

Wheat

23rd 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 continued to trade bullish and settled mostly up today amidst stable physical market price and speculative buying. The forecast of higher consumption of wheat in 2006-07 MY as compared with output also provided some underlying support to the market. The less stock at the market as well as FCI also kept pressure on prices. The March contract opened mostly up at Rs.840.8 and gained Rs.14.60 at Rs.853.20 and traded within the range of Rs.838.00-855.00 today.

Price Change: March Contract

Contracts	Closing	Previous	Change
March	853.20	838.60	+14.60

Indicators: All of the indicators are indicating bullish prices for wheat futures but Stochastic is indicating to bearish and RSI has reached overbought region. Volume as well as open interest is increasing.

Outlook: It is likely that the wheat futures would remain bullish in the coming days. But trend reversal might be possible so take position cautiously.

Advice: Buy near 852.0, target near 860.0 next 863.5, stop loss at 848.0.

Support and Resistance Levels:

The current resistance levels are at 860.3 and 865.1 marks and support levels are at 852.3 and 847.2 marks as very short term.

Contract	Support Levels		Resistance Levels	
	S1	S2	R1	R2
March	852.3	847.2	860.3	865.1



DEMAND, SUPPLY AND PRICES AT IMPORTANT CENTRES

DOMESTIC MARKET COMMENTARY

Wheat market remained eased in **Delhi** today amidst stable demand supply scenario. However the arrival is witnessing poor around 1500-2000 bags at the Lawrence road and the stable demand from flourmills and Chakki mills. Wheat dara mill quality traded steady at the range of Rs.950-960 per quintal today as compared to last day at this mandis. The arrival was from MP and Khanna. FCI is likely to release another 20000 tonnes of wheat to the roller flourmills in Delhi within 10-15 days, which is likely to crunch the present sentiment. Where as Narella and Najafgarh mandis showed slight bearish trend today and wheat has quoted at Rs.930-935 per quintal at Najafgarh and Rs.935-945 per quintal at Narella mandis.

Wheat prices have soared slightly in **Uttar Pradesh** due to upward demand from Chakki mills and shortage of arrival. The less stock at the market yards and moderate demand from the mills aggravated the situation. Wheat has traded on slight bullish in Kasganj and quoted at Rs.875-880 per quintal with average arrival of 250-350 quintal and wheat dara mill quality quoted at Rs.875-880 per quintal at Etha mandis with arrival of 400 quintal. The wheat prices have also increased to Rs.960-965 per quintal at Hapur mandis today.

In **Punjab** market, the sentiment for wheat market remained slight bearish due to weak demand from flourmills and weak demand of wheat products. The wheat

prices have decreased strongly at Amritsar market despite the low arrival. The stockists are also releasing stocks, which have restricted the prices to up.

In **Rajasthan** market, wheat prices bounced back and traded on bearish side amidst stockists are realising their stocks and weak demand of wheat products. At Khairtal and Alwar market it traded at Rs.885-895 per quintal with very few arrival about 75-100 bags. The demand from mill industry remained slight weak.

In **Gujarat** market, wheat prices showed a downtrend direction as strong arrival pressure of new crop. The arrival of new wheat crop is increasing and the many companies are procuring wheat at Rs.805 per quintal at Saurashtra market, according to the traders. The old wheat prices have decreased by Rs.15-20 per quintal at Ahmedabad market and traded at Rs.920-925 per quintal due to releasing stocks by the stockists. The higher arrival around 20000-25000 bags of new wheat crop has again pulled down the wheat prices at Saurashtra market. The new wheat has traded within the range of Rs.810-815 per quintal.

The wheat prices have declined slightly in **Maharashtra** market due to arrival of new crop and weak demand. The buyers are now waiting for new wheat crop and they have postponed their buying. The weak arrival around 1-2 motors in Jalgaon also kept pressure on prices. Wheat has traded at Rs.930-935 per quintal where as new wheat crop has traded within the range of Rs.910-920 per quintal with arrival around 75-100 bags in Jalgaon market. Wheat Lokwan variety has traded at the range of Rs.1050-1100 per quintal in Pune and Mumbai on lower side and mill quality has traded within the range of Rs.980-990 per quintal with stable arrival.

In **Madhya Pradesh** mandis, wheat prices get steady amidst stable demand despite the higher arrival of new crop kept pressure on prices at Indore market. The demand from flourmills remained stable. The wheat has traded within the range of Rs.890-900 per quintal with average arrival of 5000-7000 bags at this mandis. 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.

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

PRICES OF WHEAT PRODUCTS IN DELHI (in Rs.)

Wheat Products	21.02.06	22.02.06
Atta (90kg)	975	970
Maida Grade 1(90kg)	1161	1161
Suji (50kg)	640	640
Chokar (50 kg)	295	295
Chokar (35 kg)	197	197
Chakki Atta (90kg)	890	890

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

Markets	21.02.06	22.02.06
Delhi (Lawrence Road)	950-960	950-960
Haryana (Karnal)	922-927	922-927
Punjab (Khanna)	920-925	915-920
Ahmedabad	935-940	920-925
Ludhiana	880-890	875-885
Ludhiana (Jagraon)	840-850	840-850
Rajasthan (Kota)	933-937	925-930
Amritsar	910-920	875-890
Uttar Pradesh (Kanpur)	905-910	909-912
Uttar Pradesh (Bareilly)	905-910	913-917
Uttar Pradesh (Shahjahanpur)	970-973	970-973
Maharashtra (Jalgaon)	930-935	930-935
Madhya Pradesh (Satna)	810-815	810-820
Madhya Pradesh (Indore)	880-890	890-900

