

Wheat

3rd 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: April (Future)

NCDEX wheat futures remarkably fell down today due to very weak spot market price and speculative selling. The spot prices in Delhi declined today on strong arrival, which also bolstered the futures market to down. NCDEX wheat futures traded mostly bearish following weak opening throughout the session. The April contracts fell down by Rs.11.80 to Rs.771.40 following weak opening of Rs.782.00 and traded in between Rs.771.00-782.20 today.

Price Change: April Contracts

Contracts	Closing	Previous	Change
April	771.40	783.20	-11.80

Indicators: The most of the indicators are indicating to bearishness of wheat prices but RSI and Stochastic has reached overbought region, hinting trend reversal near. Volume as well as open interest has increased today.

Outlook: Wheat futures are expected to trade bearish in the coming weeks.

Advice: Short near 774.00, target near 764.0 next 760.1 and stop loss at 779.2 marks. But trade cautiously.

Support and Resistance Levels:

The current resistance levels are at 775.9 and 781.00 marks and support levels are at 767.7 and 760.1 marks as very short term.

Contracts	Support Levels		Resistance Levels	
	S1	S2	R1	R2
April	767.7	760.1	775.9	781.00



DEMAND, SUPPLY AND PRICES AT IMPORTANT CENTRES

DOMESTIC MARKET COMMENTARY

Sentiments for wheat market remained bearish today in **Delhi** amidst strong arrival and weak demand coupled with March year ending. The wheat dara mill quality (New) has declined by Rs.25-30 per quintal to Rs.785-790 per quintal at the Lawrence road. The higher arrival of around 14000-16000 bags from Mathura, MP, Hodal and Palwal pulled down the prices, according to the marketmen. The other bearish factor was reducing offtake by roller flourmills and Chakki mills. The stockists are waiting for price decrease to Rs.745-750 per quintal and so therefore they are not eager to purchase wheat at the prevailing market price, according to one trader. They are expecting that the prices to

continue show bearish trend in the coming week also. The wheat prices also fell down to Rs.770-780 per quintal at Narella and Najafgarh mandis.

The bearish trend of wheat prices has restricted today and most of the mandis traded steady side in **Uttar Pradesh** market due to slight restricted arrival at this weekend and slight poor trading activity. Bareilly market showed sharp positive tone today where the prices increased by Rs.30-35 per quintal. The new wheat has reached at Mathura, Shahjahanpur, and Koshi etc. region. The new wheat has prevailed in between Rs.720-730 per quintal with arrival of

350-450 quintal at Kasgang and Rs.725-740 per quintal at Etha mandis today. Wheat has traded at Rs.840-850 per quintal at Hapur Mandi today at higher side.

In **Punjab** market, strong arrival fro Rajpura and Delhi pulled down the wheat prices in this state. Therefore the wheat prices have declined by Rs.15-20 per quintal at Khanna mandis. The forth-coming crop is likely to hit the market in mid April. The sentiment remained weak in Jagraon and Amritsar market. The arrival of new wheat is increasing at Patiala and Rajpura mandis and traded within the range of Rs.775-785 per quintal with arrival of 600-700 quintal.

In **Rajasthan** market, the sentiment remained steady today at most of the trading centre but the trading activity remained poor due to year ending. At Khairtal and Alwar market the new wheat has traded at Rs.710-725 per quintal on stable side. The average arrival was 750-800 bags at Khairtal and 2000-2700 bags on Alwar mandis. The demands from stockist were good.

Gujarat market showed slight positive undertone today but the Rajkot market still remained closed for year ending. The trading activity remained poor due to meagre arrival on March year ending. The new wheat has traded on slight higher side at Rs.810-815 per quintal at Ahmedabad market with very few arrivals.

