

Wheat

24th 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 settled marginally up today amidst profit taking at late hour and technical correction. Though the futures market traded on mostly bullish side at the first half but fell down at the late hour, as sellers became aggressive. The March contract opened up at Rs.854.4 and settled inched up Rs.1.80 at Rs.855.00 and traded within the range of Rs.851.60-868.00 today.

Price Change: March Contract

Contracts	Closing	Previous	Change
March	855.00	853.20	+1.80

Indicators: Candlesticks, Stochastic and RSI are indicating bearishness of wheat prices but MA is indicating bullish trend. Open interest and Volume is increasing.

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

Advice: Sell near 854.0, target near 847.0 next 845.0, stop loss at 857.5.

Support and Resistance Levels:

The current resistance levels are at 858.3 and 863.8 marks and support levels are at 847.9 and 843.7 marks as very short term.

Contract	Support Levels		Resistance Levels	
	S1	S2	R1	R2
March	847.9	843.7	858.3	863.8



DEMAND, SUPPLY AND PRICES AT IMPORTANT CENTRES

DOMESTIC MARKET COMMENTARY

Wheat spot prices inched up to Rs.955-960 per quintal in **Delhi** due to poor demand despite the arrival is remaining negligible. Wheat dara mill quality traded within the range of Rs.955-960 per quintal at Lawrence road with short of arrival of 1500-2000 bags. The main supplier of wheat at present are MP, UP and Punjab. The most of the wheat is coming from Madhya Pradesh and Khanna but it is very few. Narella and Najafgarh mandis remained steady today and wheat has quoted at Rs.930-935 per quintal at Najafgarh and Rs.935-945 per quintal at Narella mandis. Traders are anticipating that the wheat prices are likely to

trade steady till end of February. The prices are likely to decline when FCI would release 20000 tonnes of wheat in Delhi within 15 days.

Wheat prices inched up in **Uttar Pradesh** market amidst stable demand from local side and less stock at the market yards. Wheat has traded on slight bullish in Bareilly and Kasgang and quoted at Rs.880-885 per quintal with average arrival of 300 quintal at Kasgang and wheat dara mill quality quoted at Rs.875-880 per quintal at Etha mandis with arrival of 250-300 quintal. The wheat prices

remained steady at Rs.960-965 per quintal at Hapur mandis today.

In **Punjab** market, the wheat market continued its bearish trend and traded on slight lower side due to weak demand from flourmills and weak demand of wheat products. The wheat prices witnessed steady at Amritsar market amidst dearth of arrival. The stockists are also releasing stocks, which have restricted the prices to up.

In **Rajasthan** market, wheat prices fell down farther today and traded on bearish side. At Khairtal and Alwar market it traded at Rs.880-890 per quintal with very few arrival about 75-100 bags. The demand from mill industry remained slight weak.

Wheat market sentiment continued its bearish trend in **Gujarat** market amidst fresh arrival of new wheat crop in Saurashtra and poor demand. The buyers are not reluctant to buy wheat at higher prices. The arrival of new wheat crop is increasing and the many companies are procuring wheat at Rs.805 per quintal at Rajkot market, according to the traders. The old wheat prices have decreased further by Rs.10-15 per quintal at Ahmedabad market and traded at Rs.910-915 per quintal due to releasing stocks by the stockists. The arrival around 10000-15000 bags of new wheat crop is witnessed at Saurashtra market. The new wheat has traded within the range of Rs.810-815 per quintal. At Rajkot, the wheat has traded at Rs.790-800 per quintal.

The wheat prices have declined by Rs.20-25 per quintal 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. Wheat has traded at Rs.910-915 per quintal where as new wheat crop has traded within the range of Rs.890-895 per quintal with arrival around 75-100 bags in Jalgaon market. Wheat Lokwan variety has traded at the range of Rs.1025-1050 per quintal in Pune and Mumbai on lower side and mill quality has traded within the range of Rs.960-970 per quintal with stable arrival.

In **Madhya Pradesh** mandis, wheat prices decreased by Rs.10-15 per quintal as the new wheat crop have already hit the market. The demand from flourmills remained stable. The average arrival of 5000-7000 bags is witnessed at Indore market. The new wheat crop is expected to hit Satna market in March.

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

PRICES OF WHEAT PRODUCTS IN DELHI (in Rs.)

