

Wheat

22nd 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 traded on mostly bullish side amidst technical buying and strong physical market price. The spot market price has prevailed on mostly up than futures. The market remained bullish throughout the trading period. The March contract opened mostly up at Rs.834 and went to Rs.844.80 and soared Rs.9.60 at Rs.839.60 and traded within the range of Rs.827.00-844.80 today.

Price Change: March Contract

Contracts	Closing	Previous	Change
March	839.60	830.00	+9.60

Indicators: All of the indicators are indicating bullish prices for wheat futures but Stochastic is indicating to bearish and RSI has reached overbought region. Volume as well as open interest is increasing.

Outlook: It is expected that the wheat futures to trade bullish in the coming days. But trend reversal might be possible so take position cautiously.

Advice: Buy below 837.5, target near 842.5 next 845.2, stop loss at 834.5.

Support and Resistance Levels:

The current resistance levels are at 845.2 and 849.1 marks and support levels are at 838.2 and 833.7 marks as very short term.

Contract	Support Levels		Resistance Levels	
	S1	S2	R1	R2
March	838.2	833.7	845.2	849.1



DEMAND, SUPPLY AND PRICES AT IMPORTANT CENTRES

DOMESTIC MARKET COMMENTARY

Wheat market remained slight hot today in **Delhi** amidst slight upward demand from mills and restricted arrival. Wheat dara mill quality opened at Rs.945-947 per quintal and traded within the range of Rs.950-960 per quintal at Lawrence road with average arrival of 2000-2500 bags. The wheat is coming from M.P. and Haryana. The most of the bags is coming from M.P. The demand from Chakki mills witnessed distinct. Wheat prices have also increased slightly at Narella and Najafgarh mandis. The mill quality dara wheat has traded within the range of Rs.945-955 per quintal at these mandis with short of arrival.

The sentiment for wheat market remained slight strong except Bareilly in **Uttar Pradesh** due to upward demand

from Chakki mills and dearth of arrival. The less stock at the market yards and moderate demand from the mills aggravated the situation. Wheat prices remained slight up in Kasgang and quoted at Rs.865-870 per quintal with average arrival of 300-350 quintal and wheat dara mill quality quoted at Rs.865-870 per quintal at Etha mandis with arrival of 300-350 quintal. The wheat prices have also increased to Rs.955-965 per quintal at Hapur mandis today.

In **Punjab** market, the wheat prices showed bullish undertone in Ludhiana and Amritsar market due to paucity of arrival and modest demand from flourmills. FCI had sold around 25000 bags of wheat at Rs.825 per quintal in

Punjab, which has restricted the price to increase abruptly in Khanna market. The overall sentiment remained hot.

In **Rajasthan** market, wheat has traded on higher side today also at Kota and other mandis due to strong demand and dearth of arrival. The wheat has traded at Rs.980-990 per quintal in Jodhpur mandis on higher side. At Khairtal and Alwar market it traded at Rs.890-900 per quintal with very few arrival about 50-100 bags. The demand from mill industry remained distinct.

In **Gujarat** market, the sentiment remained mixed today. The wheat prices have decreased slightly at Ahmedabad market and traded at Rs.930-940 per quintal due to new crop arrival and releasing stocks by the stockists. The higher arrival around 20000-25000 bags of new wheat crop has pulled down the wheat prices at Saurashtra market. The new wheat has traded within the range of Rs.835-840 per quintal. According to a trader, Kargil Company has procured the wheat at Rs.825 per quintal in this state.

The wheat prices remained steady in **Maharashtra** market due to restricted arrival and stable demand from mill industry. The buyers are now waiting for new wheat crop and they have postponed their buying. The weak arrival around 1-2 motors also kept pressure on prices. Wheat has traded at Rs.930-935 per quintal where as new wheat crop has traded within the range of Rs.920-925 per quintal with short of arrival around 40-50 bags in Jalgaon market. Wheat Lokwan variety has traded at the range of Rs.1100-1125 per quintal in Pune and Mumbai on stable side and mill quality has traded within the range of Rs.990-1000 per quintal with stable arrival.

In **Madhya Pradesh** mandis, weak demand and higher arrival of new wheat crop again pulled down the prices in Indore market. The demand from flourmills remained weak. The wheat has traded within the range of Rs.880-890 per quintal with average arrival of 5000-7000 bags. The Satna market continued to steady and prevailed within the range of Rs.810-825 per quintal with arrival of 150-300 bags. The new wheat crop is expected to hit Satna market in March.

Wheat products prices get steady at most of the market in Delhi due to the millers got wheat from FCI at lower price. But the prices prevailed at higher side as compared with last year.

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

PRICES OF WHEAT PRODUCTS IN DELHI (in Rs.)