The wheat prices decreased further and traded bearish side in **Maharashtra** market amidst higher arrival in addition to weak demand from stockists. At Jalgaon, the new wheat has slipped to Rs.800-810 per quintal with arrival of 10-15 lorries from MP and local area. Among the full arrival, 5-7 lorries were from local area at this mandis. The wheat prices remained weak in Pune and Mumbai and traded within Rs.900-915 per quintal today with moderate arrival.

In **Madhya Pradesh** mandis, the trading activity remained poor and wheat has traded stable at Rs.795-820 per quintal in Indore mandis. In Bhopal, the wheat has traded at the range of Rs.700-710 per quintal with arrival of 6000-7500 bags and the wheat is going to UP, Chattisgarh, Bihar and Maharashtra.

Wheat prices slipped in **Haryana** market. The arrival is increasing day by day at Hodal, Palwal and Karnal mandis. At Hisar, Hodal and Palwal market it traded within the range of Rs.760-780, Rs.690-710 and Rs.675-690 per quintal with higher arrival.

The wheat prices are expected to stay steady to weak on coming **Monday** in the domestic spot market.

PRICES OF WHEAT PRODUCTS IN DELHI (in Rs.)

Wheat Products	31.03.06	1.04.06
Atta (90kg)	973	962
Maida Grade 1(90kg)	1129	1111
Suji (50kg)	627	617
Chokar (50 kg)	252	250
Chokar (35 kg)	187	185
Chakki Atta (90kg)	952	948

Indian Agribusiness Systems Pvt. Ltd., New Delhi

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

Markets	31.03.06	1.04.06
Delhi (Lawrence Road)	810-815	785-790
Haryana (Karnal)	825-830	820-825
Punjab (Khanna) Old Wheat	1015-1020	1000-1005
Ahmedabad	805-810	810-815
Ludhiana Old Wheat	950-960	950-960
Ludhiana (Jagraon) Old Wheat	960-965	945-955
Rajasthan (Kota)	790-795	790-795
Amritsar Old Wheat	900-910	890-905
Uttar Pradesh (Kanpur)	775-780	775-780
Uttar Pradesh (Bareilly)	745-750	775-780
Uttar Pradesh (Shahjahanpur)	765-770	765-770
Maharashtra (Jalgaon)	810-815	800-810
Madhya Pradesh (Satna)	700-720	700-730
Madhya Pradesh (Indore)	800-825	795-820

INTERNATIONAL MARKET:

CBOT Wheat Remains Bullish on Plantings Report

Chicago Board of Trade (CBOT) wheat futures continued to show bullish trend and settled strong on Friday amidst a supportive prospective plantings report and spillover support from higher corn prices. Smaller than expected planting prospects helped support the early bounce but weakness in the soybean complex helped limit the gains. According to the U.S. Department of Agriculture, the winter wheat planted acreage was projected at 41.404 million acres in 2006, almost 1 million acres above than in 2005. CBOT May wheat increased 3.25 cents to \$3.478 per bushel, and July gained 4.25 to \$3.615. The USDA pegged spring wheat planting intentions at 13.899 million acres as compared with trade expectations at 14.19 million acres (range 13.9-14.58) and last year's plantings at 14.036 million acres. All wheat plantings are 57.128 million acres from 58.233 million expected which is the smallest area planted since 1972.

NEWS ANALYSIS:

- **Government's Wheat Stocks 3.6 MMT As Of Mar 1, Down 36.8%.**
- **Govt Mar 1 Wheat Stocks Remains Down than Minimum Buffer Rule**
- **Wheat Stocks Enough To Meet 2.5 months Demand**

Wheat: Drastic Cut on VAT in Bihar

The NDA government has effected a radical reduction on VAT (Value Added Tax) on more than 100 items from 12.5 per cent to 4.00 per cent while making 27 odd items free from the tax to make a consistency in VAT with neighbouring states of Jharkhand and Uttar Pradesh. Announcing this, Deputy Chief Minister Sushil Kumar Modi, who also holds the finance portfolio, reported that the state

Cabinet had given its nod to proposals to this effect. Including the essential commodities wheat bran supplements and wheat, wheat flour, atta, maida, and suj would now be taxed at the rate of one per cent, down three per cent earlier, according to Modi. Therefore the market price is likely to decline due to impact of this VAT.

