

## WHEAT

20<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 climbed on strong buying support coupled with strong physical market price today. The most of the spot market are increasing, which is supporting the futures market to up. The speculative buying bolstered the futures to up. The futures market opened steady and hovered up at most of the session and broke the previous high level and making new high level every day. The bulls are controlling the futures market at now. The May contracts gained Rs.22.60 to Rs.872.80 following steady opening of Rs.850 and hovered in between Rs.850-882 today.

**Price Change:** May Contract

Contracts	Closing	Previous	Change
May	872.80	850.20	+22.60

**Indicators:** Most of the indicators are hinting to bullishness of wheat prices but RSI and Stochastic are in overbought region, indicating technical correction. Volume has increased but open interest remained stable today.

**Outlook:** Wheat futures are expected to trade bullish in the coming days but might be take correction from higher level.

**Advice:** Buy near 870.0, target near 885.00 next 890.00 and stop loss at 862.5 marks. Take position cautiously.

### DEMAND, SUPPLY AND PRICES AT IMPORTANT CENTRES

#### DOMESTIC MARKET COMMENTARY

The domestic prices of wheat witnessed mostly strong in **Delhi** today on reduced arrival coupled with remarkable demand. Wheat dara mill quality has increased by Rs.20-25/qtl to Rs.795-800/qtl at the morning and traded within the range of Rs.800-810/qtl with totalled arrival of 13000-15000 bags of wheat at the Lawrence road today. The maximum arrival is coming from Haryana and rest from Uttar Pradesh. The totalled arrival witnessed reduced to 1.25-1.50 lakh bags in Delhi. The upward sentiment in Haryana mandis and poor arrival in Punjab also kept pressure on wheat prices in Delhi, according to the traders.

Indian Agribusiness Systems Pvt. Ltd., New Delhi

### Support and Resistance Levels:

The current resistance levels are at 882.0 and 890.0 marks and support levels are at 849.9 and 839.5 marks as very short term.

Contracts	Support Levels		Resistance Levels	
	S1	S2	R1	R2
May	849.9	839.5	882.0	890.0



The arrival was around 25000-30000 bags at Narella, 15000-20000 bags at Najafgarh and 50000-60000 bags at Alipur mandis today. The wheat has traded at Rs.740-750/qtl at Narella and Najafgarh mandis.

Wheat prices are soaring on reduced arrival and strong demand from the stockists in **Uttar Pradesh** today. The farmers are also hoarding the stocks for further increase in prices. The strong buying support from the private buyers are bolstered the market to up. The arrival is likely to pick up at the end of April. The mill quality wheat is offering

steady at Rs.755-760/qlt at Kasganj, Etah with average arrival of 4000-5000 quintal and Rs.730-735/qlt with 2500-3000 quintal arrival in Ujhani mandis today. Wheat has traded at Rs.770-775 per quintal at Hapur Mandi today.

The continued strike against of wheat import and lower MSP pulled down the arrival therefore the prices remained slight up but the trading activity remained poor in **Punjab**. The main factor is remarkable demand from the private buyers as well as government. At Sunam, the wheat is offering at higher rate of Rs.680-690/qlt with virtually no arrival.

In **Rajasthan** market, the wheat prices are going beyond the average prices on restricted arrival and hoarding the stocks by the traders and farmers. At Khairtal and Alwar market the new wheat has traded at higher side of Rs.760-770 per quintal with slight less arrival of 3500-4500 bags at each mandis.

Wheat prices surged further today in **Maharashtra** market due to poor arrival for strike against of VAT today. The wheat prices were increased by Rs.30-35/qlt at most of the mandis as compared with last day. The mill quality wheat is quoting at Rs.985-1000 per quintal in Pune and Mumbai mandis.

The wheat prices are hovering up in **Madhya Pradesh** due to the lower arrival. Mill quality wheat has traded on upper side and average arrival witnessed at 3000-4000 bags at Indore and 4000-5000 bags at Bhopal mandis today. The wheat has traded at steady at Rs.790-800/qlt at Bhopal mandis today. The total arrival was around 1.0-1.5 lakh bags in MP today.

In **Gujarat** market, the wheat prices are soaring on reduced arrival and strong buying demand from the buyers. The total arrival witnessed at 10000-14000 bags each at Ahmedabad and Rajkot mandis today. Wheat prices remained firm by Rs.25-30/qlt at Rs.815-820/qlt at Rajkot mandis today.

