

Wheat

29th 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 range bound at most of the hour but settled slight bearish today amidst lack of buying interest. The activity also remained slight poor. The steady to weak sentiment of physical market prices also underpinned the market. The March contracts opened down at Rs.850 and settled slightly down by Rs.1.20 at Rs.849.20 and traded within the range of Rs.849.00-854.60 today.

Price Change: March Contracts

Contracts	Closing	Previous	Change
March	849.20	850.40	-1.20

Indicators: All of the indicators are hinting to bearish trend of wheat prices. MACD is indicating medium term bullishness. Open interest as well as volume has decreased.

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

Advice: Sell near 852.0, target near 847.0 next 843.8, put stop loss at 855.0.

Support and Resistance Levels:

The current resistance levels are at 855.1 and 858.4 marks and support levels are at 847.0 and 843.8 marks as very short term.

Contracts	Support Levels		Resistance Levels	
	S1	S2	R1	R2
March	847.0	843.8	855.1	858.4



DEMAND, SUPPLY AND PRICES AT IMPORTANT CENTRES

DOMESTIC MARKET COMMENTARY

The sentiment is witnessing range bound with steady in **Delhi** market for wheat today amidst stable demand supply scenario. The demand from Chakki and flourmills remained weak as they got wheat from FCI but the few arrival kept the market steady. Wheat dara mill quality has traded within the range of Rs.940-945 per quintal at Lawrence road with dearth of arrival around 1500-2000 bags from Gujarat and MP respectively. According to the traders, the wheat prices are likely to behave steady for the couple of days. Wheat has traded at the range of

Rs.930-950 per quintal at Narella and Najafgarh mandis today withy short of arrival.

The wheat prices continued to witness a steady undertone and wheat has traded on stable position today in **Uttar Pradesh** market. The main governing factor was stable demand supply scenario. Wheat has traded on steady side in Bareilly, Kanpur, Shahjahanpur and Kasgang market. Wheat mill quality has quoted at Rs.885-895 per quintal with average arrival of 250-300 quintal at Kasgang at steady side and wheat dara mill quality quoted at Rs.885-890 per quintal at Etha mandis with arrival of 200-250

quintal. The wheat prices remained steady at Rs.970-975 per quintal at Hapur mandis today.

In **Punjab** market, the wheat prices also showed steady movement at most of the trading centre due to stable buying pressure from flourmills.

In **Rajasthan** market, the wheat prices fell down due to weak demand and higher arrival. At Khairtal and Alwar market it traded at Rs.870-880 per quintal with very few arrival about 60-80 bags on slight lower side.

The market is continuing to show sharp bearish trend in **Gujarat** market due to higher arrival of new wheat crop. The wheat has traded on mostly bearish side at Ahmedabad market. The increasing arrival of new wheat crop in Saurashtra and other region coupled with weak demand from buyers is aggravating the prices to down. The arrival of new wheat crop is increasing and the many companies are procuring wheat at Rs.781-785 per quintal at Rajkot market, according to the traders. The fresh arrival around 15000-20000 bags of new wheat crop has hit to Saurashtra market. The new wheat has traded within the range of Rs.795-805 per quintal. At Rajkot, the wheat has traded at Rs.755-770 per quintal on lower side.

The wheat prices decreased further in Jalgaon, Mumbai and Pune in **Maharashtra** market today. The main bearish factor was strong arrival from MP and local area, which has pulled down the prices. The fresh arrival of new wheat crop has witnessed to 200 bags from local area where as the arrival remained at 8-10 lorries from MP today. Wheat Lokwan variety has traded at the range of Rs.960-970 per quintal in Pune and Mumbai on lower side and mill quality has traded within the range of Rs.880-895 per quintal with higher arrival.

In **Madhya Pradesh** mandis, wheat prices has showed downward curve due to new crop arrival and poor demand. The new wheat has traded within the range of Rs.790-820 per quintal at lower side in Indore market. The arrival of new wheat crop is likely to increase within 10-15 days. Therefore the wheat prices are likely to decline in the coming days.

The wheat prices remained range bound with slight upward tone in **Haryana** market today. FCI's wheat is selling in the market. Wheat has traded within the range of Rs.845-855 per quintal at Dhabwali mandis on steady side.

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

PRICES OF WHEAT PRODUCTS IN DELHI (in Rs.)

