

WHEAT

6th 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 improved further today and traded mostly bullish side amidst rumour on bonus on wheat MSP and strong speculative buying pressure. The spot market remained slight strong in Delhi, which provided some underlying support to the futures market. The futures market opened firm and traded mostly bullish side through out the session. The April contracts settled up by Rs.5.00 to Rs.782.00 following firm opening of Rs.780.20 and traded in between Rs.775.20-788.00 today.

Price Change: April Contracts

| Contracts | Closing | Previous | Change |
|-----------|---------|----------|--------|
| April | 782.00 | 777.00 | +5.00 |

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

Outlook: Wheat futures are expected to trade bullish in the coming days.

Advice: Buy near 780, target near 788.3 next 794.7 and stop loss at 776.0 marks. But trade cautiously.

Support and Resistance Levels:

The current resistance levels are at 788.3 and 794.7 marks and support levels are at 776.9 and 772.6 marks as very short term.

| Contracts | Support Levels | | Resistance Levels | |
|-----------|----------------|-------|-------------------|-------|
| | S1 | S2 | R1 | R2 |
| April | 776.9 | 772.6 | 788.3 | 794.7 |



DEMAND, SUPPLY AND PRICES AT IMPORTANT CENTRES

DOMESTIC MARKET COMMENTARY

Wheat dara prices drifted on the wholesale grain market on Monday following increased arrival coupled with reduced offtake by rolling flourmills and closed in negative zone in **Delhi**. But the sentiment improved slightly today amidst slight lower arrival and fresh demand from stockists as well as Chakki mills. Therefore wheat dara mill quality has traded slight up by Rs.5 to Rs.745-755 per quintal at Lawrence road with arrival of 10000-14000 bags from Hodal, Palwal, Koshi and Mathura region. The rumor was that government is likely to provide bonus on wheat MSP, which is also provided some underlying support, according

to trade sources. Narella and Najafgarh mandis are also showing steady trend on fresh arrival of new wheat and wheat has traded at the range of Rs.750-760 per quintal on stable side.

The wheat prices remained range bound with slight positive at most of the market in **Uttar Pradesh** today amidst stable demand supply scenario. The new wheat has prevailed in between Rs.715-725 per quintal with arrival of 400-500 quintal at Kasgang and Rs.710-725 per quintal at Etha mandis with arrival of 350-450 quintal today. Wheat

has traded at Rs.820-825 per quintal at Hapur Mandi today at stable side.

The arrival of new wheat crop is increasing day by day in Patiala, Panipath and Rajpura mandis in **Punjab**, therefore the prices remained slight down at these mandis but it remained slight firm in Khanna market on rumour of bonus on wheat MSP. The new wheat also hit the Amritsar, Ludhiana etc. market. The average arrival was 1500-1800 bags each in Amritsar and Ludhiana market. The demand remained stable.

In **Rajasthan** market, the sentiment remained steady today at most of the mandis. At Khairtal and Alwar market the new wheat has traded at Rs.715-720 per quintal. The average arrival was 1000-1200 bags at Khairtal and 2500-3000 bags on Alwar mandis. The demands from stockists were pronounced.

Gujarat market remained mostly firm today due to strong demand coupled with weak arrival as "Bandh" for VAT. The demand from South India remained promising. The new wheat is also going to Mumbai. The wheat prices prevailed at Rs.825-830 per quintal at Ahmedabad mandis today with virtually no arrival. The various multinationals companies have begun to purchase wheat at Rs.831 per quintal at various mandis, according to trade sources. In Rajkot wheat has traded at Rs.740-745 per quintal with 20000-25000 bags of arrival on yesterday but the market remained closed today for Kisan strike.

The wheat prices witnessed steady sentiment today in **Maharashtra** market amidst stable demand supply scenario. The arrival remained slight poor. At Jalgaon, the new wheat has traded to Rs.800-810 per quintal with arrival of 9-10 lorries from MP and local area. Among the full arrival, 3-4 lorries were from local area at this mandis. The cash payment problem is negatively affecting on the trading activity. The wheat prices remained also stable in Pune and Mumbai and traded within Rs.935-940 per quintal today with moderate arrival. The Lokman variety has traded within the range of 1250-1300 per quintal.

In **Madhya Pradesh** mandis, the wheat has traded on higher side at Rs.830-860 per quintal in Indore mandis with arrival of 14000-16000 bags. The demand remained strong from the stockists. The government procurement also kept pressure on prices. The International companies are purchasing wheat at Rs.750-760 per quintal from the farmers. In Bhopal, the wheat has traded at the range of Rs.745-750 per quintal with arrival of 9000-10000 bags and the wheat is going to UP, Chattisgarh, Bihar and Maharashtra. At Satna, wheat has quoted at Rs.730-735 per quintal with arrival of 400-500 bags.

Wheat prices slipped further in **Haryana** market due to fresh arrival of new wheat crop at some pockets. The new wheat has reached at Palwal, Hodal, Safidon, and Panipath etc region. 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.740-750, Rs.660-685 and Rs.650-680 per quintal with higher arrival.

