

Wheat

28th 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 recovered from its recent losses and settled slightly bullish today amidst speculative buying. The weak undertone has witnessed at the first hour but strong buying pressure pushed up the prices later and finished at slightly higher side. The March contracts opened mostly down at Rs.847.20 and settled slightly up by Rs.1.60 at Rs.851.20 and hovered within the range of Rs.843-855 today.

Price Change: March Contracts

Contracts	Closing	Previous	Change
March	851.20	849.60	+1.60

Indicators: Candlesticks, MA, and RSI are indicating to bullish ness of wheat prices, where as Stochastic is hinting to bearishness. MACD is indicating medium term bullishness. Open interest as well as volume is increasing.

Outlook: It is expected that the wheat futures to trade steady to bullish in the coming days.

Advice: Buy near 847.5, target near 855.5 next 860.4, put stop loss at 843.0.

Support and Resistance Levels:

The current resistance levels are at 855.1 and 860.4 marks and support levels are at 848.9 and 841.7 marks as very short term.

Contracts	Support Levels		Resistance Levels	
	S1	S2	R1	R2
March	848.9	841.7	855.1	860.4



DEMAND, SUPPLY AND PRICES AT IMPORTANT CENTRES

DOMESTIC MARKET COMMENTARY

Wheat domestic spot prices have declined today in **Delhi** amidst lack of demand from all mills likely Chakki, flourmills etc. as they are getting wheat from FCI. Therefore very poor arrival did not offset the poor demand. Wheat dara mill quality traded within the range of Rs.940-945 per quintal with average arrival of 1500-2000 bags from MP and Khanna today at Lawrence road. The demand from flour and Chakki mills has been decreasing day by day as FCI is supplying wheat to them on periodically to restrict the wheat prices at certain level. Narella and Najafgarh mandis also remained weak today and wheat has quoted at Rs.925-930 per quintal at Najafgarh and Rs.930-935 per quintal at Narella mandis with restricted arrival.

The wheat prices showed a steady undertone today in **Uttar Pradesh** market. The main governing factor was less arrival, less stock, good demand from mill industry and expected production to be dropped in this season. Wheat has traded on steady to bullish side in Bareilly, Kanpur, Shahjahanpur and Kasganj market. Wheat mill quality has quoted at Rs.885-895 per quintal with average arrival of 200-300 quintal at Kasganj at steady side and wheat dara mill quality quoted at Rs.885-890 per quintal at Etha mandis with arrival of 200-250 quintal. The wheat prices decreased to Rs.970-975 per quintal at Hapur mandis today.

In **Punjab** market, the wheat prices got steady at most of the trading centre due to slight upward buying pressure from flourmills.

In **Rajasthan** market, upward pattern of wheat prices has restricted and traded on steady side today as stable demand from flourmills. At Khairtal and Alwar market it traded at Rs.880-890 per quintal with very few arrival about 60-80 bags on steady side.

The bearish trend of wheat prices is still remaining in **Gujarat** market. The increasing arrival of new wheat crop in Saurashtra and other region coupled with weak demand from buyers is aggravating the prices to down. The buyers are not willing to buy wheat at higher prices. The arrival of new wheat crop is increasing and the many companies are procuring wheat at Rs.781-785 per quintal at Rajkot market, according to the traders. The old wheat prices curbed down further by Rs.10-20 per quintal at Ahmedabad market and traded at Rs.860-870 per quintal. The fresh arrival around 10000-15000 bags of new wheat crop is witnessed at Saurashtra market. The new wheat has traded within the range of Rs.800-805 per quintal. At Rajkot, the wheat has traded at Rs.760-770 per quintal on lower side.

The wheat prices have decreased drastically in Jalgaon, Mumbai and Pune in **Maharashtra** market today. The main bearish factor was strong arrival from MP and local area, which has pulled down the prices yesterday to Rs.850-860 per quintal in Jalgaon market and decreased further by Rs.50-60 per quintal today at same market. The fresh arrival of new wheat crop has witnessed to 150-200 bags from local area where as the arrival remained at 8-10 lorries from MP today. Wheat Lokwan variety has traded at the range of Rs.975-990 per quintal in Pune and Mumbai on lower side and mill quality has traded within the range of Rs.895-900 per quintal with higher arrival.

In **Madhya Pradesh** mandis, the trading activity remained very poor due to festival today. The new wheat has traded within the range of Rs.800-840 per quintal at lower side in Indore market.

The wheat prices got down slightly in **Haryana** market today. FCI's wheat is selling in the market. Wheat has traded within the range of Rs.845-855 per quintal at Dhabwali mandis on lower side.

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

PRICES OF WHEAT PRODUCTS IN DELHI (in Rs.)

