

Wheat

13th 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 bearish today amidst news of FCI's selling and stable physical market price. Government has declared to release of additional wheat at open market, which pulled down the prices. The wheat import tender by STC has also little impact on wheat futures. The February contract opened slightly low at Rs.868 and closed down Rs.7.00 to Rs.861.80 and traded within the range of Rs.857-870.

Price Change: February Contract

Contracts	Closing	Previous	Change
February	861.80	868.80	-7.00

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

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

Advice: Go for short position near 866.2, target near 858.2 next 852.2 and put stop loss near 871.5.

Support and Resistance Levels:

The current resistance levels are at 870.5 and 875.0 marks and support levels are at 857.3 and 852.2 marks as very short term.

Contract	Support Levels		Resistance Levels	
	S1	S2	R1	R2
February	857.3	852.2	870.5	875.0



DEMAND, SUPPLY AND PRICES AT IMPORTANT CENTRES

DOMESTIC MARKET COMMENTARY

Wheat domestic spot prices remained steady today in **Delhi** due to stable demand-supply scenario. Wheat dara mill quality opened at Rs.990-992 per quintal and traded within the range of Rs.990-1000 per quintal with average arrival of 4000-5000 bags at Lawrence road. The wheat is coming from MP, UP and also from Haryana. The demand from Chakki mills is witnessed poor as they got wheat from FCI. FCI has declared yesterday to release additional wheat at the open market in February. Therefore the wheat prices are likely to decline in the coming days. Wheat has traded at Narella and Najafgarh mandis on steady side. Wheat dara mill quality has prevailed at Rs.980-985 per quintal at

Najafgarh mandis and Rs.975-985 per quintal at Narella mandis today.

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.875-880 per quintal at Etha mandis with arrival of 400 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 mixed sentiment today. The prices have increased in Amritsar market due to shortage of arrival of 4000-5000 bags and remarkable demands from mills where as the prices have declined at Ludhiana market though the buyers were strong. The other market showed steady sentiment today amidst stable demand-supply scenario. The average arrival is witnessed about 200-300 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 remained steady today. 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 have decreased slightly in Ahmedabad market. The new wheat crop has hit the market in Saurashtra and traded within the range of Rs.790-850 per quintal with average arrival of 25000-30000 bags.

The wheat prices have been maintaining steady sentiment from two-three 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 reduce 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. 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 **Monday** in the domestic spot market.

PRICES OF WHEAT PRODUCTS IN DELHI (in Rs.)

Wheat Products	10.02.06	11.02.06
Atta (90kg)	1015	1015
Maida Grade 1(90kg)	1180	1180
Suji (50kg)	652	651
Chokar (50 kg)	327	328
Chokar (35 kg)	217	213
Chakki Atta (90kg)	940	950

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

Markets	10.02.06	11.02.06
Delhi (Lawrence Road)	990-1000	990-1000
Haryana (Karnal)	950-955	950-955
Punjab (Khanna)	945-950	947-952
Ahmedabad	950-955	945-950
Ludhiana	935-940	925-930
Ludhiana (Jagraon)	910-920	890-900
Rajasthan (Kota)	915-920	915-920
Amritsar	910-915	945-955
Uttar Pradesh (Kanpur)	915-920	915-920
Uttar Pradesh (Bareilly)	935-940	935-940
Uttar Pradesh (Shahjahanpur)	980-985	980-985
Maharashtra (Jalgaon)	950-960	950-960
Madhya Pradesh (Satna)	840-845	815-820
Madhya Pradesh (Indore)	875-885	870-875

INTERNATIONAL MARKET:

CBOT Wheat Slips amidst Fund Selling

Chicago Board of Trade (CBOT) wheat futures rebounded from its recent gains and settled down on Friday amidst weaker markets in precious metals, crude oil and a decline in the CRB Index. The interest of fund buying remained poor after recent strength and fund selling pulled down the prices lower. CBOT March wheat decreased 8 cents to \$3.553 per bushel, KCBT March fell 3.75 cents to \$4.30, and MGE March wheat slipped 5 cents to \$4.10. Commodity fund buying was estimated at 4,200 contracts. Ideas that the market is overbought and some talk of the possibility of some rain in the southern plains for later next week added to the bearish tone. India announced a tender to import 500,000 tonnes of wheat but the news did not impact the market much and has been expected.

NEWS ANALYSIS:

FCI Releases Additional Wheat to Stabilise Price

To restrict the wheat prices at stable level the Government has decided to release the additional quantities of wheat at the open market in the States for the month of February 2006 over and above the allocation of 1.5 lakh tonnes each for the months of January and February 2006 and additional quantity of 73,000 MT released for January, 2006. Therefore they are likely to sell wheat very soon. The quantities (in metric tonnes) as State wise are below:

Delhi- 20000, Punjab including Chandigarh-20000, Haryana- 15000, U.P.-5000, J&K-5000, Madhya Pradesh-5000, Tamil Nadu- 10000, Karnataka-10000, Kerala-5000, Bihar-5000, West Bengal-10000, Orissa-5000, Assam & Arunachal Pradesh-5000, RO Shillong & RO N&M-3000, Maharashtra-10000, Gujarat-5000, Uttaranchal-2000, Rajasthan-5000, Andhra Pradesh-5000.

Wheat Output to Decline in Uttaranchal on Less Rain

The wheat production is likely to be down by 25% in Uttaranchal especially in hill areas due to less rainfall during winter. The State is fully depending on the rains but scarcity of rain has affected adversely on the wheat crop. According to Chandan Singh Mehra the Joint Secretary, Agriculture Department, the overall target put for wheat production this year was 8,22,000 metric ton but it may drop to 8,05,000 metric ton. The production, especially in Haridwar and Dehradun is likely to drop drastically this season. The wheat area was covered in total 499000-hectare area, whereas last year it was 394000 hectare and total production amounted to 93000 metric ton.

STC Floated a Tender for Wheat Import

India floated a global tender for the import of 500,000 tonnes of wheat on Friday to restrict a supply squeeze and increase domestic prices. The tender will close at noon on February 20, 2006 and the wheat has to be delivered to five designated south Indian ports between March and the middle of May, according to the State Trading Corporation. The wheat should be fit for human consumption and of the current 2005-06 crop of any country of origin, which is reported in this tender. The entire shipment will be received at the southern ports of Mangalore, Chennai, Tuticorin, Cochin and Vishakhapatnam.

WEATHER OUTLOOK:

Largely dry weather conditions will continue to prevail all over of the country for next 3-4 days outside Jammu & Kashmir and Himachal Pradesh where light to moderate rain/snow is expected during next 3-4 days in association with approaching western disturbance. Day temperatures are above normal by 8-10 deg C over Jammu & Kashmir 4-6 deg C over Punjab, Himachal, many parts of Rajasthan and Gujarat and 2-4 deg C over remaining parts of northwest India, and central India. Night temperatures are also above normal by 4-6 deg C over extreme west

Rajasthan, Saurashtra & Kutch 2-4 deg C over remaining northwest India Gangetic plains and adjoining central India and northeastern states. They are further likely to increase by 2-3 deg C during next 2-3 days over northwest India.

Forecast:

NORTH-WEST INDIA: Light to moderate rain/snow likely at a few places over Jammu & Kashmir and at isolated places over Himachal Pradesh. Weather will be mainly dry over the region.

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

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

SOUTH INDIA: 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 11th February, 2006):

Foreign Currency	Rs. per unit
1 US \$	44.12
1 Euro	52.37
100 Yen	77.00
1 British £	37.44

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.