

## WHEAT

15<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 continued to trade bullish and settled up today amidst strong physical market price and speculative buying. The spot prices inched up in Delhi today. The wheat futures market traded bullish at the first session following steady opening but slight selling pressure pulled down the price at late hour though it closed at upper side. The May contracts settled up by Rs.4.00 to Rs.828.60 following steady opening of Rs.825 and traded in between Rs.824.80-837.80 today.

**Price Change:** May Contract

Contracts	Closing	Previous	Change
May	828.60	824.60	+4.00

**Indicators:** Stochastic and Candlesticks is indicating to weakness of wheat prices but RSI, MA and MACD are indicating to bullish market. Volume as well as open interest has increased today.

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

**Advice:** Sell near 831.0, target near 820.0 next 817.2 and stop loss at 835.5 marks.

### Support and Resistance Levels:

The current resistance levels are at 830.7 and 834.4 marks and support levels are at 819.2 and 814.9 marks as very short term.

Contracts	Support Levels		Resistance Levels	
	S1	S2	R1	R2
May	819.2	814.9	830.7	834.4



### DEMAND, SUPPLY AND PRICES AT IMPORTANT CENTRES

#### DOMESTIC MARKET COMMENTARY

Sentiments are witnessing slight up in **Delhi** today due to high demand from stockists coupled with millers. The two racks are loading for Assam and Madurai, according to the source. Therefore the higher arrival could not pull down the wheat prices. Wheat dara mill quality has improved by Rs.5-7/mtl to Rs.772-775/mtl as compared with yesterday with average arrival of 20000-25000 bags at the Lawrence road today. The arrival is witnessed at totalled 2.0-2.5 lakh quintals in Delhi today. Narela and Najafgarh mandis fetched 55000-65000 quintal and 25000-35000 quintal of wheat. The wheat prices remained at Rs.710-715/mtl at

these mandis. The most of the wheat is coming from Haryana and Uttar Pradesh.

Sentiments remained slight weak at most of the mandis except Shahjahanpur in **Uttar Pradesh** today due to slight strong arrival. But the buying support from the stockists as well as roller flourmills kept pressure on prices. The mill quality wheat is offering at Rs.725-730/mtl at Kasganj, Etha and Ujhani mandis with average arrival was 2500-3000 quintal each mandis today. Wheat has traded at Rs.745-750 per quintal at Hapur Mandi today at mostly lower side.

The wheat market is maintaining 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 40000-50000 bags of wheat at Ludhiana and Jagraon market. At Sunam, the wheat is offering at the rate of Rs.651-655/qrtl 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 decreased slightly as higher arrival coupled with reduced 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 are hovering up today in **Maharashtra** market due to strong demand from local buyers in addition to millers with slight weak arrival. The wheat prices increased by Rs.45-50/qrtl to Rs.890-895/qrtl with totalled arrival of 8-9 lorries including 2-3 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.975-980 per quintal in Pune and Mumbai mandis with normal arrival.

The wheat prices prevailed about steady at **Madhya Pradesh** due to the most of the mandis remained closed for MahavirJayanti. Mill quality wheat has quoted at Rs.900-920/qrtl at Indore and Rs.770-780/qrtl (Mandi rate) at Bhopal mandis.

In **Gujarat** market, the wheat has traded at relatively stable side at Rs.850-855/qrtl at Ahmedabad and Rs.780-785/qrtl at Rajkot mandis today. The average arrival was 15000-17000 bags at Ahmedabad and 25000-30000 bags at Rajkot mandis today.

Wheat prices remained slight up in **Haryana** market due to the pressure of government procurement together with purchasing of multinational companies. The total arrival was around 10000-12000 lakh tonnes in this state. At Dhabwali, Hisar, Hodal, and Palwal market it traded within the range of Rs.665-670/qrtl, Rs.651-670, Rs.650-660 and Rs.700-710 per quintal.

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

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

Wheat Products	13.04.06	14.04.06
Atta (90kg)	865	863
Maida Grade 1(90kg)	1038	1028
Suji (50kg)	571	571
Chokar (50 kg)	280	289
Chokar (35 kg)	177	183
Chakki Atta (90kg)	770	760

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

Markets	13.04.06	14.04.06
Delhi (Lawrence Road)	767-772	772-775
Haryana (Karnal)	745-750	755-760
Punjab (Khanna)	742-748	742-747
Ahmedabad	850-855	850-855
Ludhiana	651-655	651-655
Ludhiana (Jagraon)	651-655	651-655
Rajasthan (Kota)	890-900	870-875
Amritsar	750-760	750-760
Uttar Pradesh (Kanpur)	850-855	845-850
Uttar Pradesh (Bareilly)	775-780	760-765
Uttar Pradesh (Shahjahanpur)	810-815	825-830
Maharashtra (Jalgaon)	850-855	890-895
Madhya Pradesh (Satna)	Closed	730-740
Madhya Pradesh (Indore)	Closed	900-920

#### INTERNATIONAL MARKET:

##### CBOT Wheat Slips Further on Long Liquidation

Chicago Board of Trade (CBOT) wheat futures slipped further Thursday on position squaring prior to the long holiday weekend. A hot and dry forecast for the central and southern plains for the next 3-4 days provided some underlying support but the outlook for some chances of rain for the plains late next week helped pressure the market. In addition, rain is in the forecast for the northern plains again on Saturday and Tuesday after some light rain overnight which might keep spring wheat plantings slow. Long liquidation ahead of the long weekend added to the bearish tone early in the day. Commodity markets will be closed for the Good Friday holiday. Weekly US export sales for wheat came in at 379,800 metric tonnes over trade expectations between 250,000-400,000. CBOT May contracts slipped 3 cents at \$3.575, Kansas City Board of Trade slid 5.75 cents to \$4.565 and Minneapolis Grain Exchange declined 2.5 cents to \$4.305.

#### NEWS ANALYSIS:

##### Wheat: Govt. Procurement Decline by 51%

The government has procured just 6,40,000 tonne of wheat during March 20 and April 9, decline by around 51% as compared with 1.3 million tonne a year ago, according to a senior government official. The main governing factor is market price is still higher than that of MSP. Wheat procurement commenced in Madhya Pradesh and Rajasthan on March 20, and in Punjab and Haryana on April 1. In Punjab, wheat procurement was 2,30,000 tonne in the first nine days of April, decline by 64% on year. The government procurement in Haryana was 4,20,000 tonne, down 29% from a year ago, the official said. Wheat procurement was the lowest in Madhya Pradesh at 20 tonne as against 1,20,000 tonne in the corresponding period last year, as open market prices are higher by

around Rs.100-150 per 100 kg than the government's procurement price.

### **MP Farmers Not Willing to Sell Wheat to the Govt.**

Farmers in Madhya Pradesh have not been selling wheat to the government in spite of a relaxation in procurement norms. The government relaxed quality parameters for wheat procurement in the state previous month due to the crop had experienced heavy qualitative damage because of unseasonal rains. The wheat prices are prevailing mostly higher side than that of MSP, so the farmers are not eager to sell their produce to the government, according to the marketmen. Apart from this, the private buyers are also buying wheat from the farmers at higher rate over MSP. The official said wheat purchase is expected to gather steam in the next one-two weeks after arrivals increase in Punjab, where the government procures nearly 80 per cent of its total stocks. Low wheat procurement is a matter of

concern as the country's buffer stocks are already 50 per cent lower than the norm, the official said.

### **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 14<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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