Wheat Products	25.02.06	27.02.06
Atta (90kg)	965	965
Maida Grade 1(90kg)	1161	1161
Suji (50kg)	640	640
Chokar (50 kg)	282	282
Chokar (35 kg)	190	190
Chakki Atta (90kg)	895	895

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

Markets	25.02.06	27.02.06
Delhi (Lawrence Road)	950-955	940-945
Haryana (Karnal)	925-930	920-925
Punjab (Khanna)	900-905	900-905
Ahmedabad	870-880	860-865
Ludhiana	875-880	875-880
Ludhiana (Jagraon)	835-840	835-840
Rajasthan (Kota)	917-922	917-922
Amritsar	865-875	865-875
Uttar Pradesh (Kanpur)	917-922	922-925
Uttar Pradesh (Bareilly)	933-937	930-933
Uttar Pradesh (Shahjahanpur)	990-995	990-995
Maharashtra (Jalgaon)	900-905	800-825
Madhya Pradesh (Satna)	810-825	805-810
Madhya Pradesh (Indore)	830-840	800-830

INTERNATIONAL MARKET:

CBOT remained closed on Saturday and Sunday.

NEWS ANALYSIS:

Haryana Flourmills: Disaster amidst Tax burden

In Haryana, Roller flourmills are in a great disaster. Of the 60 roller flourmills, around 35 roller flourmills are operating at below capacity. According to the traders, they have been paying all kinds of indirect taxes after introduction of VAT (value-added tax) in April 2003. The flourmill industries are paying VAT at 4%, market fees at 2%, contributing 2% to the Rural Development Fund and paying commission at 4% to the commission agent. Where as the same flourmills in Punjab are paying only 4% VAT but in Haryana, they are paying at 8% tax. At 1980s, the flourmills in Haryana provided flour to almost all states in India and some of them exported as well. However after the mid 1990s, states like Madhya Pradesh, Rajasthan, Gujarat and Uttar Pradesh became self-sufficient and the market for Haryana mills squeezed. Haryana is the most expensive state for buying and selling wheat and wheat flour because of a high rate of taxation. The condition is so disturbing that more than 12 bread manufacturing units based at Gurgaon, Faridabad and Sonapat which consume 2,500 tonnes of wheat flour every month buy from Ghaziabad and Delhi in place of buying from Haryana due to higher rate of wheat.

UP: Wheat Output Likely to Reduce on High Temp

Abnormally rise in temperature coupled with no rainfall this winter and irregular power supply was expected to reduce wheat production in Uttar Pradesh during the current Rabi season, according to Chandrika Prasad, Director General of Uttar Pradesh Agriculture Research Council. The maximum temperature in this year was floating between 35 and 37 degree Celsius. He also concluded that, the damage might be in the quantum of 15 to 17 lakh tonnes of wheat. In this

Rabi season wheat had been sown around 90-lakh hectare land and the targeted output pegged at 300-301 metric tonnes. According to the crop experts, the loss would not only be confined in quantity but also quality of wheat, reflective through the size, shape and colour of the grain.

WEATHER OUTLOOK:

Under the influence of the western disturbance over Jammu & Kashmir, light to moderate rain/snow has occurred at many places over Jammu & Kashmir and Himachal Pradesh and at a few places over Uttaranchal. Light rain/ thundershowers have occurred at a few places over Punjab, Haryana and north Rajasthan. The Day & night temperatures over northwest India have fallen by 2-3° C. The night temperatures are likely to fall further by 2-3° C over northwest India and adjoining Gangetic Plains during next 2-3 days. Day temperatures remained 5-7° C above normal over East Rajasthan, Gangetic Plains and central India; they were 3-5 ° C above normal over the rest parts of the country outside peninsula where they were above normal by 2-3° C. Forecast valid 0830 hours IST of 2nd March, 2006.

Forecast:

NORTH-WEST INDIA: Isolated rain/snow likely over Jammu & Kashmir. Mainly Dry weather over the rest region. Night temperatures over the regions are likely to fall by 2-3° C.

EAST INDIA: Weather will be mainly dry over the region. Day & night temperatures are likely to remain 3-5°C above normal.

NORTHEAST INDIA: Rain/thundershowers are likely at a few places over Assam & Meghalaya and Arunachal Pradesh. Mainly dry weather over the rest region.

SOUTH INDIA: Isolated rain/thundershowers likely over Nicobar Islands. Weather will be mainly dry over the rest region, However, isolated rain/thundershowers are likely over Tamil Nadu and Kerala over 1st & 2nd March.

WEST INDIA: Weather will be mainly dry over the region. Night temperatures over Rajasthan are likely to fall by 2-3° C.

CENTRAL INDIA: Weather will be mainly dry over the region. Day temperatures are likely to remain 4-6° C above normal over Madhya Pradesh & Chhattisgarh.

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 25th February, 2006):

Foreign Currency	Rs. per unit
1 US \$	44.44
1 Euro	52.79
100 Yen	38.02
1 British £	77.59

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