

## Wheat

11<sup>th</sup> 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 traded mostly range bound today due to almost steady physical market price. Wheat futures opened mostly firm and traded range bound as neither buyers or sellers were strong. The February contract opened mostly up at Rs. 870.0 and settled slightly up Rs.2.80 at Rs.869.80 today and traded within the range of Rs.865.20-872.00.

**Price Change:** February Contract

Contracts	Closing	Previous	Change
February	869.80	867.00	+2.80

**Indicators:** Candlesticks, MA, RSI and Stochastic are indicating slight strong sentiment where as PROC and MACD is indicating bearish sentiment. Open interest as well as volume is decreasing.

**Outlook:** The wheat futures are expected to remain range bound with slight bullish in the coming days but take position cautiously.

**Advice:** Better to stay away from the market.

**Support and Resistance Levels:**

The current resistance levels are at 870.7 and 875.9 marks and support levels are at 857.2 and 852.7 marks as very short term.

Contract	Support Levels		Resistance Levels	
	S1	S2	R1	R2
February	864.4	860.9	877.4	880.5



### DEMAND, SUPPLY AND PRICES AT IMPORTANT CENTRES

#### DOMESTIC MARKET COMMENTARY

**Delhi** showed a positive market sentiment for wheat today due to dearth of arrival and slight upward demand from mills. Wheat dara mill quality opened firm at Rs.990-992 per quintal today and traded within the range of Rs.990-1000 per quintal with average arrival of 3000-4000 bags from Madhya Pradesh at Lawrence road. Wheat prices have increased by Rs.10-20 per quintal today as compared with previous day, said a trader. According to the traders, less stock to the millers is also underpinning the market prices up. Wheat has traded at Narella and Najafgarh mandis on remarkably bullish side amidst paucity of arrival. Wheat dara mill quality has prevailed at Rs.970-985 per

quintal at Najafgarh mandis and Rs.970-980 per quintal at Narella mandis today.

**Uttar Pradesh** market showed steady to slight weak sentiment today due to slight strong demand from flourmills but the demand from other mill remained slight weak. But the sentiment remained very hot at Shahjahanpur market where the prices have increased by Rs.15-20 per quintal. 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

stable in Kasgang and quoted at Rs.880-890 per quintal with average arrival of 500 quintal and wheat dara mill quality quoted at Rs.875-880 per quintal at Etha mandis with arrival of 400 quintal. The wheat has traded at the range of Rs.995-1000 per quintal on mostly steady side at Hapur mandis today.

In **Punjab** market, the wheat prices inched up at most of the trading center today. The other market showed steady sentiment today amidst stable demand-supply scenario. The average arrival is witnessed about 300-500 bags in Ludhiana market. The wheat dara mill quality has traded at the range of Rs.950-960 per quintal at Jalandhar mandis and Rs.940-950 per quintal at Chandigarh mandis on steady side.

In **Rajasthan** market, wheat prices continued to decrease at Kota mandis but prices remained steady at Khairtal and Alwar market due to restricted arrival. The wheat has traded at Rs.960-965 per quintal in Jodhpur mandis on steady 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 are preserving its bullish sentiment and therefore it traded on higher side at Ahmedabad market today. The demand remained almost stable but few arrivals kept the market hot. At Saurashtra the wheat traded at the rate of Rs.905-910 per quintal with arrival of 900-1200 bags today and at Rajkot it traded at Rs.905-910 per quintal with arrival of 200-300 bags today. The arrival of new wheat crop has started but very few.

The wheat prices have been maintaining steady sentiment from two days due to stable demand supply scenario 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.980-990 per quintal in Pune and Rs.975-980 per quintal in Mumbai on mostly stable side.

In **Madhya Pradesh** mandis, increase in freight charge coupled with arrival of new crop pulled down the prices again in Indore market today as compared with last day. The new crop is likely to hit the market within 7-12 days as full-fledged. The prices are likely to curb in the coming weeks, according to the traders.

Most of the mandis has been maintaining steady undertone for wheat prices from two to three days amidst government intervention programme and weak arrival. Where as bearish sentiment is witnessing in M.P. mandis due to new crop arrival. The buyers are eyeing on the new crop arrival.

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

#### PRICES OF WHEAT PRODUCTS IN DELHI (in Rs.)

Wheat Products	9.02.06	10.02.06
Atta (90kg)	1020	1015
Maida Grade 1(90kg)	1180	1180
Suji (50kg)	651	652
Chokar (50 kg)	332	327
Chokar (35 kg)	220	217
Chakki Atta (90kg)	940	940

