

## WHEAT

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

### MAJOR ACTIVITY HIGHLIGHTS

- Wheat Traded Downwards in Delhi Market
- No Bonus for Private Procurement of Wheat

### TECHNICAL ANALYSIS

**Exchange:** NCDEX

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

**Contract:** May (Futures)

At the futures market the wheat futures at the NCDEX witnessed a bearish sentiment following a weak opening. The futures tested day's high at the open and traded downwards thereafter on increased selling interest. The near-month May contract hovered in the range of Rs 881.00-894.00, while the June contract traded in a higher range of Rs 922.00-933.00 during Monday's trade.

**Price Change: May Contract**

Contracts	Closing	Previous	Change
May	884.40	897.60	-13.20

**Indicators:** The technical indicators are hinting for slightly bearish sentiment. The stochastic are indicating continuation of the downward technical correction in near future.

**Outlook:** The wheat futures are likely to trade moderately downwards following a weak opening.

**Advice:** Sell above 885.00, **Target** towards 875.00 and **Stop Loss** at 890.00.

### DOMESTIC MARKET:

#### MARKET FUNDAMENTALS

At the spot markets wheat was traded with a bearish sentiment at the weekend. After quoting at a much higher level, wheat prices eased a bit on Monday with limited buying by the private companies on the backdrop of Government's announcement of Rs 50 per quintal as incentive bonus over the Minimum Support Price (MSP) of Rs 650 per quintal. The market remained underpinned by the news that Government would import 30 lakh tonnes wheat immediately to ensure adequacy in central buffer stock. This quantity is in excess of recent purchase of 5 lakh tonnes by the Government. Government is also likely to ease the stringent phytosanitary measures for importing wheat in order to ensure better participation of international suppliers as well as quick delivery of the same. The import would be done through the State Trading Corporation (STC). Meanwhile, wheat dara mill quality has quoted at a lower price of Rs 820/qlt with average arrival of 15000-16000 bags at the Lawrence road market in Delhi on Monday.

### Support and Resistance Levels:

Contracts	Support Levels		Resistance Levels	
	S1	S2	R1	R2
May	870.50	862.20	895.00	902.00



### SPOT MARKET PRICE FOR WHEAT

(In Rs./Quintal)

Markets	22.04.06	24.04.06
Delhi (Lawrence Road)	835-840	820
Haryana (Karnal)	815-820	820-825
Punjab (Khanna)	810-815	835-840
Ahmedabad	915-920	925-930
Ludhiana	715-720	715-720
Rajasthan (Kota)	920-925	925-930
Amritsar	700-705	715-720
Uttar Pradesh (Kanpur)	890-895	885-890
Uttar Pradesh (Bareilly)	870-875	870-875
Uttar Pradesh (Shahjahanpur)	895-900	875-880
Maharashtra (Jalgaon)	980-985	980-985

## PRICES OF WHEAT PRODUCTS IN DELHI

(in Rs.)

Wheat Products	22.04.06	24.04.06
Atta (90kg)	884	906
Maida Grade 1 (90kg)	1048	1071
Suji (50kg)	575	590
Chokar (50 kg)	293	295
Chokar (35 kg)	182	184
Chakki Atta (90kg)	810	800

## INTERNATIONAL MARKET:

### CBOT Wheat

The Chicago Board of Trade (CBOT) remained closed on Saturday and Sunday.

## NEWS ANALYSIS:

### No Bonus for Private Procurement of Wheat

Punjab farmers, who have sold wheat to private companies at a rate just above the minimum support price of Rs 650 per quintal, have lost the opportunity cost after the Government declaration of additional Rs 50 per quintal incentive bonus over the MSP in effect from 1st April. Delay in making the increment has diverted much of the arrival towards the private procuring companies at rate between Rs 655-670 per quintal. It is reported that out of the 65 lakh tonnes of wheat that arrived in Punjab markets so far, private purchases stands at above 6 lakh tonnes at the

grain mandis. Moreover, private companies have also purchased significant quantity of the grain directly from the village level to avoid payment of taxes and levies. After the announcement of additional bonus, those farmers who have sold their wheat to Government agencies would only reap the benefit with effect from 1st April. However, the farmers who have sold to private traders would not be eligible for the incentive.

## WEATHER OUTLOOK:

Mainly dry weather conditions continued to prevail over the country except fairly widespread rain/thundershowers over the Bay islands and scattered over Arunachal Pradesh and Assam & Meghalaya. Isolated duststorm/thunderstorm have also occurred over plains of northwest India. This scenario is likely to continue for next 2-3 days.

The day temperatures are likely to increase over northwest & central India and interior Maharashtra. Heat wave conditions may set in over parts of Rajasthan during next 3-4 days.

## FOREX (As on 24<sup>th</sup> April, 2006):

Foreign Currency	Rs. per unit
1 US \$	45.06
1 Euro	55.70
100 Yen	38.99
1 British £	80.50

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