Wheat Products	20.02.06	21.02.06
Atta (90kg)	975	975
Maida Grade 1(90kg)	1161	1161
Suji (50kg)	640	640
Chokar (50 kg)	295	295
Chokar (35 kg)	197	197
Chakki Atta (90kg)	890	890

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

Markets	20.02.06	21.02.06
Delhi (Lawrence Road)	945-950	950-960
Haryana (Karnal)	910-915	922-927
Punjab (Khanna)	920-925	920-925
Ahmedabad	945-950	935-940
Ludhiana	850-860	880-890
Ludhiana (Jagraon)	850-860	840-850
Rajasthan (Kota)	925-930	933-937
Amritsar	900-910	910-920
Uttar Pradesh (Kanpur)	900-905	905-910
Uttar Pradesh (Bareilly)	915-920	905-910
Uttar Pradesh (Shahjahanpur)	960-965	970-973
Maharashtra (Jalgaon)	930-935	930-935
Madhya Pradesh (Satna)	810-815	810-815
Madhya Pradesh (Indore)	885-900	880-890

INTERNATIONAL MARKET:

CBOT remained closed on Monday due to President's Day.

NEWS ANALYSIS:

Wheat Acreage Touched 26.6 Mln Ha in 2006

According to the government, the higher acreage of wheat is due to the timely start of winter sowing backed by good rains in September, the ample soil moisture, revitalizing of groundwater and satisfactory availability of irrigation facilities due to healthy reservoir levels. The acreage has covered around 26.6 million hectare as compared with 26.4 million hectare of last year same period. But the rise in temperature and less rainfall creates worries about shortfall in production as compared to target production of 75-76 MMT. The area under wheat over the past three years has averaged 26.3 million hectares and is higher than normal this year. India's wheat production reached a record 76.4 million tons in 1999-2000 but declined after that.

Eight Companies Given Bids to Export Wheat in India

The international companies such as Glencore, ADM, Toepfer, AWB, Soufflet and ETA have bid for a global tender by India to import wheat, according to an official of a state-run agency. Earlier this month, the State Trading Corporation had floated a tender to import 500,000 tonnes of wheat without duty for delivery between mid-March and May at five southern Indian ports at earlier this month. The tender closed on Monday. The Food Ministry was anticipated to make a decision on the offers in the next few days. According to another official, the food ministry would make its proposal to the federal cabinet, which would then take a final decision in early March.

Some companies have made offers to supply the entire 500,000 tonnes; some have bid to deliver smaller quantities. The agency has wanted imports of 110,000 tons at Mangalore, 100,000 tons each at Chennai and Tuticorin,

70,000 tons at Vishakhapatnam and 120,000 tons at Cochin. The price is to be quoted in dollars a ton, on a cost and freight basis. The offer has to be accompanied by a bid bond equivalent to 3% of the full value of the tender. The moisture content in the wheat should be a maximum 12%, and added that the minimum protein content on a dry weight basis should be 10%.

WEATHER OUTLOOK:

During past 24 hours, Rain/thundershowers have occurred at a few places over Assam, Meghalaya, Arunachal Pradesh and Sikkim. Dry weather conditions prevailed over the remaining parts of the country. As no significant weather system is affecting the country, largely dry weather conditions are likely to continue over most parts of the country for the next 3-4 days outside northeastern states and Sub-Himalayan west Bengal & Sikkim where light to moderate rain/thundershowers are likely during next 48 hours. A fresh western disturbance is also likely to cause scattered rain/snow over western Himalayan region from 23rd onwards for the next 2-3 days Both day & night temperatures were above normal by 4-6° C over many parts of northwest India, Gangetic plains and central India. They were 6-8 ° C above normal over some parts of Rajasthan, northwest Madhya Pradesh and Delhi. Numerical models predictions suggest a further rise of 1-2° C in the prevailing temperature conditions during the next 3-4 days.

Forecast:

NORTH WEST INDIA: Isolated rain/snow likely over higher reaches of Jammu & Kashmir on 23rd only. Mainly Dry weather over the rest region. Day temperatures are likely to remain 6-8°C above normal over the region.

EAST INDIA: Isolated rain/thundershowers likely over Sub- Himalayan West Bengal & Sikkim. Weather will be mainly dry over the rest region. Temperatures over the region are likely to remain 4-6°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: Weather will be mainly dry over the region. Night temperatures over the Peninsula are likely to remain near normal, though the day temperatures will remain 2-3°C above normal.

WEST INDIA: Weather will be mainly dry over the region. Day and Night temperatures over many parts of Rajasthan are likely to remain 6-8°C above normal.

CENTRAL INDIA: Weather will be mainly dry over the region. Day and night temperatures over northwest Madhya Pradesh are likely to remain 6-8° C above normal and 4-6° C over rest Madhya Pradesh and 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 21st February, 2006):

Foreign Currency	Rs. per unit
1 US \$	44.40
1 Euro	52.95
100 Yen	37.46
1 British £	77.42

Disclaimer

The information and opinions contained in the document have been compiled from sources believed to be reliable. The company does not warrant its accuracy, completeness and correctness. Use of data and information contained in this report is at your own risk. This document is not, and should not be construed as, an offer to sell or solicitation to buy any commodities. This document may not be reproduced, distributed or published, in whole or in part, by any recipient hereof for any purpose without prior permission from the Company. IASL and its affiliates and/or their officers, directors and employees may have positions in any commodities mentioned in this document (or in any related investment) and may from time to time add to or dispose of any such commodities (or investment). Please see the detailed disclaimer at <http://www.agriwatch.com/Disclaimer.asp>

© 2005 Indian Agribusiness Systems Pvt Ltd.