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

Markets	9.02.06	10.02.06
Delhi (Lawrence Road)	980-990	990-1000
Haryana (Karnal)	950-955	950-955
Punjab (Khanna)	940-945	945-950
Ahmedabad	945-950	950-955
Ludhiana	930-935	935-940
Ludhiana (Jagraon)	910-920	910-920
Rajasthan (Kota)	920-925	915-920
Amritsar	910-915	910-915
Uttar Pradesh (Kanpur)	915-920	915-920
Uttar Pradesh (Bareilly)	940-945	935-940
Uttar Pradesh (Shahjahanpur)	965-967	980-985
Maharashtra (Jalgaon)	850-860	850-860
Madhya Pradesh (Satna)	845-850	840-845
Madhya Pradesh (Indore)	880-890	875-885

#### INTERNATIONAL MARKET:

##### CBOT Wheat Soars amidst Fund Buying

Chicago Board of Trade (CBOT) wheat futures improved further and finished higher Thursday due to fund and technical buying. New contract highs in Kansas City and Chicago March wheat matching the September highs leaves the market in a bullish stance. Hard red winter wheat futures in Kansas City led the way higher, with March HRW futures made another new contract high for the sixth straight trading day. Spot month KCBT March traded at its highest level since 2004. CBOT March wheat increased 5 cents to \$3.568 per bushel, KCBT March gained 7 cents to \$4.335, and MGE March wheat soared 5.5 cents to \$4.093. March wheat support comes in at \$3.525 and \$3.495 with resistance at \$3.585 and \$3.618. CBOT March traded at its highest level since Sept. 30. The gains in CBOT corn and soybean market also provided support to the wheat market.

#### NEWS ANALYSIS:

##### USDA Estimated Lower Wheat Output in 2005-06

According to the latest USDA report on world agricultural supply and demand estimation (WASDE) on wheat, no changes are made to projected U.S. 2005/06 wheat imports, domestic use, exports, or ending stocks. No changes are made to projections of wheat by class. The projected 2005/06-price range is \$3.35 to \$3.45 per bushel, up 10 cents on the lower end and down 5 cents on the upper end from last month.

Global wheat production in 2005/06 is down fractionally, consumption is up slightly, imports decrease slightly, and exports increase fractionally from last month. Ending stocks decline nearly 3 million tons and are nearly 8 million tons less than the previous year. Smaller crops in Ukraine, Croatia, and Kyrgyzstan are nearly offset by larger crops in EU-25, Belarus, Serbia, and Azerbaijan. Consumption is up

in India and Belarus but down in Ukraine. Relative to last month, imports are projected to decline for China, India, and Russia and increase for EU-25. Exports increase for Brazil and Serbia but decline for Kazakhstan. The largest declines in stocks occur in India, China, and Brazil with smaller declines forecast for several other countries. Stocks are up in EU-25, Kazakhstan, and Azerbaijan.

### **Wheat: USDA Weekly Export Sales Highlights**

Net sales of 351,200 metric tons (MT) equalled the previous week, but were 1 percent below the prior 4-week average. Major increases were reported for the Philippines (69,000 MT), Japan (64,200 MT), Nigeria (42,200 MT), Mexico (34,600 MT), Venezuela (31,100 MT), and Chile (30,000 MT). Exports of 638,800 MT were 11 percent above the week earlier and 30 percent over the prior 4-week average. The main destinations were Mexico (121,800 MT), Japan (119,800 MT), Iraq (99,700 MT), Nigeria (71,200 MT), Venezuela (54,500 MT), and South Korea (48,500 MT). (This summary is based on reports from exporters for the period January 27 - February 2, 2006)

### **WEATHER OUTLOOK:**

Mainly dry weather conditions continue to prevail over the country. This scenario is likely to continue for next 2-3 days. Isolated light rainfall is also likely over West Bengal & Sikkim and Northeastern states on 10<sup>th</sup> and 11<sup>th</sup> February. Day temperatures continue to be above normal by 4-6 deg C over northwest India, northeastern states & west Madhya Pradesh, 2-4 deg C over Gangetic plains and central parts of the country. Night temperatures are also above normal by 2-4 deg C over northwest India and 2-4 deg C Gangetic plains, Sausashtra and Kutch and north Madhya Pradesh.

### **Forecast:**

#### **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.

**NORTH-WEST INDIA:** Isolated light rain/snow likely over Jammu & Kashmir and Himachal Pradesh on 12<sup>th</sup> & 13<sup>th</sup>. Weather will be mainly dry over the region.

**EAST INDIA:** Isolated rain/thundershowers likely over Sub-Himalayan West Bengal & Sikkim on 10<sup>th</sup> & 11<sup>th</sup>. Weather will be mainly dry over the rest region.

**NORTHEAST INDIA:** Isolated rain/thundershowers likely over Sub-Himalayan West Bengal & Sikkim and northeastern States on 10<sup>th</sup> & 11<sup>th</sup>. 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 region.

**WEST INDIA:** Weather will be mainly dry over the region.

**CENTRAL INDIA:** Weather will be mainly dry over the region.

### **Source: IMD**

Favorable 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 10<sup>th</sup> February, 2006):**

Foreign Currency	Rs. per unit
1 US \$	44.21
1 Euro	53.01
100 Yen	37.52
1 British £	77.24