

## WHEAT

8<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:** April (Future)

NCDEX wheat futures traded almost range bound but settled at moderately upper side today amidst speculative buying at early hour. The market is still eyeing of the government decision regarding bonus on wheat MSP. The stable spot market prices in Delhi also supported the futures market today. The futures market went down following firm opening but it moved up to mostly upper region and fell down afterwards though the prices remained on positive territory. The April contracts settled up by Rs.4.20 to Rs.782.20 following firm opening of Rs.779.00 and traded in between Rs.775.20-786.60 today.

**Price Change:** April Contracts

Contracts	Closing	Previous	Change
April	782.20	778.00	+4.20

**Indicators:** The all of the indicators are hinting to bullishness of wheat prices. Volume as well as open interest has increased today. MACD is indicating to medium term bearishness.

**Outlook:** Wheat futures are likely to trade bullish initially in the coming days but it might be move down afterwards.

**Advice:** Buy near 779.5, target near 786.5 next 788.8 and stop loss at 776.0 marks.

### Support and Resistance Levels:

The current resistance levels are at 783.3 and 787.3 marks and support levels are at 775.6 and 771.1 marks as very short term.

Contracts	Support Levels		Resistance Levels	
	S1	S2	R1	R2
April	775.6	771.1	783.3	787.3



### DEMAND, SUPPLY AND PRICES AT IMPORTANT CENTRES

#### DOMESTIC MARKET COMMENTARY

Wheat market is maintaining steady undertone and it traded mostly range bound with steady today in **Delhi** amidst stable demand supply scenario. Wheat dara mill quality has traded on stable side at Rs.755-760 per quintal at Lawrence road in Delhi with average arrival of 14000-16000 bags. The arrival was from Koshi, Mathura, Hodal and Palwal region, according to sources. The demand from stockists remained pronounced. The other supporting factor is buying sentiment from multinationals companies.

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Narella and Najafgarh mandis are also showing steady to slight bullish fashion and wheat has traded at the range of Rs.755-765 per quintal on stable side.

The wheat prices remained slight steady today in **Uttar Pradesh** market due to slight upwards demand from stockists and moderate arrival. The new wheat has traded at stable side at Rs.695-700/qlt with average arrival of 900-1100 quintal in Kasganj, Rs.690-700/qlt with 600-800 quintal arrival in Etha and Rs.690-695/qlt with arrival of

500-600 quintal in Jeoni mandis. Wheat has traded at Rs.740-750 per quintal at Hapur Mandi today at stable side.

The market sentiment is continuing its bearish trend due to strong arrival pressure coupled with higher moisture content in **Punjab** market, therefore the prices fell down by Rs.10-20 per quintal at most of the mandis. The demand was remained on negative zone. The new wheat has hit Patiala, Panipath, Jagraon, Sunam and Rajpura mandis. The market is still waiting for government decision of bonus on wheat MSP. The new wheat has also hit the Amritsar, Ludhiana etc. market. The average arrival was 1500-2000 bags each in Amritsar and Ludhiana market. In Jagraon mandis, arrival of new wheat was 2000-2500 bags. At Sunam, the largest mandi of the Punjab, wheat are offering at the rate of Rs.650-670/qrtl with strong arrival of 10000-12000 bags.

In **Rajasthan** market, the sentiment slightly improved due to poor arrival, as the market remained almost closed for strike of VAT. At Khairtal and Alwar market the new wheat has traded at Rs.735-740 per quintal, according to trade sources. The average arrival was 1500-2000 bags at Khairtal and 1500-2000 bags on Alwar mandis. The demands from stockist were pronounced.

The wheat prices are showing bullish undertone amidst weak arrival from MP and Gujarat in **Maharashtra** market today. At Jalgaon, the new wheat has traded to Rs.810-825 per quintal with arrival of 6-9 lorries from MP and local area. Among the full arrival, 5-6 lorries were from local area at this mandis. The mill quality wheat is quoting at Rs.955-960 per quintal in Pune and Mumbai mandis with moderate arrival. The Lokman variety has traded within the range of 1250-1300 per quintal.

The trading activity remained very poor in **Madhya Pradesh** and **Gujarat** mandis today also. The MP mandis remained almost closed due to Ramnavami and Gujarat mandis remained closed for strike against of VAT. Therefore the prices remained almost bullish due to very poor arrival. At Indore, the arrival was in between 5000-7000 bags.

Wheat prices are screening almost steady in **Haryana** market due to pressure of government procurement coupled with purchasing of multinational companies though the arrival is strengthening. The new wheat has reached at Palwal, Hodal, Safidon, and Panipath etc region. At Hisar, Hodal and Palwal market it traded within the range of Rs.740-750, Rs.650-660 and Rs.650-660 per quintal at lower side.

In **Bihar** market, the wheat is quoting at mostly upper side today at Naogachia market and prevailed at Rs.800-805 per quintal with average arrival of 20-25 tonnes.

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

The wheat products prices continue to decrease at most of trading centre due to lower prices of mill quality wheat and other varieties. It is maintaining a bearish trend in Delhi market also. The prices declined by Rs.10-20 on each item of wheat.