IGC: Lifted World Wheat Production for 2006/07

Forecast world wheat production in 2006 is now 594m. tons, 6m. more than last month. Favourable spring weather is improving yield expectations in much of the EU. Winterkill damage may be less severe than previously thought in Russia while in Ukraine conditions for replanting with spring grains are good. The state of winter wheat in the US southern plains remains poor despite recent rains, but prospects are improving elsewhere, and conditions for spring wheat planting are good in both the US and Canada. Unseasonable rains in India have damaged the crop about to be harvested, but conditions in China are generally favourable, with the crop placed higher than before. Good rains are expected to boost crops in North Africa and Near East Asia, although Syria remains too dry. World wheat consumption in 2006/07 is forecast to fall by 9m. tons, to 611m. With less feed quality wheat available, improved supplies of other feedstuffs and the effects of avian influenza on poultry consumption, feed use of wheat could be sharply lower than last year in the EU, the CIS, Canada and Far East Asia. Food use, however, will continue slowly to increase in many developing countries. World wheat trade in 2006/07 is expected to rise by 2m. tons, to 111m., with both China and India likely to import more than this year. The CIS and Near East Asia may also purchase more, but imports by the EU and North Africa are forecast lower. Lower export availabilities in Russia and Ukraine will boost demand from other suppliers. While overall supplies in the major exporters should remain ample, availabilities of premium milling wheats will depend on good spring wheat harvests in North America. Global stocks at end 2006/07 are forecast to fall by 17m. tons to 119m., including 45m. (52m.) in the five major exporters.

WEATHER OUTLOOK:

Under the influence of western disturbance, rain/snow has occurred at a few places over Jammu & Kashmir region. Scattered rain/thundershowers accompanied with isolated hail/ squall are likely over northeastern states during 2nd to 4th April. Partly cloudy sky with possibility of isolated thundery development/rain is likely over Punjab, Haryana,

Chandigarh & Delhi and north Rajasthan. The other parts of the country are likely to experience generally dry weather except isolated rain/thundershowers over Tamil Nadu, Kerala and Nicobar Islands. Temperatures over western and central parts of the country are likely to increase gradually during next 3-4 days.

NORTH-WEST INDIA: Rain/snow is likely at a few places over Jammu & Kashmir, Himachal Pradesh and Uttaranchal. Isolated rain/thundershowers likely over Punjab and Haryana, Chandigarh & Delhi. Mainly dry weather is likely over the region from 3rd onwards.

EAST INDIA: Isolated rain/thundershowers are likely over West Bengal & Sikkim and coastal Orissa. Mainly dry weather is likely over the rest region.

NORTHEAST INDIA: Mainly dry weather is likely over the region upto 1st. Isolated to scattered rain/thundershowers with isolated hail/squall are likely over the region from 2nd April.

SOUTH INDIA: Isolated rain/thundershowers are likely over Nicobar Islands, south Tamil Nadu and Kerala. Weather will be mainly dry over the rest region.

WEST INDIA: Weather will be mainly dry over the region with mainly sunny days and increase in temperatures outside north Rajasthan where isolated rain/ thundershowers is likely

CENTRAL INDIA: Weather will be mainly dry over the region. The day & night temperatures in this region are likely to increase.

Outlook for subsequent two days based on NCMRWF and other numerical weather products: Scattered rain/thundershowers with isolated hail/squall are likely over northeastern states.

Source: IMD, GOI

Winter wheat in filling to maturing growth stages across north India will benefit from a recent turn to drier and warmer weather. Therefore excess rainfall might be damage the crop production.

FOREX (As on 1st April, 2006):

Foreign Currency	Rs. per unit
1 US \$	44.59
1 Euro	54.04
100 Yen	37.86
1 British £	77.48

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