

## WHEAT

27<sup>th</sup> April, 2006

### MAJOR ACTIVITY HIGHLIGHTS

- Wheat Continue to Trade Firm in Delhi Market
- Govt Wheat Procurement Low at 8.2 Million Tons

### TECHNICAL ANALYSIS

**Exchange:** NCDEX

**Perspective:** Very Short Term (Daily)

**Contract:** May (Futures)

At the futures market the wheat futures at the NCDEX witnessed an upward trade following a firm opening initially. Increased buying interest has supported the futures through mid-session. However, the futures pared most of the gains but managed to settle in the positive territory in final action. The near-month May contract hovered in the range of Rs 891.60-899.00, while the June contract traded in the range of Rs 936.00-945.00.

**Price Change:** May Contract

| Contracts | Closing | Previous | Change |
|-----------|---------|----------|--------|
| May       | 894.60  | 891.60   | +3.00  |

**Indicators:** The technical indicators are showing possibility of downward movement following a weak opening.

**Outlook:** The wheat futures are likely to trade moderately downwards following a steady to weak opening.

**Advice:** Sell near 895.00, **Target** towards 885.00 and **Stop Loss** at 900.00.

### Support and Resistance Levels:

| Contracts | Support Levels |        | Resistance Levels |        |
|-----------|----------------|--------|-------------------|--------|
|           | S1             | S2     | R1                | R2     |
| May       | 881.70         | 872.60 | 902.00            | 910.00 |



### DOMESTIC MARKET:

#### MARKET FUNDAMENTALS

At the spot markets wheat continue to trade with a firm sentiment during Wednesday's trade. Wheat dara mill quality was quoted at a higher price of Rs 845-850/mtl with arrival of 6000-8000 bags at the Lawrence road market of Delhi. However, some markets like Kota, Jalgaon witnessed weak sentiment during Wednesday's trade. Despite Government's decision to import 30 lakh tonnes of foreign wheat in near future to ensure adequacy in central buffer stock, wheat prices have not shown the desired impact following poor performance of Govt's procurement programme. The Government has so far procured 8.2 million tonnes of wheat as of 25<sup>th</sup> April, down 30 percent on year. However, the procurement programme may gain some momentum following the recent Govt declaration of Rs 50 per quintal a incentive bonus over minimum support price (MSP). Stockist as well as private companies remained active in procuring wheat at higher prices. Meanwhile, the first consignment of imported Australian wheat has arrived at Chennai port on Tuesday, 25th April.

### SPOT MARKET PRICE FOR WHEAT

(In Rs./Quintal)

| Markets                      | 25.04.06 | 26.04.06 |
|------------------------------|----------|----------|
| Delhi (Lawrence Road)        | 830-835  | 845-850  |
| Haryana (Karnal)             | 815-820  | 815-820  |
| Punjab (Khanna)              | 840-845  | 835-840  |
| Ahmedabad                    | 920-925  | 925-930  |
| Ludhiana                     | 715-720  | 730-735  |
| Rajasthan (Kota)             | 920-925  | 920-925  |
| Amritsar                     | 720-725  | 720-725  |
| Uttar Pradesh (Kanpur)       | 875-880  | 875-880  |
| Uttar Pradesh (Bareilly)     | 835-840  | 845-850  |
| Uttar Pradesh (Shahjahanpur) | 870-875  | 850-855  |
| Maharashtra (Jalgaon)        | 980-985  | 960-965  |

## PRICES OF WHEAT PRODUCTS IN DELHI

(in Rs.)

| Wheat Products       | 25.04.06 | 26.04.06 |
|----------------------|----------|----------|
| Atta (90kg)          | 906      | 906      |
| Maida Grade 1 (90kg) | 1071     | 1071     |
| Suji (50kg)          | 590      | 590      |
| Chokar (50 kg)       | 297      | 297      |
| Chokar (35 kg)       | 185      | 186      |
| Chakki Atta (90kg)   | 800      | 810      |