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

Wheat Products	6.04.06	7.04.06
Atta (90kg)	908	899
Maida Grade 1(90kg)	1066	1048
Suji (50kg)	592	582
Chokar (50 kg)	277	277
Chokar (35 kg)	173	173
Chakki Atta (90kg)	770	770

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

Markets	6.04.06	7.04.06
Delhi (Lawrence Road)	755-760	755-760
Haryana (Karnal)	740-745	740-745
Punjab (Khanna)	745-750	735-740
Ahmedabad	840-845	840-845
Ludhiana	690-695	680-685
Ludhiana (Jagraon)	665-670	660-670
Rajasthan (Kota)	800-805	830-835
Amritsar	765-770	760-765
Uttar Pradesh (Kanpur)	800-805	795-800
Uttar Pradesh (Bareilly)	720-725	723-727
Uttar Pradesh (Shahjahanpur)	770-775	770-775
Maharashtra (Jalgaon)	800-810	810-825
Madhya Pradesh (Satna)	725-730	720-735
Madhya Pradesh (Indore)	830-860	830-860

## INTERNATIONAL MARKET:

### CBOT Wheat Continues to Up Led by KCBT

Chicago Board of Trade (CBOT) wheat futures continued to increase and settled higher Thursday, bolstered by increase in Kansas City Board of Trade futures amidst speculative buying. In addition, warm and windy conditions are expected for western parts of the central and southern plains which added to the positive tone as new crop Kansas City wheat jumped to the highest level since March 13th. CBOT May wheat gained 5.5 cents at \$3.525. July wheat increased up 6 cents at \$3.66 per bushel. Weekly US export sales for wheat came in at 274,600 metric tonnes as compared to trade expectations between 250,000-400,000.

## NEWS ANALYSIS:

### Inflow of Wheat Increasing in Haryana Mandi

The arrival of new wheat crop has started in Haryana mandis with the arrival of 6,342 tonnes of the crop so far, according to the source. Haryana Deputy Chief Minister who is also in charge of the department of Food and Supplies, Chander Mohan, told that the six government procuring agencies has procured 3,406 tonnes of wheat out of the total wheat arrival. The purchasing price is at the MSP of Rs.650 per quintal. He also concluded that the

Haryana government has arranged Rs.1837 crore for the wheat purchase adding that the procurement would continue till May 31. As many 352 mandis have been set up in the state for smooth procurement of wheat and a target procurement of 42 lakh tonnes has been fixed.

### **Wheat: US Export Sales Remains Down**

According to the latest report on USDA export sales on wheat, the net sales of 271,300 metric tons (MT) were 47 percent below the previous week and 32 percent under the prior 4-week average. Increases for Iraq (100,000 MT), Mexico (50,500 MT), Japan (35,400 MT), South Korea (32,800 MT), Italy (21,400 MT), and Colombia (21,000 MT) were partially offset by decreases for the Philippines (15,700 MT). Net sales of 3,300 MT for delivery 2006/07 resulted as increases for Algeria (40,000 MT) were partially offset by decreases for the Philippines (35,000 MT). Exports of 314,600 MT were 30 percent below the week earlier and 32 percent under the prior 4-week average. The main destinations were Nigeria (51,000 MT), Guatemala (45,500 MT), the Philippines (44,100 MT), Japan (41,300 MT), Mexico (39,300 MT), South Korea (22,800 MT), Colombia (21,000 MT), and Italy (20,700 MT). (This summary is based on reports from exporters for the period March 24-30, 2006)

### **WEATHER OUTLOOK:**

An active western disturbance is likely to affect the Western Himalayas from 8<sup>th</sup> evening. Under its influence, isolated to scattered rain /snow is likely to commence over Jammu & Kashmir and Himachal Pradesh from 8<sup>th</sup> evening. This activity is likely to increase on 9<sup>th</sup> and 10<sup>th</sup> and extend into Uttaranchal also. Isolated to scattered rain/thundershowers may also occur over Punjab, Haryana and north Rajasthan on 9<sup>th</sup> and 10<sup>th</sup>.

Scattered to fairly widespread activity accompanied with isolated hailstorm/squall is likely to continue over northeastern States and Sub-Himalayan West Bengal & Sikkim during next 2-3 days as moist southerly flow from Bay of Bengal continues.

Heat wave conditions have set in over many parts of Rajasthan and isolated pockets of west Haryana, northwest Madhya Pradesh and Telangana where day temperatures are above 40°C which are 5-6 °C above normal. These heat wave conditions are likely to continue during next 2 days.

**NORTH-WEST INDIA:** Mainly dry weather is likely over the region till 8th afternoon. However scattered rain /snow

likely to commence over Jammu & Kashmir and Himachal Pradesh from 8th evening. This activity will increase and extend into Uttaranchal on 9th. Isolated to scattered rain /thundershowers are likely over Punjab and Haryana on 9th & 10th. Mainly dry weather is likely over rest region.

**EAST INDIA:** Rain/thundershowers accompanied with isolated hail/squall are likely at a few places over Sub-Himalayan West Bengal & Sikkim and isolated over Gangetic West Bengal, Bihar and coastal Orissa. Mainly dry weather is likely over rest region.

**NORTHEAST INDIA:** Rain/thundershowers with isolated hail/squall at many Places over Arunachal Pradesh, Assam & Meghalaya and at a few Places over the rest region.

**SOUTH INDIA:** Weather will be mainly dry over the region except isolated over south Tamil Nadu and Kerala.

**WEST INDIA:** Weather will be mainly dry over the region with increase in day temperatures. However isolated rain/thundershowers are likely over north Rajasthan on 9th & 10th

**CENTRAL INDIA:** Weather will be mainly dry over the region. The day temperatures in this region also are likely to increase further by 1-2° C with heat wave over Madhya Pradesh.

**Outlook for subsequent two days based on NCMRWF and other numerical weather products:** Scattered thundershowers activity over northeastern states is likely to continue. Rainfall/snowfall activity is likely to enhance over the Western Himalayas.

**Source: IMD, GOI**

Winter wheat is in maturing to harvesting 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 8<sup>th</sup> April, 2006):**

Foreign Currency	Rs. per unit
1 US \$	44.63
1 Euro	54.48
100 Yen	37.91
1 British £	78.20

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