

## WHEAT

17<sup>th</sup> APRIL, 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:** May (Future)

NCDEX wheat futures bounced back to weak position today amidst strong selling pressure at late hour. The slight weakness at the spot market also supported the futures market. The futures market traded bullish till first hour following strong opening on buying support but strong selling pressure pulled down the prices at late hour. The spot prices inched down in Delhi today. The May contracts settled down by Rs.5.40 to Rs.823.00 following mostly firm opening of Rs.830.40 and traded in between Rs.822.20-837.00 today.

**Price Change:** May Contract

Contracts	Closing	Previous	Change
May	823.00	828.80	-5.80

**Indicators:** Most of the indicators are indicating to bearishness of wheat prices except Stochastic, which is hinting to bullishness. Volume has decreased but open interest has increased today.

**Outlook:** Wheat futures are anticipated to trade bearish in the coming week.

**Advice:** Sell near 822.5, target near 811.5 next 809.5 and stop loss at 828.0 marks.

### DEMAND, SUPPLY AND PRICES AT IMPORTANT CENTRES

#### DOMESTIC MARKET COMMENTARY

The market price for wheat moved down slightly today in **Delhi** as compared with previous day. The wheat dara mill quality is offering at Rs.770-775/qlt with average arrival of 17000-18000 bags at the Lawrence road. The buying pressure from the stockists as well as millers gets reduced slightly, according to the traders. The arrival remained slight weak in Delhi ahead of weekend. The arrival is witnessing totalled around 1.75-2.0 lakh bags in Delhi today. The arrivals in Narella and Najafgarh mandis are witnessing at around 40000-50000 quintal and 25000-30000 bags. The most of the wheat is coming from Haryana and Uttar Pradesh.

#### Support and Resistance Levels:

The current resistance levels are at 824.6 and 830.6 marks and support levels are at 814.9 and 809.5 marks as very short term.

Contracts	Support Levels		Resistance Levels	
	S1	S2	R1	R2
May	814.9	809.5	824.6	830.6



Sentiments remained slight bullish at most of the mandis in **Uttar Pradesh** today due to weak arrival coupled with buying pressure from private buyers. The mill quality wheat is offering at Rs.740-745/qlt at Kasganj, Etah with average arrival of 4000-5000 quintal and Rs.720-725/qlt with 2000-2500 quintal arrival in Ujhani mandis today. Wheat has traded at Rs.750-755 per quintal at Hapur Mandi today.

The wheat market is remaining rangebound with steady sentimental at most of the mandis in **Punjab**. The amazing demands from the roller flourmills as well as private buyers are offsetting the higher arrival. But the arrival is likely to increasing more, according to the traders. The average

arrival was in between 45000-50000 bags of wheat at Ludhiana and Jagraon market. At Sunam, the wheat is offering at the rate of Rs.651-655/qlt with 20000-25000 bags of arrival. Government has begun started to procure wheat at the prevailing MSP rate from the farmers at most of the market.

In **Rajasthan** market, the wheat prices remained steady amidst steady arrival coupled with strong buying activity by the buyers. According to the traders, the lower moisture percentage about 7-8% and good quality of wheat kept pressure on prices. At Khairtal and Alwar market the new wheat has traded at Rs.750-765 per quintal with 8000-10000 bags of arrival at each mandis.

Wheat prices fell down slightly today in **Maharashtra** market despite the strong demand from local buyers in addition to millers but strong arrival slightly pushed back the prices today. The wheat prices decreased by Rs.15-25/qlt to Rs.880-890/qlt with totalled arrival of 10-12 lorries including 3-5 lorries from local area at Jalgaon market today. But the demand from the stockists remained poor amidst slight poor quality of wheat. The mill quality wheat is quoting at Rs.960-975 per quintal in Pune and Mumbai mandis with slight higher arrival.

The wheat prices declined at **Madhya Pradesh** due to the higher arrival. Mill quality wheat has quoted at Rs.870-880/qlt at Indore with higher arrival of 15000-17000 bags and Rs.770-780/qlt (Mandi rate) at Bhopal mandis with average arrival of 10000-12000 bags and around 1.5-1.75 lakh bags in M.P.

In **Gujarat** market, the wheat has traded at slightly higher side at Rs.855-865/qlt at Ahmedabad and Rs.750-770/qlt at Rajkot mandis today. The average arrival was 20000-25000 bags at Ahmedabad and Rajkot mandis today. The strong buying support from the private buyers is offsetting the higher arrival.

