

Wheat

18th 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 are witnessed bullish today amidst speculative buying and stable physical market price. The market kept its strong sentiment throughout the trading period. The March contract opened mostly firm at Rs.825.80 and went to Rs.828.0 but settled up Rs.5.00 at Rs.826.40 and traded within the range of Rs.822.60-828.00 today.

Price Change: February Contract

Contracts	Closing	Previous	Change
March	826.40	821.40	+5.00

Indicators: All of the indicators are indicating to bullish sentiments for wheat prices. MACD is indicating medium term bullishness and prevailing in positive region. Volume has increased but open interest has decreased today.

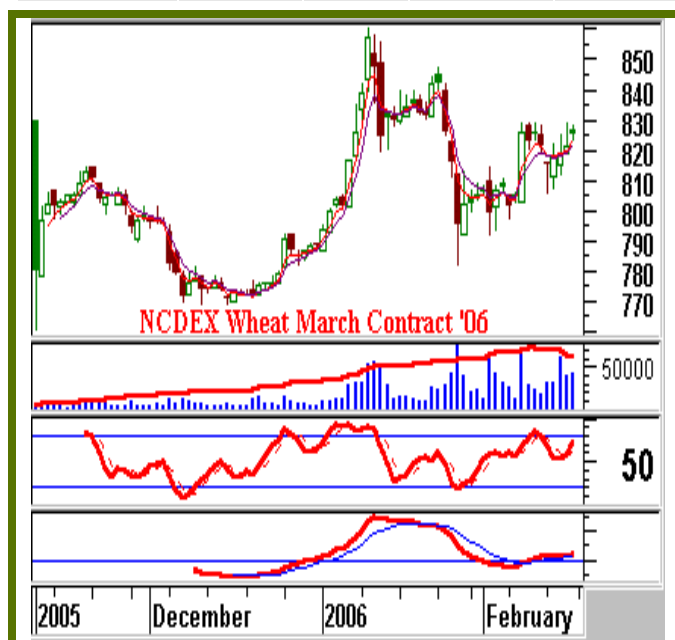
Outlook: It is expected that the wheat futures to remain slight bullish in the coming days but the market is too risky, so trade cautiously.

Advice: Go for long position near 822.5, target near 828.0 next 829.5 and put stop loss near 819.0.

Support and Resistance Levels:

The current resistance levels are at 829.5 and 832.7 marks and support levels are at 822.5 and 819.0 marks as very short term.

Contract	Support Levels		Resistance Levels	
	S1	S2	R1	R2
March	822.5	819.0	829.5	832.7



DEMAND, SUPPLY AND PRICES AT IMPORTANT CENTRES

DOMESTIC MARKET COMMENTARY

Domestic spot market price for wheat continued to steady in **Delhi** today amidst slight weak demand though the demand from Chakki mills is witnessing pronounced. The less arrival is also kept pressure on prices and it restricted the price to down. The market has less stock and the traders are fully depended to government, according to trade sources. Wheat dara mill quality quoted at Rs.930-935 per quintal at the Lawrence road in Delhi with average arrival of 1500-2500 bags. But according to one trader, the wheat has also traded within Rs.945-950 per quintal at this market. The wheat is coming from Khanna and MP. Where

as wheat has decreased in Narella and Najafgarh mandis and traded within the range of Rs.925-940 per quintal with short of arrival.

The sentiment is witnessing mixed in wheat market in **Uttar Pradesh** due to weak demand from roller flourmills though the arrival is gradually decreasing so it kept pressure on prices. Government intervention programme is also restricting the prices movement on upper side. Wheat prices have decreased at Bareilly and Kanpur market but the other market showed steady sentiment today. Wheat prices remained slight up in Kasganj and quoted at

Rs.855-860 per quintal with average arrival of 400-500 quintal and wheat dara mill quality quoted at Rs.855-860 per quintal at Etha mandis with arrival of 250-350 quintal. The wheat prices remained at the range of Rs.925-930 per quintal at Hapur mandis today.

In **Punjab** market, the wheat prices remained almost steady at most of the mandis due to stable demand-supply scenario. FCI had sold around 25000 bags of wheat at Rs.825 per quintal in Punjab, which has restricted the price to increase.

In **Rajasthan** market, wheat showed a bullish sentiment today due to very less arrival. The wheat has traded at Rs.960-970 per quintal in Jodhpur mandis on slight higher 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 2000-3000 bags and traded within the range of Rs.880-910 per quintal on steady side.

The market price for wheat witnessed steady undertone today in **Maharashtra** market due to dearth of arrival and stable demand from mill industry. The buyers are now waiting for new wheat crop and they closed their buying. The wheat arrival remained very weak today at Jalgaon market around 1-2 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 no arrivals. Wheat Lokwan variety has traded at the range of Rs.1100-1125 per quintal in Pune and Mumbai on slight higher side and mill quality has traded within the range of Rs.970-980 per quintal.

In **Madhya Pradesh** mandis, few arrivals again pushed up the wheat prices in Indore market. The demand from flourmills remained strong. The wheat has traded within the range of Rs.925-930 per quintal with average arrival of 2000-3000 bags. The Satna market continued to steady and prevailed within the range of Rs.820-825 per quintal with arrival of 500-600 bags. The new wheat crop is expected to hit Satna market in March.