Wheat Products	22.02.06	23.02.06
Atta (90kg)	970	965
Maida Grade 1(90kg)	1161	1161
Suji (50kg)	640	640
Chokar (50 kg)	295	282
Chokar (35 kg)	197	190
Chakki Atta (90kg)	890	895

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

Markets	22.02.06	23.02.06
Delhi (Lawrence Road)	950-960	955-960
Haryana (Karnal)	922-927	926-930
Punjab (Khanna)	915-920	910-915
Ahmedabad	920-925	910-915
Ludhiana	875-885	870-880
Ludhiana (Jagraon)	840-850	840-850
Rajasthan (Kota)	925-930	920-925
Amritsar	875-890	875-880
Uttar Pradesh (Kanpur)	909-912	909-912
Uttar Pradesh (Bareilly)	913-917	917-920
Uttar Pradesh (Shahjahanpur)	970-973	970-973
Maharashtra (Jalgaon)	930-935	910-915
Madhya Pradesh (Satna)	810-820	810-820
Madhya Pradesh (Indore)	890-900	880-885

INTERNATIONAL MARKET:

CBOT Wheat Bounces Back to Down on Consolidation

Chicago Board Of Trade (CBOT) wheat futures fell down from its recent gains and traded bearish on Wednesday amidst lack of new buying interest and active long liquidation selling from speculators early in the trade action. Weakness in the Kansas City market and a downfall in the corn and soybean futures with double digit losses posted in soybeans for the second straight session contributed to the increased long liquidation selling. Talk that the US might receive near 50% of the Iraq tender for 1 million tonnes provided support to the market yesterday and rumors that the US might get shut-out on the tender helped trigger the selling pressures today. Reports that Iraq had purchased 1.5 million metric tons of U.S. and Canadian wheat had little impact. CBOT March wheat fell 7 cents at \$3.655 per bushel. May wheat decreased 6.5 cents to \$3.775. March wheat support comes in at \$3.598 and \$3.558 with resistance at \$3.68 and \$3.70.

NEWS ANALYSIS:

Wheat Production: Government Estimated to 73.06 MMT

According to government's estimation, the wheat output is expected to rise by 1.5% in the current fiscal year to peg at 73.06 million tonnes as compared with 72.0 MMT of previous year 2004-05. The Government has decided to import 5 lakh metric tonnes of wheat for South India due to shortage of government as well market's stock. According to the second advance estimate of crop production released by the government on Wednesday, total foodgrain output is likely to increase by 2.3% in 2005-06 to be at 209.32 million tonnes.

Wheat: Adverse Weather Pulls Down Production

The wheat production has forecasted at 73.1 MMT, which is marginally higher as against of last year. According to Agriculture Secretary Radha Singh, the wheat output might be increased to 75 MMT if the weather conditions would have been better. Dearth of winter rains and extreme cold being followed by hot weather harmfully affected on the wheat production. According to the crop specialists, temperatures in February and March are very vital for final production. Any abnormalities in weather might be affected to grain shrinkage and lower production. The lower production as compared with expectation of 75-76 MMT is mainly due to the estimated production shortfall from Madhya Pradesh. The wheat acreage has come down by 6 lakh hectares in Madhya Pradesh because of water deficiency and drought-like conditions prevailing in the state. India's wheat output reached a record 76.4 million tons in 1999-2000 but has since seen a steady decline. The country produced 72 MMT against a target of 79.5 MMT in 2004-05.

WEATHER OUTLOOK:

Largely dry weather conditions continued to prevail over most parts of the country outside Arunachal Pradesh, Assam & Meghalaya and Sikkim where light rain/thundershowers have been experienced. This scenario is likely to continue for next 3-4 days except light to moderate rain/snow over western Himalayan region and isolated light rain/thundershowers over northeastern states. Day temperatures remained 6-8 degree C above normal over northwest India, Gangetic Plains, central & east India. Night temperatures over these areas also remained 4-6 ° C above normal. These warm conditions are likely to continue for the next 3 days.

Forecast:

NORTH WEST INDIA: Isolated to scattered rain/snow likely over Jammu & Kashmir. It is likely to increase from

25th and extend into Himachal Pradesh. 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 & night 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 likely to remain near normal.

WEST INDIA: Weather will be mainly dry over the region. Day and Night temperatures likely to remain markedly above normal over many parts of the region.

CENTRAL INDIA: Weather will be mainly dry over the region. Day temperatures are likely to remain 5-7° C above normal 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 23rd February, 2006):

Foreign Currency	Rs. per unit
1 US \$	44.56
1 Euro	53.07
100 Yen	37.92
1 British £	77.76

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