

## WHEAT

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

### MAJOR ACTIVITY HIGHLIGHTS

- Wheat Traded with Stable Sentiment in Delhi Market
- USDA Anticipates India Wheat Import to be Massive

### TECHNICAL ANALYSIS

**Exchange:** NCDEX

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

**Contract:** May (Futures)

At the futures market the wheat futures at the NCDEX witnessed sharp decline following a firm opening initially. The futures traded mostly range bound at the lower level thereafter and settled with losses in final action. The near-month May contract hovered in the range of Rs 885.00-898.40, while the June contract traded in the range of Rs 930.00-941.80.

**Price Change:** May Contract

Contracts	Closing	Previous	Change
May	890.00	894.20	-4.20

**Indicators:** The technical indicators are indicating further downward movement following a steady to weak opening.

**Outlook:** The wheat futures are likely to trade moderately downwards following a steady to weak opening with possibility of some late upward movement.

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

### DOMESTIC MARKET:

#### MARKET FUNDAMENTALS

At the spot markets wheat was traded with a mixed sentiment during Thursday's trade. At the Delhi market it was traded with a stable sentiment and the wheat dara mill quality was quoted at an unchanged price of Rs 845-850 per quintal with arrival of 8000-10000 bags at the Lawrence road market. However, some interior markets witnessed bearish sentiment during Thursday's trade. The market seems balanced now with various positive and negative developments. Despite the Government's decision to import 30 lakh tonnes of wheat immediately to ensure adequacy in central buffer stock, wheat prices have not shown the desired downtrend as market remained underpinned by the poor performance of Govt's procurement programme. The Govt has so far procured 8.2 million tonnes of wheat, down 30 percent on year even after the recent Govt declaration of Rs 50 per quintal as incentive bonus over MSP. Stockists as well as private companies remained active in procuring wheat at higher prices as private estimation of crop size remain much lower than Govt estimation.

### Support and Resistance Levels:

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



### SPOT MARKET PRICE FOR WHEAT

(In Rs./Quintal)

Markets	26.04.06	27.04.06
Delhi (Lawrence Road)	845-850	845-850
Haryana (Karnal)	815-820	825-830
Punjab (Khanna)	835-840	850-855
Ahmedabad	925-930	920-925
Ludhiana	730-735	750-755
Rajasthan (Kota)	920-925	920-925
Amritsar	720-725	720-725
Uttar Pradesh (Kanpur)	875-880	865-870
Uttar Pradesh (Bareilly)	845-850	815-820
Uttar Pradesh (Shahjahanpur)	850-855	860-865
Maharashtra (Jalgaon)	960-965	950-955

## PRICES OF WHEAT PRODUCTS IN DELHI

(in Rs.)

Wheat Products	26.04.06	27.04.06
Atta (90kg)	906	906
Maida Grade 1 (90kg)	1071	1071
Suji (50kg)	590	590
Chokar (50 kg)	297	301
Chokar (35 kg)	186	187
Chakki Atta (90kg)	810	810

### INTERNATIONAL MARKET:

#### CBOT Wheat Lower on Rain Forecasts for US HRW Areas

The Chicago Board of Trade (CBOT) wheat futures registered losses on Wednesday after U.S. weather forecasts show chances of rain later in this week in major hard red winter (HRW) wheat fields. The futures firmed up early in the morning on concerns of crop damage due to an overnight freeze in parts of major hard red winter wheat producing state Kansas. The market is eyeing on weather with expectations of below 800 million bushel hard red winter U.S. wheat crop in this year. According to the USDA, the U.S. HRW wheat crop totalled 930 million bushels in the last year. The CBOT July wheat contract settled 1 ¾ cents lower at \$3.61 ¾ per bushel, while the May contract finished 1 ½ cents lower at \$3.48 ½ per bushel on Wednesday. In supportive news, Egypt bought 55000 tons of U.S soft red wheat in addition to 60000 tons of soft white wheat.

### NEWS ANALYSIS:

#### USDA: India Wheat Import Likely to be Massive

According to a latest released attaché report by the USDA, the government wheat procurement this marketing year is likely to be 3 to 4 million tons below last year's 14.8 million tons, despite only a marginal decline in production. Larger than normal purchases by millers in southern India from the marginal surplus states of Madhya Pradesh, Rajasthan, and Gujarat, coupled with higher prices, have led to a significant decline in government wheat procurement from these states. The record-low carry over stocks, combined with likely lower procurement, will likely put the

government wheat distribution system under tremendous pressure over the coming months, as the government's total wheat availability for the public distribution system in marketing year 2006-07 may be only 13.5 million tons (including the already-contracted imports from Australia of 500000 tons), versus the normal requirement of 15 to 16 million tons. Should the upcoming monsoon "fail," the government would require more wheat for relief operations. To rebuild stocks to the required level, even with a normal monsoon, the government would need an additional 4 million tons, which makes the total shortfall around 6 million tons. Although the government may try to better "target" wheat distribution through the PDS, in order to avoid large-scale imports, imports of at least 4 million tons would be nearly unavoidable.

Source: FAS, USDA

### WEATHER OUTLOOK:

Scattered heavy to very heavy rainfall likely over Andaman Islands during next 48 hrs. Gale force winds with speed reaching 70-80 kmph is also likely over and off these islands during the same period. The fishermen are advised not to venture out into the sea off Bay Islands.

Isolated to scattered rain/thundershowers likely over Western Himalayas.

### 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 27<sup>th</sup> April, 2006):

Foreign Currency	Rs. per unit
1 US \$	45.06
1 Euro	56.07
100 Yen	39.29
1 British £	80.42

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