### INTERNATIONAL MARKET:

#### CBOT Wheat Settled Mixed on US Hard Wheat Supplies Concerns

The Chicago Board of Trade (CBOT) wheat futures finished mixed on Tuesdays amidst U.S. hard wheat supplies concerns. The forecasts of freezing temperatures in the major wheat growing regions of Kansas state on Tuesday night coupled with below-normal U.S. spring wheat plantings have raised the concerns about the U.S. hard red winter wheat supplies. However, the soft red winter wheat conditions are good. The USDA has reported that 34 percent of the U.S. winter wheat crop was in very poor to poor shape. The report also mentioned that 30 percent of the winter wheat crop in the Kansas state was in good to excellent shape as against 38 percent in the previous week and 31 percent of the Kansas's wheat crop was in very poor to poor shape as against 23 percent in the last week. The CBOT July wheat contract settled unchanged at \$3.63 ½ per bushel, while the May contract finished ¾ cents lower at \$3.50 per bushel on Tuesday.

### NEWS ANALYSIS:

#### First Imported Cargo of Wheat Arrived in Chennai

The first consignment of imported Australian wheat has arrived at the Chennai port on Tuesday through MV Furness Australia. The ship carries 50855 tonnes of wheat out of the total 5 lakh tonnes that Indian Government contracted to import from Australian AWB Limited. The ship has berthed at the port's West Quay and likely to be discharged in the next few days. However, a depression over Andaman seas is moving towards northern direction. If the depression brings rains in the next few days then the discharge of the cargo may be temporarily stopped. According to the Chairman of Chennai Port Trust, flag signal number one was hoisted at the Chennai port, and if the signal reaches three, the vessel's hatches would be closed. It is reported that the imported wheat would be packed in 50 kg bags and would be sent to various public distributing centres in Southern region through railway

wagons. The Chennai port is likely to receive a similar consignment in the next month.

#### Wheat Procurement Remains Low at 8.2 MT Despite Bonus

The Government's wheat procurement remained lower despite the Rs 50 per quintal incentive bonus over minimum support price (MSP) of Rs 650 per quintal. As on 25th April, the Government's wheat procurement stands at 8.2 million tonnes, down around 30 percent on year. Last year Government procured 11.7 million tonnes of wheat as of 25th April. Government's wheat procurement programme started on 20th March in Madhya Pradesh and Rajasthan, while that began on 1st April in Punjab, Haryana, Uttar Pradesh and other states in this year. The Government announced Rs 50 per quintal as incentive bonus over MSP following poor performance of Government's procurement programme. However, desired impact of the additional bonus is yet visible as traders anticipate that the same to be materialized in the coming weeks.

### WEATHER OUTLOOK:

The depression over southeast Bay of Bengal intensified into a cyclonic storm yesterday evening. The cyclone has been named "Mala". It now lies centred about 1000 Km southeast of Chennai. The system is likely to intensify further and move initially in a northwesterly direction. Under its influence, fairly widespread rain/thundershowers with isolated heavy to very heavy falls and squally weather are likely over and off Andaman & Nicobar Islands during next 2 days.

Heat wave conditions have set in over parts of North Rajasthan, Haryana, Punjab and Jammu division of Jammu & Kashmir.

### PORT WATCH:

Loading of 50,855 MT of wheat is continuing at Chennai Port on the vessel 'Furness Australia'. Seaways agents is handling the vessel.

Kandla Port is expecting 'Aristagoras' to load 30,000 MT of wheat to Ulsan. DBC agents will be handling the vessel.

### FOREX (As on 25<sup>th</sup> April, 2006):

| Foreign Currency | Rs. per unit |
|------------------|--------------|
| 1 US \$          | 45.03        |
| 1 Euro           | 55.92        |
| 100 Yen          | 39.13        |
| 1 British £      | 80.40        |

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