

Wheat

14th 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 strongly bearish today amidst news of FCI's selling and weak physical market price. Government has declared to release of additional wheat at open market, which pulled down the prices again. The February contract opened far below at Rs.858.40 and closed down Rs.9.20 to Rs.852.00 and traded within the range of Rs.850-859. March futures remained down by Rs.9.00 at Rs.812.20 and traded within the range of Rs.805.20-816.00 today.

Price Change: February Contract

Contracts	Closing	Previous	Change
February	852.00	861.20	-9.20

Indicators: The all of the indicators are hinting to weakness of wheat prices. Volume as well as open interest has increased today.

Outlook: The wheat futures are expected to remain bearish in the coming days but trade cautiously.

Advice: Go for short position near 855.2, target near 846.5 next 844.2 and put stop loss near 858.9.

Support and Resistance Levels:

The current resistance levels are at 855.2 and 858.9 marks and support levels are at 844.2 and 839.7 marks as very short term.

Contract	Support Levels		Resistance Levels	
	S1	S2	R1	R2
February	844.2	839.7	855.2	858.9



DEMAND, SUPPLY AND PRICES AT IMPORTANT CENTRES

DOMESTIC MARKET COMMENTARY

Wheat spot prices slipped by Rs.25-30 per quintal in **Delhi** today due to the news of FCI's wheat selling at the open market. FCI has declared to release of additional wheat of 1.5 lakh tonnes at the open market in this month. Therefore the prices has curbed at the domestic market. Apart from this the slight higher arrival from MP and UP has provided underlying support to the wheat prices. The demand remained slight weak today. Wheat dara mill quality opened at Rs.980-982 per quintal and traded within the range of Rs.970-980 per quintal with average arrival of 5000-6000 bags at the Lawrence road. According to the

traders, the prices are likely to curb in this week. At Narella and Najafgarh mandis, the wheat prices has also decreased today and traded within the range of Rs.960-970 per quintal.

Uttar Pradesh market remained range bound with steady today due to stable demand supply scenario. The demand from flourmills remained pronounced but demand from other mills witnessed slight weak and arrival remained stable. The most of the market remained range bound with steady position today. Besides this government intervention programme also restricted the prices movement on upper

side. Wheat prices traded on slight weak in Kasgang and quoted at Rs.875-880 per quintal with average arrival of 400-500 quintal and wheat dara mill quality quoted at Rs.880-890 per quintal at Etha mandis with arrival of 200-300 quintal. The wheat continued to trade steady at the range of Rs.995-1000 per quintal on mostly steady side at Hapur mandis today.

In **Punjab** market, the wheat prices showed a range bound sentiment today. The average arrival is witnessed about 200-300 bags in Ludhiana market. The wheat dara mill quality has increased and traded at the range of Rs.960-970 per quintal at Jalandhar mandis and Rs.960-965 per quintal at Chandigarh mandis on higher side.

In **Rajasthan** market, wheat prices has decreased by Rs.5-10 per quintal at Kota mandis due to FCI was likely to sell wheat at this market. The wheat has traded at Rs.950-960 per quintal in Jodhpur mandis on lower side. At Khairtal and Alwar market it traded at Rs.895-900 per quintal with very few arrival about 50 bags.

In **Gujarat** market, the wheat prices remained steady in Ahmedabad market with arrival of new crop around 5000-6000 bags. The new wheat crop has hit the market in Saurashtra and traded within the range of Rs.800-860 per quintal with average arrival of 25000-30000 bags.

The wheat prices have decreased slightly due to weak demand and arrival of new crop in **Maharashtra** market. The wheat arrival remained within 2-3 lorries at Jalgaon market. Wheat Lok-1 variety has traded at the range of Rs.975-980 per quintal in Pune and Rs.975-980 per quintal in Mumbai on lower side.

In **Madhya Pradesh** mandis, lower arrival increased the wheat prices in Indore market today. The new crop is likely to hit the market within 7-12 days as full-fledged. The prices are likely to reduce in the coming days, according to the traders.

