

Wheat

5th APRIL, 2006

MAJOR ACTIVITY HIGHLIGHTS

- Demand, Supply and Prices at Important Centres
- International and Domestic News
- International Wheat Prices

Technical Analysis

Commodity: Wheat

Exchange: NCDEX

Perspective: Very Short Term (Weekly)

Contract: APRIL 2006 (Future)

NCDEX wheat futures settled mostly bullish at the late hour on speculative buying amidst rumour of bonus on wheat MSP. The rumour was that the government is likely to give bonus on wheat MSP to the farmer. Therefore the market remained bullish. Technical correction also supported the futures market as the market reached the over sold region.

The market opened mostly weak and traded bearish at the first session but reversed back to up at the second session. The most active April contracts settled mostly up by Rs.9.00 to Rs.779.00 following weak opening of Rs.768 and traded within the range of Rs.765-779.80 today.

EMA(3) 776.18 (5) 777.93

FStK(5, 3, 3) 26.6862 FStD 17.9567

DAV(7, 15, 5) -4.86633 MACD -3.16805 DIF -1.69828

Indicators: The all of the indicators are hinting to bullishness of wheat prices. MACD is prevailing in negative region, indicating to bearishness of wheat prices. Open interest and volume has increased today.

Market Outlook: It is expected that the wheat futures to trade on bullish initially but might be bearish after that.

Advice: Sell near 786.00, target 773.6 next 769.5, and put stop loss at 793.5

Support and Resistance Levels:

Current resistance levels are seen at 786.0 and 793.5. Support levels are seen at 773.6 and 769.5 as short term.

Contract Month	Support Level		Resistance Level	
	1 st	2 nd	1 st	2 nd
April	773.6	769.5	786.0	793.5

DEMAND, SUPPLY AND PRICES AT IMPORTANT CENTRES

Market Highlights

t spot prices fell down today as most of the spot market in India due to higher arrival and poor buying activity coupled with reducing offtake by the rolling flour mills. Wheat Dara mill quality has traded mostly bearish at Lawrence road in Delhi and it quoted at Rs.740-745 per quintal with average arrival of 14000-17000 bags at this mandis.

Wheat prices remained stable at Indore and Bhopal mandis today amidst stable demand supply scenario. The arrival was 12000-15000 bags and wheat has quoted at Rs.800-820 per quintal at Indore mandis.

The spot prices remained slight firm in Gujarat market today amidst good buying activity from South India and multinationals companies. Wheat mill quality has traded at higher side of Rs.815-820 per quintal at Ahmedabad mandis with arrival of 10000-12000 bags.

INTERNATIONAL MARKET:

CBOT Wheat Witnesses Bearish on Speculative Selling

Chicago Board of Trade (CBOT) wheat futures traded on bearish side Monday amidst speculative selling, improvement of winter wheat crop and technicals. CBOT May wheat settled weak 5.75 cents at \$3.42. July slipped 6.5 cents at \$3.55, just below its 10- and 100-day moving averages. Better than expected rain amounts across the plains and especially in central Kansas over the weekend triggered the early selling pressures. Unsatisfactory U.S. weekly wheat export inspections also provided support to market down. According to the U.S. Department of Agriculture, the weekly U.S. wheat export inspections totaled 11.699 million bushels as compared with trade expectations and below the previous week's 15.538 million bushels. Traders expect to see improving crop conditions and for next week as well. India is expected to receive the first shipment of imported wheat in six years this week and the country is expected to tender for another 1.5 million tonnes after initial purchases of 500,000 tonnes.

INTERNATIONAL AND DOMESTIC NEWS:

Wheat Production: Second Advance Estimates For 2005-06

As per the Second Advance Estimates of Production of Crops for 2005-06, the total foodgrains production is estimated at 209.32 million tonnes, which is 4.71 million tonnes more than the total foodgrains production of 204.61 million tonnes of 2004-05 (as per the Fourth Advance Estimates). Wheat production is estimated at 73.06 million tonnes. As reported by the States, total coverage under wheat, as on 27.2.2006 has been reported as 267.01 lakh ha. Against 264.88 lakh ha. reported for the corresponding period of last year. Higher coverage has been reported from the States of Uttar Pradesh, Maharashtra, Rajasthan, Gujarat, West Bengal and Bihar. However, lower coverage has been reported in Madhya Pradesh.

Wheat Output Likely to Decline by 25-30% in M.P.

The wheat spot prices in Madhya Pradesh are spiraling at this current year though the arrival is increasing day by day but it remained poor as compared with last year, according to the market participants. They noted that the stockists and multinationals companies had begun purchasing wheat at higher price than MSP of Rs.650 per quintal. Therefore the demand is also increasing. The production of wheat is likely to decline by 25-30 per cent in this current year because of hailstorms and unseasonal showers following weak crop planting. In this year, the wheat crop planting was lower by 6-lakh hectare in M.P. According to an Indore based trader, 25,000 bags arrived in March last year but the figure plummeted to 10000-14000 bags this year. In Indore, wheat has been trading at Rs.800-830 per quintal for mill quality wheat and Lokwan has sold in Bhopal market at Rs.750-800 per quintal while the usual rate used to be Rs 650/qtl. Medium-range "Sharbati" was costing Rs 1,200 while polished "Sharbati" was priced at Rs 1,500-1,700 as opposed to the previous roughly Rs 1,000 and Rs 1,100 respectively.

FOREX (As on 5th April, 2006):

Foreign Currency	Rs. per unit
1 US \$	44.61
1 Euro	54.17
1 British £	77.56
100 Yen	37.92

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