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

PRICES OF WHEAT PRODUCTS IN DELHI (in Rs.)

| Wheat Products | 4.04.06 | 5.04.06 |
|---------------------|---------|---------|
| Atta (90kg) | 944 | 944 |
| Maida Grade 1(90kg) | 1093 | 1093 |
| Suji (50kg) | 607 | 607 |
| Chokar (50 kg) | 242 | 242 |
| Chokar (35 kg) | 179 | 179 |
| Chakki Atta (90kg) | 780 | 780 |

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

| Markets | 4.04.06 | 5.04.06 |
|------------------------------|---------|---------|
| Delhi (Lawrence Road) | 740-745 | 745-750 |
| Haryana (Karnal) | NA | 735-740 |
| Punjab (Khanna) | 785-790 | 795-800 |
| Ahmedabad | 815-820 | 825-830 |
| Ludhiana | NA | 700-710 |
| Ludhiana (Jagraon) | NA | 690-700 |
| Rajasthan (Kota) | NA | 800-805 |
| Amritsar | NA | 770-775 |
| Uttar Pradesh (Kanpur) | 790-795 | 795-800 |
| Uttar Pradesh (Bareilly) | 727-730 | 730-735 |
| Uttar Pradesh (Shahjahanpur) | 773-777 | 775-780 |
| Maharashtra (Jalgaon) | 800-810 | 800-810 |
| Madhya Pradesh (Satna) | 730-735 | 730-735 |
| Madhya Pradesh (Indore) | 810-825 | 830-860 |

INTERNATIONAL MARKET:

CBOT Wheat Futures Moves Up on Strength in KCBT

Chicago Board of Trade (CBOT) wheat futures bounced back to up on Tuesday following earlier weakness. Weakness in the other grains triggered the wheat futures down early in the day but strength in Kansas City helped turn the market higher into the mid-session. A drier weather trend in the forecast for the southern and western sections of the winter wheat belt helped support the Kansas City market. In the first USDA weekly crop update for the new season, the winter wheat crop rated in good to excellent condition came in at 38% as compared with 68% last year and 56% as the 16-year average for this time of the year. Kansas City Board of Trade hard red winter wheat futures showed a mixed sentiment. CBOT May wheat soared 0.75 cent at \$3.428 while July wheat settled up 1 cent at \$3.56 per bushel.

NEWS ANALYSIS:

Wheat: Ruling Above MSP at Most of The Centre

It is expected that the industry players and Government officials to gather momentum as full fledged in the next week or so though the arrivals of the current year's wheat crop have begun at most of the mandis. The wheat prices have begun to dip at most of the mandis though they are still above the minimum support prices (MSP). Wheat arrivals also have started in Punjab markets. At present, the new wheat has started to arrive in three markets of Uttar Pradesh including Mathura and Koshi and arrivals are spiraling. In Mathura, wheat prices registered in between Rs.670-700 per quintal with daily arrival of 500-700 tonnes, according to a trader. A Food Corporation of India official said the agency had begun procurement in States such as Madhya Pradesh but it was yet to pick up fully. The wheat prices prevailed at Rs.745-750 per quintal from over Rs.900 last month in Delhi wholesale grain markets. In Indore, mill quality wheat has registered at Rs.790-820 per quintal. NCDEX wheat futures soared at late hour on Monday on rumor of bonus on wheat MSP in Punjab and some other states. But the government ruled out the bonus on wheat MSP and hike in wheat MSP. Therefore traders are expecting that the government's procurement would fall down if they do not increase the MSP.

Pakistan Likely to Exchange Wheat for Indian Sugar

India has given an offer to Pakistan to barter wheat for sugar as the country is facing a shortage of around 1 million tonnes of sugar, according to a senior government official. According to Ashfaq Hasan Khan an adviser to the Finance Ministry, India was looking for an arrangement to barter their sugar for Pakistani wheat. He also concluded that the decision, however, would only be taken after a final estimate on the size of their wheat crop. The wheat production is expected to hit 22 MMT in 2005-06 crop year in Pakistan. Annual domestic demand is a little over 20.8 million tonnes. Agriculture officials would make a final assessment on the crop size in the second week of May. According to Khan, the final details can only be finalized, if the production meets the target. The country would have an exportable surplus of at least 1.5 million tonnes of wheat this season. The official said the government is expected to procure about 5 MMT of wheat from the farmers in 2006 on top of the carryover stocks of 2.5 million tonnes held from the previous year.

WEATHER OUTLOOK:

Due to continued incursion of moist southerly flow over northeastern states from the Bay of Bengal, thundershowers have occurred at many places over the

region. This activity accompanied with hailstorm/squall at a few places is likely to continue during next 2-3 days.

Thunderstorm activity with hailstorm/squall is also likely at a few places over West Bengal & Sikkim and isolated over Orissa, Jharkhand and Bihar.

Mainly dry weather is likely over most other parts of the country.

Temperatures over northwest and central parts of the country and are likely to increase.

NORTH-WEST INDIA: Mainly dry weather is likely over the region. Day temperatures over the region are likely to remain 2-4° C above normal.

EAST INDIA: Rain/thundershowers accompanied with hail/squall are likely at a few places over West Bengal & Sikkim and isolated over Bihar, Jharkhand and Orissa. Mainly dry weather is likely over East Uttar Pradesh.

NORTHEAST INDIA: Rain/thundershowers at many Places with hail/squall at a few Places are likely over the region.

SOUTH INDIA: Weather will be mainly dry over the region except isolated rain/thundershowers over Andaman & Nicobar Islands, South Interior Karnataka and Kerala.

WEST INDIA: Weather will be mainly dry over the region with increase in day temperatures.

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

Outlook for subsequent two days based on NCMRWF and other numerical weather products: Scattered thundershowers activity over northeastern states is likely to continue. Scattered rain/snow is likely over the Western Himalayas on 9th -10th April.

Source: IMD, GOI

Winter wheat are 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 5th April, 2006):

| Foreign Currency | Rs. per unit |
|------------------|--------------|
| 1 US \$ | 44.69 |
| 1 Euro | 54.83 |
| 100 Yen | 38.24 |
| 1 British £ | 78.59 |

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