

WHEAT

19th 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: May (Future)

NCDEX wheat futures are hovering up and finished mostly bullish today amidst strong buying support and strong physical market price. The bulls are controlling the futures market at now. The wheat prices slightly up in Delhi today. The futures market opened weak but strong buying support pushed up the wheat prices and made contracts high today. The May contracts settled up by Rs.7.60 to Rs.849 following weak opening of Rs.839 and hovered in between Rs.839-851.80 today.

Price Change: May Contract

Contracts	Closing	Previous	Change
May	849.00	841.40	+7.60

Indicators: Most of the indicators are indicating to bullishness of wheat prices but RSI and Stochastic has reached at overbought region. Volume has increased but open interest has decreased today.

Outlook: Wheat futures are likely to continue this bullish trend in the coming days but might be take correction from higher level.

Advice: Buy near 846.5, target near 860.2 next 865.5 and stop loss at 838.5 marks. Take position cautiously.

DEMAND, SUPPLY AND PRICES AT IMPORTANT CENTRES

DOMESTIC MARKET COMMENTARY

Wheat domestic spot prices inched up today in **Delhi** due to stable demand supply scenario. The stockists as well as mill industry are showing good buying demand therefore higher arrival could not curb down the prices, reported by traders. Wheat dara mill quality increased by Rs.5-7/ql to Rs.775-780/ql with average arrival of 15000-18000 bags today at the Lawrence road in Delhi. Wheat MP (Desi) attracted fresh buying in the wake of tight supplies and quoted higher by Rs 25 at Rs 1075-1200 a quintal. The total arrival was 1.5-2 lakh quintal of wheat in Delhi, the bags are coming from Haryana, Punjab and Uttar Pradesh. The Narella and Najafgarh mandis fetched 35000-45000

Support and Resistance Levels:

The current resistance levels are at 860.2 and 865.5 marks and support levels are at 836.9 and 828.9 marks as very short term.

Contracts	Support Levels		Resistance Levels	
	S1	S2	R1	R2
May	836.9	828.9	860.2	865.5



bags and 20000-25000 bags. The wheat is offering at higher side at Rs.730-740/ql at these mandis. The Alipur mandis fetched 75000-85000 bags and wheat has traded at Rs.775-780/ql. The market prices are likely to steady in the coming days, said traders.

Spot prices get restricted at most of the mandis in **Uttar Pradesh** on moderate weather and slight higher arrival today. But the strong buying support from the private buyers kept the pressure on the prices. The arrival is likely to pick up at the end of April. The mill quality wheat is offering steady at Rs.755-765/ql at Kasganj, Etha with average arrival of 4500-5000 quintal and Rs.735-740/ql

with 2500-3000 quintal arrival in Ujhani mandis today. Wheat has traded at Rs.760-765 per quintal at Hapur Mandi today.

The wheat market has been remaining rangebound with steady sentimental at most of the mandis in **Punjab**. The main factor is remarkable demand from the private buyers as well as government. Though the market activity remained poor due to strike for increase of MSP therefore the arrival remained very poor. At Sunam, the wheat is offering at the rate of Rs.651-655/qlt with virtually no arrival.

In **Rajasthan** market, the wheat prices remained range bound with slight positive today at most of the mandis. At Khairtal and Alwar market the new wheat has traded at higher side of Rs.750-760 per quintal with slight less arrival of 4000-5000 bags at each mandis.

Wheat prices surged today in **Maharashtra** market due to poor arrival for strike against of VAT today. The wheat prices prevailed at Rs.895-900/qlt with virtually very few arrival from MP and only 1-2 lorries from local area at Jalgaon market today. The mill quality wheat is quoting at Rs.975-990 per quintal in Pune and Mumbai mandis.

The wheat prices remained up in **Madhya Pradesh** due to the lower arrival. Mill quality wheat has traded on upper side and average arrival witnessed at 5000-7000 bags each at Indore and Bhopal mandis. The wheat has traded at mostly upper side at Rs.790-800/qlt at Bhopal mandis today. The total arrival was around 1.5-2 lakh bags in MP today.

In **Gujarat** market, the wheat prices are soaring on reduced arrival and strong buying demand from the buyers. The total arrival witnessed at 15000-25000 bags each at Ahmedabad and Rajkot mandis today. Wheat prices remained firm at Rs.790-795/qlt at Rajkot mandis today.

Wheat prices fell down slightly in **Haryana** market due to the higher arrival but the pressure of government procurement together with purchasing of multinational companies put pressure on prices. The bulk amount of wheat is going to the government. At Dhabwali, Hisar, Hodal, and Palwal market, it traded within the range of Rs.660-665/qlt, Rs.650-660, Rs.690-695 and Rs.690-725 per quintal.

The wheat prices are expected to remain steady to weak on coming **Wednesday** at the domestic spot market.