Wheat products prices get steady at most of the market though it prevailed at higher side as compared with last year.

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

PRICES OF WHEAT PRODUCTS IN DELHI (in Rs.)

Wheat Products	16.02.06	17.02.06
Atta (90kg)	986	981
Maida Grade 1(90kg)	1161	1161
Suji (50kg)	640	640
Chokar (50 kg)	310	305
Chokar (35 kg)	203	199
Chakki Atta (90kg)	890	900

Indian Agribusiness Systems Pvt. Ltd., New Delhi

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

Markets	16.02.06	17.02.06
Delhi (Lawrence Road)	930-935	930-935
Haryana (Karnal)	930-935	923-927
Punjab (Khanna)	945-950	937-942
Ahmedabad	945-950	945-950
Ludhiana	880-885	880-890
Ludhiana (Jagraon)	880-885	880-890
Rajasthan (Kota)	940-945	952-957
Amritsar	950-955	950-955
Uttar Pradesh (Kanpur)	915-920	910-915
Uttar Pradesh (Bareilly)	923-927	905-910
Uttar Pradesh (Shahjahanpur)	935-940	935-940
Maharashtra (Jalgaon)	935-940	935-940
Madhya Pradesh (Satna)	810-820	815-825
Madhya Pradesh (Indore)	910-920	925-930

INTERNATIONAL MARKET:

CBOT Wheat Soars amidst Late Fund Buying

Chicago Board of Trade (CBOT) wheat futures maintained its strong sentiment and settled higher Thursday amidst light technical buying early in the session coupled with the gains extended on fund buying late. CBOT March wheat soared 7 cents at \$3.59 per bushel. May wheat increased 6.75 cents to \$3.70. KCBT March jumped 9 cents to \$4.255, with KCBT May 9.75 cents strong at \$4.295. MGE March wheat increased 7.5 cents to \$4.088. Continued weather concerns and the outlook for a bit better export demand than traders have anticipated helped support continued gains for the wheat market. Cold weather into the plains this weekend has supported some buying. Commodity fund buying was estimated at 2,000 contracts in Chicago. Concerns about the cold weather and its impact on hard red winter wheat provided support KCBT wheat futures. The weather was the feature for higher prices, with trading volume modest. March wheat support comes in at \$3.538 and \$3.513 with resistance at \$3.605 and \$3.65.

NEWS ANALYSIS:

Govt: Farmers Must Go to Irrigation for Wheat Crop

The government has advised to wheat-producing states to inculcate their farmers for higher irrigation due to rise in temperature. They are also expecting that it would affect the crop yield. According to the deputy director general of ICAR, JS Samra, the temperature has been increased by 3-6 degree centigrade during the last fortnight which is not good for early maturing varieties in certain north Indian areas. The early maturing varieties sown in Karnal, Delhi and western Uttar Pradesh might get affected and their maturing period reduced due to the recent variation of temperature from normal level, he concluded. The scientist, however, said the wheat crops in Rajasthan were

maturing as per schedule and there was no impact of rise in temperature visible in the fields there. The ideal temperature of 12 to 13 degrees is beneficial for wheat crop during the maturing stage but not any level beyond 15 degrees centigrade.

Wheat: Haryana Urges to Increase MSP to Rs.760/ql

After Punjab, Haryana today sought after a rise in the Minimum Support Price for wheat from Rs.650 to Rs 760 per quintal. Chief Minister Bhupinder Singh Hooda urged to the Prime Minister Manmohan Singh to raise the MSP of wheat. Wheat was sown in 23-lakh hectare in the state and the cold wave during January and early February benefited the crop's growth in the state, according to him. His demand assumes connotation against the backdrop of Punjab demanding an increase in wheat MSP from Rs.650 to Rs 700 per quintal. The Chief Minister has demanded to protect the interests of farmers.

WEATHER OUTLOOK:

Mainly dry weather conditions are likely to prevail over the country for the next 2 days outside northeastern States where isolated to scattered rain/thundershowers are likely. A fresh western disturbance is likely to cause scattered rain/snowfall over Jammu & Kashmir and Himachal Pradesh from 19th to 21st February. The day & night temperature over Rajasthan, Haryana, West Uttar Pradesh and adjoining northwest Madhya Pradesh are above normal by 6-8°C. This scenario is likely to continue for next 3-4 days.

Forecast:

NORTH-WEST INDIA: Largely dry weather is likely over the region. Light rain/snow likely over Jammu & Kashmir and Himachal Pradesh on 19th.

EAST INDIA: Isolated rain/thundershowers is likely over Sub- Himalayan West Bengal & Sikkim. Weather will be mainly dry over the rest region. Day & night temperature over the region is likely to remain 2-5 °C above normal.

NORTHEAST INDIA: Rain/thundershowers are likely over at a few places over Assam & Meghalaya 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 the Peninsula are likely to remain near normal.

WEST INDIA: Weather will be mainly dry over the region. Day and Night temperatures over Rajasthan and Gujarat are likely to remain significantly above normal.

CENTRAL INDIA: Weather will be mainly dry over the region. Day and Night temperatures over Madhya Pradesh and Chhattisgarh are likely to remain significantly above normal.

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 18th February, 2006):

Foreign Currency	Rs. per unit
1 US \$	44.46
1 Euro	52.86
100 Yen	37.64
1 British £	77.18

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