured only about 5 lakh tonnes.

WEATHER OUTLOOK:

Under the influence of a Western Disturbance, rain/snow has occurred at many places over Jammu & Kashmir and isolated over Himachal Pradesh during past 24 hours. Rain/thundershowers have also occurred at a few places over Assam and Arunachal Pradesh. 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, Haryana and north west Madhya Pradesh. A fall of 2-3°C in night temperatures over northwest India is expected during next 2 days. However, they are likely to increase by a similar magnitude subsequently.

Forecast:

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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 the rest region during next 24 hours.

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 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: 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 17th February, 2006):

Foreign Currency	Rs. per unit
1 US \$	44.30
1 Euro	52.66
100 Yen	37.62
1 British £	77.05