PRICES OF WHEAT PRODUCTS IN DELHI (in Rs.)

Wheat Products	17.04.06	18.04.06
Atta (90kg)	863	863
Maida Grade 1(90kg)	1028	1028
Suji (50kg)	571	571
Chokar (50 kg)	289	289
Chokar (35 kg)	183	183
Chakki Atta (90kg)	760	760

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

Markets	17.04.06	18.04.06
Delhi (Lawrence Road)	770-775	775-780
Haryana (Karnal)	765-770	755-760
Punjab (Khanna)	742-747	742-747
Ahmedabad	860-860	865-870
Ludhiana	651-657	651-655
Ludhiana (Jagraon)	655-665	655-660
Rajasthan (Kota)	855-860	852-857
Amritsar	765-770	720-725
Uttar Pradesh (Kanpur)	855-860	855-860
Uttar Pradesh (Bareilly)	810-815	810-815
Uttar Pradesh (Shahjahanpur)	855-860	855-860
Maharashtra (Jalgaon)	875-885	895-900
Madhya Pradesh (Satna)	725-740	775-785
Madhya Pradesh (Indore)	860-880	870-900

INTERNATIONAL MARKET:

CBOT Wheat Mostly Down Led by KCBT

Chicago Board of Trade (CBOT) wheat futures finished mostly lower Monday, supported by weakness in Kansas City Board of Trade futures, due to the speculative traders sold large amounts on news the market was overbought and as forecasts news of rain in parts of the drought-stricken southern Plains. CBOT May contracts slipped 8 cents to \$3.495, KCBT futures declined by 18.75 cents to \$4.378 and Minneapolis Grain Exchange futures decreased 16.75 cents to \$4.138. While there was talk on the weekend that India may need to import more wheat, talk that US wheat is priced well above the competition added to the bearish tone. Weekly export inspections for wheat came in at only 9.5 million bushels as compared with trade expectations at 15-20 million, also supported the futures market.

NEWS ANALYSIS:

India Likely to Import Additional Wheat as Prices Soaring

The country will need to import more wheat to replenish a shortfall in production, made worse by increasing prices that have directed farmers to hold back from selling their new crop to government procurement agencies, according to sources. The first shipment of imported wheat will arrival at the end of this month but the supplies have not helped to cool prices. The country has imported 5-lakh tonne wheat from Australia. Wheat prices are soaring by Rs.50-75/qlt at most of the mandis despite the arrivals are increasing, traders said. According to DP Singh, president of the All India Grain Exporters Association, the government is likely to import 15-20 lakh tonnes more wheat to stabilise the prices. The government has around 10 lakh tonnes stocks at now. It is one of the lowest ever. The government agencies have been trying to procure wheat for replenishing their stocks since the first week of

April in the northern India's states, but farmers have been sitting on their produce. The farmers are speculating that the wheat prices will increase further. The prevailing wheat prices are over than that of MSP of wheat Rs.650/ql. Big trading houses are purchasing wheat as bulk amount, which have also contributed to the price rise. Therefore the government would have no choice, but to import more under the circumstances.

Haryana Contributed 84% Wheat to the Central Pool

According to the source, the government procuring agencies have up to now procure around 84% of wheat i.e. 16-17 lakh metric tonnes (LMT) of wheat out of 19-19.5 LMT, which arrived in Haryana markets till Monday. According to the source, out of these Hafed had bought 6.18 LMT, after that Food and Supplies Department by 3.72 LMT, Haryana Agro Industries Corporation 1.83 LMT, CONFED 1.26 LMT, Haryana Warehousing Corporation 1.49 LMT and Food Corporation of India 2.21 LMT. The total arrival was 3.80 LMT in Kaithal district leading the state followed by Karnal with 3.65 LMT, Kurukshetra 2.65 LMT, Fatehabad 2.26 LMT, Jind 2.25 LMT and Sirsa 1.45 LMT. The spokesperson said Rs 1.837 crore had been arranged for making payment to the farmers within 72 hours of the

purchase of their produce. Around 352 markets had been established for the smooth procurement of wheat in the state.

WEATHER OUTLOOK:

During past 24 hours, light to moderate rain/thundershowers have occurred at a few places over Himachal Pradesh, Uttaranchal, Gangetic plains & adjoining central India, east India northeastern States, Tamil Nadu, Kerala and Coastal Andhra Pradesh. The ongoing thunderstorm activity over northeastern States, West Bengal & Sikkim, Bihar, Tamil Nadu and Kerala is likely to continue during next 2-3 days. The harvesting is going ahead at most of the centre. Therefore this rainfall activity might be affected to the crop.

FOREX (As on 19th April, 2006):

Foreign Currency	Rs. per unit
1 US \$	45.15
1 Euro	55.34
100 Yen	38.34
1 British £	79.97

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