

Wheat

21st 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 after mid hour amidst speculative buying and strong physical market price. The market remained sluggish at the first hour but settled bullish at the end. The March contract opened mostly weak at Rs.818.20 and went to Rs.834.0 and gained Rs.6.60 at Rs.830.0 and traded within the range of Rs.818-834 today.

Price Change: February Contract

Contracts	Closing	Previous	Change
March	830.00	823.40	+6.60

Indicators: All of the indicators are indicating bullish prices for wheat futures but Stochastic has reached at over bought region. Volume as well as open interest has increased many times today.

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

Advice: Buy below 829.0, target near 836.0 next 840.1, stop loss at 825.5.

Support and Resistance Levels:

The current resistance levels are at 840.1 and 844.0 marks and support levels are at 829.2 and 825.7 marks as very short term.

Contract	Support Levels		Resistance Levels	
	S1	S2	R1	R2
March	829.2	825.7	840.1	844.0



DEMAND, SUPPLY AND PRICES AT IMPORTANT CENTRES

DOMESTIC MARKET COMMENTARY

The sentiments reversed back to strong position on wheat market in **Delhi** today due to dearth of arrival and promising demand from Chakki and flourmills. Wheat dara mill quality opened at Rs.935-937 per quintal and traded at the range of Rs.945-950 per quintal today with average arrival of 1500-2000 bags at Lawrence road. The wheat is coming from Madhya Pradesh and Khanna. The millers coupled with the market have less stock therefore they are demanding for more wheat. But the paucity of arrival did not offset the high demand. Wheat prices have increased at Narella and Najafgarh mandis today. Wheat mill quality has traded at the range of Rs.940-950 per quintal at this

mandis. According to the traders, the wheat prices are likely to improve again in the coming days.

The sentiment for wheat market remained strong in **Uttar Pradesh** due to upward demand from Chakki mills and dearth of arrival. Wheat prices have soared at Bareilly and Shahjahanpur market but the other market showed steady sentiment today. Wheat prices remained slight up in Kasgang and quoted at Rs.860-865 per quintal with average arrival of 350-450 quintal and wheat dara mill quality quoted at Rs.860-865 per quintal at Etha mandis with arrival of 250-350 quintal. The wheat prices have also soared to Rs.950-960 per quintal at Hapur mandis today.

In **Punjab** market, the wheat prices have decreased at most of the mandis today as compared to previous day. The stockists are realising their stocks and buyers are not interesting to take wheat at higher prices. FCI had sold around 25000 bags of wheat at Rs.825 per quintal in Punjab, which has restricted the price to increase.

In **Rajasthan** market, wheat prices reversed back and traded lower side at Kota mandis due to weak demand and releasing of wheat by the FCI. The wheat has traded at Rs.960-980 per quintal in Jodhpur mandis on lower side. At Khairtal and Alwar market it traded at Rs.875-885 per quintal with very few arrival about 50-100 bags.

In **Gujarat** market, the wheat prices have been showing steady sentiment from several days due to stable demand supply scenario in Ahmedabad market. The new wheat crop has been coming in the Saurashtra market with arrival of 5000-6000 bags and traded within the range of Rs.875-900 per quintal on slight higher side.

The wheat prices has been showing steady undertone for two to three days 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 wheat arrival remained very weak today at Jalgaon market around 2-3 motors and wheat has traded at Rs.930-935 per quintal where as new wheat crop has traded within the range of Rs.918-922 per quintal with short of arrival around 40-50 bags. 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 pulled down the prices in Indore market. The demand from flourmills remained weak. The wheat has traded within the range of Rs.885-900 per quintal with average arrival of 4000-5000 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 **Tuesday** in the domestic spot market.

PRICES OF WHEAT PRODUCTS IN DELHI (in Rs.)