INTERNATIONAL MARKET:

CBOT Wheat Settles Bullish amidst Weather Concern

Chicago Board of Trade (CBOT) wheat futures witnessed bullish and finished higher Tuesday amidst weather-related concerns, fund buying and hopes of some sales to Iraq and India all helped provide support. Dry weather on the 6-10 day forecast for the southern plains was also seen as a supportive factor as many traders believe the dryness, not the cold weather, is the biggest near-term bullish factor for the wheat market. New contract highs were set in tardy CBOT, KCBT and MGE wheat futures for the second straight session. KCBT wheat is continuing the bullish trend on speculation that some of the HRW crop might have been damaged, and speculation is bullish. Another bullish factor was Iraq had purchased wheat from U.S., Canada and Europe in its long running tender also supported prices. CBOT March wheat increased 4.5 cents at \$3.725 per bushel. May wheat also soared 4.5 cents to \$3.84. Commodity fund buying was estimated at 4,000 contracts. March wheat support comes in at \$3.70 and \$3.638 with resistance at \$3.77 and \$3.81.

NEWS ANALYSIS:

Karnataka Flour Mills Look for Additional FCI Wheat

Roller flour millers in Karnataka have urged to continue the open market sale of wheat by the FCI, as the present price of wheat is too high around Rs.1100-1150 per quintal. The new wheat crop will hit the market in mid April but the situation is too hot in this state. Therefore the government should continue their open market sale to restrict the prices up, according to the millers. They claimed to release additional 35,000 tonnes of wheat under OMSS(D). The state experienced a rigorous shortage of wheat in the open market in December 2005. In January 2006, a shortage of railway wagons aggravated the situation, according to V P

Jayaraman, executive secretary, Karnataka Roller Flour Mills Association.

FCI: Expected to Release 20,000 tonnes Wheat in Delhi

It is reported by a senior official of FCI (Food Corporation of India), they might be released around 20000 tonnes of wheat for open market sale within 15 days in Delhi to ensure steady supplies for roller mills. The official said around 2,23,000 tonnes of wheat being released for open market sale in February for the entire country. The government had last month said it would release 73,000 tonnes wheat for open market sale in February, over and above the 1,50,000 tonnes announced earlier. Delhi got about 52,000 tonnes of the total allocation of 2,23,000 tonnes in the entire country.

Wheat Consumption Likely to 74.5 MMT in 2006-07

According to the sources, the wheat production in this current year is estimated to 73-74 million tonnes, which is higher as compared with 72 million tonnes of last year 2005-06 marketing year. The wheat consumption in marketing year 2006-07 is forecast at 74-75 million tonnes, which is higher than that of estimated production. It is clearly indicated that the production is not increasing as compared with consumption. Therefore India might be import further in the current year to recuperate the difference. Government has already reported that they would review wheat import plan after local procurement.

Wheat Import Likely to Delay as Tough Standards

Due to tough Indian wheat standards only one bidder has passed under tender conditions out of eight bidders. Therefore the wheat import is likely to delay. The STC has also cleared that they would not alter the quality norms of wheat imports. Quality standards have been structured in line with local Indian requirements.

WEATHER OUTLOOK:

Light to moderate rain/thundershowers have continued at a few places over Assam, Meghalaya, Arunachal Pradesh and Sub Himalayan West Bengal & Sikkim during past 24 hours. The ongoing rainfall activity is likely to decrease after 24 hours. Largely dry weather conditions are likely to prevail over most parts of the country for the next 4-5 days outside western Himalayan region where scattered rain/snow is likely during next 3-4 days with increased intensity on 24th to 26th. Isolated rain/thundershowers are also likely over the adjoining plains of Punjab, northwest Rajasthan and Haryana. Day temperatures were 8-10 ° C

above normal over western Himalayan Region & parts of West Rajasthan and northwest Madhya Pradesh. They were 6-8 ° C above normal over remaining parts of northwest India, Uttar Pradesh and central India. Night temperatures were 5-7 ° C above normal over northwest India, Gangetic Plains & adjoining central India and East & northeast India. This scenario is likely to continue for the next 3-4 days.

Forecast:

NORTH WEST INDIA: Isolated rain/snow likely to commence over Jammu & Kashmir from 23rd, which is likely to increase from 24th and extend to Himachal Pradesh. Isolated rain/thundershowers also likely over Punjab. Mainly Dry weather over the rest region.

EAST INDIA: Isolated rain/thundershowers likely over Sub- Himalayan West Bengal & Sikkim. Weather will be mainly dry over the rest region. Day temperatures are likely to remain 4-6°C above normal.

NORTHEAST INDIA: Rain/thundershowers are likely at a few places over Assam & Meghalaya and Arunachal Pradesh during next 1-2 days. Mainly dry weather over the rest region.

SOUTH INDIA: Isolated rain/thundershowers likely over Nicobar Islands. Weather will be mainly dry over the rest region. Day & night temperatures to remain near normal.

WEST INDIA: Weather will be mainly dry over the region, except isolated rain/thundershowers likely over northwest Rajasthan on 25th. Day and Night temperatures likely to remain significantly above normal over many parts of Rajasthan.

CENTRAL INDIA: Weather will be mainly dry over the region. Day temperatures are likely to remain 6-8° C above normal over northwest Madhya Pradesh and 4-6° C over rest 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 22nd February, 2006):

Foreign Currency	Rs. per unit
1 US \$	44.51
1 Euro	53.07
100 Yen	77.69
1 British £	37.53

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