Wheat prices bounced back to strong position in **Haryana** market due to the weak arrival and strong buying support from the government together with multinational companies. At Dhabwali, Hisar, Hodal, and Palwal market, it traded within the range of Rs.675-680/qlt, Rs.650-660, Rs.700-710 and Rs.700-725 per quintal.

The wheat prices are expected to remain steady to strong on coming **Thursday** at the domestic spot market.

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

Wheat Products	18.04.06	19.04.06
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	18.04.06	19.04.06
Delhi (Lawrence Road)	775-780	805-810
Haryana (Karnal)	755-760	775-780
Punjab (Khanna)	742-747	745-750
Ahmedabad	865-870	880-885
Ludhiana	651-655	651-655
Ludhiana (Jagraon)	655-660	655-660
Rajasthan (Kota)	852-857	900-905
Amritsar	720-725	720-725
Uttar Pradesh (Kanpur)	855-860	860-865
Uttar Pradesh (Bareilly)	810-815	835-840
Uttar Pradesh (Shahjahanpur)	855-860	890-895
Maharashtra (Jalgaon)	895-900	925-930
Madhya Pradesh (Satna)	775-785	785-800
Madhya Pradesh (Indore)	870-900	910-920

#### INTERNATIONAL MARKET:

##### CBOT Wheat Hovering Up on Crop Ratings

Chicago Board of Trade (CBOT) wheat futures bounced back from previous sharp losses and settled mostly high Tuesday, supported by strong price movement in Kansas City Board of Trade (KCBT) and Minneapolis Grain Exchange (MGE) due to crop concerns and planting delays. Ideas that the break Monday was overdone and talk that the rain event in the southern plains this weekend may not be as beneficial to crops as earlier anticipated helped to support solid gains in the wheat markets. While there is some rain still in the forecast, the intensity of the rains and the location is still uncertain. CBOT May wheat soared 5.5 cents at \$3.55 a bushel, July wheat closed up 5.75 cents at \$3.683. KCBT May wheat jumped 14.75 cents to \$4.525 and MGE May wheat hovered up 11.75 cents to \$4.255.

#### NEWS ANALYSIS:

##### Boycott of Wheat Mandis Affecting Govt.'s Procurement

The government's procurement of wheat from the grain markets has been disturbing due to the ongoing strike in Punjab therefore the farmers did not bring their crops to mandis. The farmers' unions like Bhartiya Kisan Union (Lakhowal), Bhartiya Kisan Union (Rajewal), and Bhartiya Kisan Union (Ekta) has call strike for increasing of wheat MSP. This is in protest against the central government not announcing superior minimum support prices and its decision to import wheat. There was no procurement activity, except for small purchases by commission agents in the Jalandhar food grain market. The boycott was successful and peaceful and the farmers, who were unaware of the boycott call and came to mandis, returned to support the demand of BKUs.

##### Wheat Arrival Decreasing in Punjab

Due to the ongoing strike in Punjab the arrival of wheat in most of the grain markets are decreasing sharply. The

several farmers unions boycotted the markets protesting import of wheat and lower minimum support price for the foodgrain. In Khanna that is the Asia's largest grain market, the daily average arrival was 15000-17000 quintal where as the arrival should be 60000-65000 quintal per day as the peak season is going on.

#### **Farmers Anticipating Higher Wheat Prices**

The Indian wheat farmers are slowly learning to obtain good prices for their produce. Earlier, the wheat farmers sold their produce as they harvested their crop but the scenario has reversed in this year and they are holding their wheat stocks, expecting prices to increase further. The demand from the private buyers are also supporting their view and the farmers are aware that even if the government doesn't procure their wheat later, private players will be pick up the wheat at higher prices than the MSP prices.

#### **WEATHER OUTLOOK:**

Bihar, East Uttar Pradesh, Orissa, Jharkhand, West Bengal & Sikkim and northeastern States have experienced rain/thundershowers at many places during past 24 hours. This activity is likely to decrease from today onwards except over northeastern States and Sub-Himalayan West Bengal & Sikkim where it is likely to continue for next 24 hrs. and decrease thereafter. Scattered rain/thundershower activity over northeastern States is likely to continue. The harvesting is going ahead at most of the centre. Therefore this rainfall activity might be affected to the crop.

#### **FOREX (As on 20<sup>th</sup> April, 2006):**

Foreign Currency	Rs. per unit
1 US \$	45.14
1 Euro	55.78
100 Yen	38.60
1 British Pound	68.42

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