Wheat Products	18.02.06	20.02.06
Atta (90kg)	975	975
Maida Grade 1(90kg)	1161	1161
Suji (50kg)	640	640
Chokar (50 kg)	300	295
Chokar (35 kg)	197	197
Chakki Atta (90kg)	890	890

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

Markets	18.02.06	20.02.06
Delhi (Lawrence Road)	930-935	945-950
Haryana (Karnal)	930-931	910-915
Punjab (Khanna)	935-940	920-925
Ahmedabad	945-950	945-950
Ludhiana	850-860	850-860
Ludhiana (Jagraon)	850-860	850-860
Rajasthan (Kota)	955-960	925-930
Amritsar	900-910	900-910
Uttar Pradesh (Kanpur)	905-910	900-905
Uttar Pradesh (Bareilly)	900-905	915-920
Uttar Pradesh (Shahjahanpur)	945-950	960-965
Maharashtra (Jalgaon)	925-935	930-935
Madhya Pradesh (Satna)	820-825	810-815
Madhya Pradesh (Indore)	925-930	885-900

INTERNATIONAL MARKET:

CBOT remained closed on Saturday and Sunday.

NEWS ANALYSIS:

Govt: Farmers Must Go to Irrigation for Wheat Crop

The government has advised to wheat-producing states to inculcate their farmers for higher irrigation due to rise in temperature. They are also expecting that it would affect the crop yield. According to the deputy director general of ICAR, JS Samra, the temperature has been increased by 3-6 degree centigrade during the last fortnight which is not good for early maturing varieties in certain north Indian areas. The early maturing varieties sown in Karnal, Delhi and western Uttar Pradesh might get affected and their maturing period reduced due to the recent variation of temperature from normal level, he concluded. The scientist, however, said the wheat crops in Rajasthan were maturing as per schedule and there was no impact of rise in temperature visible in the fields there. The ideal temperature of 12 to 13 degrees is beneficial for wheat crop during the maturing stage but not any level beyond 15 degrees centigrade.

India Importing Wheat amidst Shortage of Buffer Stocks

According to Food Minister Sharad Pawar, the decision of 500,000 metric tons of wheat import has taken due to it expects a shortage of wheat buffer stocks in the April 2006 to March 2007 marketing year. The government sells wheat and rice at subsidized rates under the Public Distribution System. The buffer stock is maintained to meet emergencies such as drought and floods. It was fixed that the buffer stock for wheat will be at least 4.0 million tons as on April 1 in each year. The buffer stock is expected to be at less than 1.5 million tons on April 1, 2006, Pawar said. The government will start procuring wheat from farmers at the end of March in the northern Indian

provinces of Punjab, Haryana, Uttar Pradesh and Madhya Pradesh. The imported wheat will be used to increase stocks in the southern states of Karnataka, Tamil Nadu, Andhra Pradesh and Kerala, because this region does not primarily produce wheat and where consumers faced high prices last month. He also concluded that the imported wheat would not be sold in wheat producing areas likely central and northern India.

WEATHER OUTLOOK:

Mainly dry weather conditions are likely to prevail over the country for the next 2-3 days outside northeastern states and sub-Himalayan west Bengal & Sikkim where rain/thundershowers are likely at a few places. Both day & night temperatures were above normal by 4-7 °C over northwest India, Gangetic Plains and central India. These warm condition are likely to continue for next 4-5 days, through a slight fall in night temperature is expected over northwest India and Gangetic plains during next 2 days.

Forecast:

NORTH WEST INDIA: Isolated rain/snow likely over higher reaches of Jammu & Kashmir. Mainly Dry weather over the rest region. Day temperatures are likely to remain 5-7°C above normal over the region.

EAST INDIA: Rain/thundershowers likely at a few places over Sub- Himalayan West Bengal & Sikkim and isolated over Gangetic West Bengal. Weather will be mainly dry over the rest region. Night 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 isolated over the rest region.

SOUTH INDIA: Isolated rain/thundershowers likely over Nicobar Islands. Weather will be mainly dry over the rest region. Night temperatures over the Peninsula are likely to remain near normal, though the day temperatures could remain 2-3°C above normal.

WEST INDIA: Weather will be mainly dry over the region. Day and Night temperatures over Rajasthan and Gujarat are likely to remain above normal by 4-7°C above normal.

CENTRAL INDIA: Weather will be mainly dry over the region. Day and night temperatures over Madhya Pradesh and Chhattisgarh are likely to remain significantly above normal.

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 20th February, 2006):

Foreign Currency	Rs. per unit
1 US \$	44.43
1 Euro	53.17
100 Yen	77.49
1 British £	37.58

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