Wheat prices improved further in **Haryana** market due to the pressure of government procurement together with purchasing of multinational companies. The bulk amount of wheat is going to the government. The total arrival was around 12000-15000 lakh tonnes in this state. At Dhabwali, Hisar, Hodal, and Palwal market it traded within the range of Rs.670-675/qlt, Rs.655-670, Rs.650-660 and Rs.700-710 per quintal.

The wheat prices are anticipated to trade steady to weak on coming **Monday** in the domestic spot market.

#### PRICES OF WHEAT PRODUCTS IN DELHI (in Rs.)

Wheat Products	14.04.06	15.04.06
Atta (90kg)	863	863
Maida Grade 1(90kg)	1028	1028
Suji (50kg)	571	571
Chokar (50 kg)	289	289
Chokar (35 kg)	183	183
Chakki Atta (90kg)	760	760

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

Markets	14.04.06	15.04.06
Delhi (Lawrence Road)	772-775	770-775
Haryana (Karnal)	755-760	765-770
Punjab (Khanna)	742-747	740-745
Ahmedabad	850-855	855-865
Ludhiana	651-655	651-660
Ludhiana (Jagraon)	651-655	655-665
Rajasthan (Kota)	870-875	870-875
Amritsar	750-760	770-775
Uttar Pradesh (Kanpur)	845-850	840-845
Uttar Pradesh (Bareilly)	760-765	780-785
Uttar Pradesh (Shahjahanpur)	825-830	825-830
Maharashtra (Jalgaon)	890-895	880-890
Madhya Pradesh (Satna)	730-740	725-740
Madhya Pradesh (Indore)	900-920	870-880

#### INTERNATIONAL MARKET:

CBOT remained closed for Good Friday.

#### NEWS ANALYSIS:

##### SAD: Claimed Divert of Rs.1400 Crore for Wheat Bonus

The war of wear and tear over increase in the minimum support price (MSP) of wheat or bonus of Rs 50 instead of it is getting more severe each day as procurement gradually picks up in Punjab mandis. The Shiromani Akali Dal (SAD) said that the CM has repeatedly claimed to be abundant with funds, which can easily be used to pay bonus. The Shiromani Akali Dal on Thursday asked the Centre to either hike Minimum Support Price of wheat or divert Rs 1,400 crore from the Rs 3,450 crore, which is available with the Punjab treasury in order to pay a bonus of Rs 50 per quintal to farmers. He said most of this money was being employed in development projects. They also reported that even after disbursing the wheat bonus, Rs 2,000 crore would still be left for development projects. Earlier Amarinder Singh rejected the amount of bonus to farmers and added that the government did not have such huge money to pay as bonus.

##### More Acreage Likely to Rise Wheat Output to 73.5 MMT

According to experts, official sources and trade representatives, the expected production of wheat would be 73-73.5 million tonnes (MMT) as compared with 72 million tonnes last year. Harvesting of wheat is going on in the country's main northwestern Rabi belt like Haryana, Uttar Pradesh, and Punjab etc. The fresh produce of wheat has begun arriving in the mandis, pushing wholesale prices down. Wheat prices, though still slightly above the support price level, are projected to drop to around the minimum support price of Rs 650 a quintal soon in the main producer states of Punjab, Haryana and western Uttar Pradesh. At present, the wheat-based industry and traders are mostly

buying good quality wheat at prices above Rs 700 a quintal in various states. According to the Directorate of Wheat Development, Ghaziabad, the area coverage under wheat for the entire country is 268.928 lakh ha which is around 102.38% of the normal area of the crop in the country. This coverage is more (about 3.85 lakh ha) than the coverage in corresponding period of the previous year. Therefore the more acreage is likely to check the drop in wheat output, which affected by the abnormal weather in February and March.

#### **WEATHER OUTLOOK:**

Rabi wheat is in harvesting stages across north India will benefit from a recent turn to drier and warmer weather. The prevailing weather condition is suited for wheat harvesting.

#### **FOREX (As on 15<sup>th</sup> April, 2006):**

Foreign Currency	Rs. per unit
1 US \$	45.30
1 Euro	54.88
100 Yen	38.27
1 British £	78.45

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