Wheat Products	27.02.06	28.02.06
Atta (90kg)	965	965
Maida Grade 1(90kg)	1161	1161
Suji (50kg)	640	640
Chokar (50 kg)	282	282
Chokar (35 kg)	190	190
Chakki Atta (90kg)	895	895

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

Markets	27.02.06	28.02.06
Delhi (Lawrence Road)	940-945	940-945
Haryana (Karnal)	920-925	923-927
Punjab (Khanna)	900-905	900-905
Ahmedabad	860-865	840-845
Ludhiana	875-880	875-880
Ludhiana (Jagraon)	835-840	835-840
Rajasthan (Kota)	917-922	905-910
Amritsar	865-875	865-875
Uttar Pradesh (Kanpur)	922-925	922-925
Uttar Pradesh (Bareilly)	930-933	930-933
Uttar Pradesh (Shahjahanpur)	990-995	990-995
Maharashtra (Jalgaon)	800-825	780-800
Madhya Pradesh (Satna)	805-810	805-810
Madhya Pradesh (Indore)	800-830	790-820

INTERNATIONAL MARKET:

CBOT Wheat Remains Strong amidst Late Fund Buying

Chicago Board of Trade (CBOT) wheat futures remained bullish Monday bounced from losses set earlier in the session amidst fund buying after midday in the absence of fresh news helped push futures higher. Weakness in most other commodity markets coupled with ideas that overbought wheat market helped trigger the early weakness for the wheat market. Spillover selling from the soy complex added to the early price weakness. Light fund buying and the lack of selling interest provided underlying support. Commodity fund buying was estimated at 4,000 contracts. CBOT March wheat finished 5 cents up at \$3.733 per bushel and May wheat increased 5.75 cents at \$3.858. March wheat support comes in at \$3.675 and \$3.65 with resistance at \$3.77 and \$3.825.

NEWS ANALYSIS:

Wheat Stocks Remained Down to 38.35 Lt

According to sources, the wheat stock belongs to government remained down in this year as compared with last year. But the government said it is sufficient to meet domestic requirement. The imported wheat is likely to come in April. As on 24th February 2006, the government has around 38.35 lakh tonnes of wheat, which is low than that of buffer norms at 40 lakh tonnes as of 1st April 2006.

World Wheat Production Likely to Decline in 2006-07

It is estimated that wheat production to decrease in 2006-07 in the world. However it is dependent upon the level of winterkill in both the Black Sea region and the U.S. winter wheat belt. The lower wheat production is witnessing from Australia, Europe, US, Canada, Ukraine and other countries but the production is increased in Argentina. It is forecasted that the wheat production in the world,

including durum, is pegged at 600 million to 605 million metric tons in 2006-07, which is declined from 616 million the previous season.

WEATHER OUTLOOK:

The day & night temperatures over northwest & central India and Uttar Pradesh have fallen by 2-3°C. The night temperatures over these areas are likely to fall further by 2-3° C during next 2 days and may be around near normal.

Thunderstorm activity is likely over isolated pockets of central & Peninsula India during next 3-4 days leading to some respite from the prevailing warm conditions over central India.

NORTH-WEST INDIA: Mainly Dry weather is likely over the region. Night temperatures over the regions are likely to fall further by 2-3° C.

EAST INDIA: Weather will be mainly dry over the region. Day & night temperatures are likely to fall by 2-3°C.

NORTHEAST INDIA: Rain/thundershowers are likely at a few places over Assam and Arunachal Pradesh. Mainly dry weather over the rest region. Slight fall in night temperatures is expected in this region also.

SOUTH INDIA: Isolated rain/thundershowers likely over Nicobar Islands, Kerala, Telangana & Interior Karnataka. Weather will be mainly dry over the rest region, However,

isolated rain/thundershowers are also likely over Tamil Nadu and Coastal Andhra Pradesh from 1st to 3rd March.

WEST INDIA: Isolated rain/thundershowers likely over Marathwada and south Madhya Maharashtra. Weather will be mainly dry over the region. Day & night temperatures over Gujarat and Maharashtra are likely to fall by 2-3° C.

CENTRAL INDIA: Weather will be mainly dry over the region. However, isolated rain/thundershowers likely over Vidarbha and south Chhattisgarh between 1st & 3rd March leading to a fall of 2-3° C in temperatures 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 28th February, 2006):

Foreign Currency	Rs. per unit
1 US \$	44.44
1 Euro	52.70
100 Yen	38.24
1 British £	77.30

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