Most of the mandis has been maintaining steady to weak undertone for wheat prices amidst government intervention programme and weak arrival. Where as bearish sentiment is witnessing in Delhi mandis due to FCI has sold wheat at the open market. The buyers are eyeing on the new crop arrival. FCI has declared to release additional 1.5 lakh MT of wheat in February.

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

PRICES OF WHEAT PRODUCTS IN DELHI (in Rs.)

Wheat Products	11.02.06	13.02.06
Atta (90kg)	1015	1010
Maida Grade 1(90kg)	1180	1180
Suji (50kg)	651	651
Chokar (50 kg)	328	328
Chokar (35 kg)	213	213
Chakki Atta (90kg)	950	950

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

Markets	11.02.06	13.02.06
Delhi (Lawrence Road)	990-1000	970-980
Haryana (Karnal)	950-955	955-957
Punjab (Khanna)	947-952	947-952
Ahmedabad	945-950	945-950
Ludhiana	925-930	925-930
Ludhiana (Jagraon)	890-900	890-900
Rajasthan (Kota)	915-920	905-910
Amritsar	945-955	945-955
Uttar Pradesh (Kanpur)	915-920	912-915
Uttar Pradesh (Bareilly)	935-940	940-943
Uttar Pradesh (Shahjahanpur)	980-985	980-985
Maharashtra (Jalgaon)	850-860	840-850
Madhya Pradesh (Satna)	815-820	820-825
Madhya Pradesh (Indore)	870-875	890-900

INTERNATIONAL MARKET:

CBOT remained closed on Saturday and Sunday.

NEWS ANALYSIS:

Wheat Import: Farmers to Prevent Unloading

According to the Bharatiya Kisan Union (BKU), they are likely to stop unloading of imported wheat at ports. BKU is protesting against the wheat import, which was decided by the Union Government and they urged to raise the MSP of wheat from Rs.650 to Rs.900 per quintal this year. Keeping in view that the imported wheat would cost Rs 1050 per quintal. The imported wheat is expected to arrive in the country when new wheat from Punjab, Haryana and other states arrives in the country's grain markets.

Wheat Prices Likely to Curb Soon

The Government has decided to release 1.5 lakh tonnes of additional wheat in the open-market scheme for February. This follows the release of an equal quantity earlier in the month to check spiraling wholesale prices. Therefore it is expected that the wheat prices would decline in the coming days, according to the traders. Timely intervention by the Food Corporation of India helped curb the increasing trend in wholesale prices of wheat in most centres, including Delhi.

WEATHER OUTLOOK:

Largely dry weather conditions are likely to prevail over most parts of the country except scattered rain/snow likely over higher reaches of Jammu & Kashmir and isolated over rest Jammu & Kashmir and Himachal Pradesh. Isolated rain/thundershowers are also likely over Assam, Arunachal Pradesh, Andaman & Nicobar Islands and Punjab during next 2-3 days. Night temperatures are likely to remain 6-8°C above normal over West Rajasthan and by 2-4°C above normal over rest parts of the country outside Maharashtra, south Chhattisgarh, Orissa and south

Peninsula where they are likely to remain normal to below normal for next 3 days. They are likely to fall by 2-3°C on 16th and 17th over northwest India. However, they may rise again towards the end of the week. Day temperatures are likely to remain above normal by 6-8°C over Haryana, Rajasthan and adjoining northwest Madhya Pradesh, 2-4°C above normal over rest parts of the country outside Maharashtra and interior parts of south Peninsula where they are likely to remain near normal.

Forecast:

NORTH-WEST INDIA: Rain/snow likely at a few places over higher reaches of Jammu & Kashmir and isolated over rest Jammu & Kashmir and Himachal Pradesh. Isolated rain/thundershowers also likely over Punjab. Weather will be mainly dry over the rest region.

EAST INDIA: Weather will be mainly dry over the region.

NORTHEAST INDIA: Isolated rain/thundershowers are likely over Assam and Arunachal Pradesh. 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

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 14th February, 2006):

Foreign Currency	Rs. per unit
1 US \$	44.26
1 Euro	52.68
100 Yen	37.54
1 British £	77.14

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