

## WHEAT

18<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:** May (Future)

NCDEX wheat futures are skyrocketing and settled mostly bullish today amidst strong buying support and crop loss fears due to bad weather. The stable market prices in Delhi and very strong price movement in UP also underpinned the futures market. The futures market traded bullish throughout the session following strong opening on buying support. The May contracts settled mostly up by Rs.17.20 to Rs.843.20 following mostly firm opening of Rs.829.00 and traded in between Rs.821-844 today.

**Price Change:** May Contract

Contracts	Closing	Previous	Change
May	843.20	826.00	+17.20

**Indicators:** All of the indicators are indicating to bearishness of wheat prices but RSI has reached at overbought region. Volume as well as open interest has increased today.

**Outlook:** Wheat futures are anticipated to trade bullish in the coming days but might be take correction from higher level.

**Advice:** Sell near 852.00, target near 834.5 next 828.8 and stop loss at 861.00 marks. Take position cautiously.

### Support and Resistance Levels:

The current resistance levels are at 845.3 and 852.3 marks and support levels are at 814.9 and 809.5 marks as very short term.

Contracts	Support Levels		Resistance Levels	
	S1	S2	R1	R2
May	828.8	824.2	845.3	850.3



### DEMAND, SUPPLY AND PRICES AT IMPORTANT CENTRES

#### DOMESTIC MARKET COMMENTARY

The sentiment for wheat market continued to remain steady to rangebound in **Delhi** and wheat has traded on mostly steady side today due to stable demand-supply scenario. The higher arrival are offsetting the strong demand therefore the prices remained stable. Wheat dara mill quality is offering at Rs.770-775/mtl with totalled arrival of 17000-20000 bags at the Lawrence road today. The totalled arrival remained in Delhi around 2-2.5 lakh quintals. The wheat is coming from Haryana and Uttar Pradesh. Wheat mill quality has traded on slight firm side at Rs.725-730/mtl with 30000-40000 bags arrival at Narella,

Rs.725-730/mtl with 20000-25000 bags of wheat at Najafgarh and Rs.765-775/mtl with average arrival of 70000-80000 bags at Alipur mandis. The two racks are loaded for South India, according to the source. The prices are likely to go up in the coming days, according to the market.

Recent rains with cloudy weather pushed up the wheat prices today at most of the mandis in **Uttar Pradesh** today. Apart from this fears of poor quality wheat and weak arrival coupled with buying pressure from private buyers also kept pressure on prices. The mill quality wheat

is offering at Rs.755-765/qrtl at Kasganj, Etah with average arrival of 3500-4500 quintal and Rs.735-740/qrtl with 2000-2500 quintal arrival in Ujhani mandis today. Wheat has traded at Rs.760-765 per quintal at Hapur Mandi today.

The wheat market is remaining rangebound with steady sentimental at most of the mandis in **Punjab**. The main factor is good buying demand from the private buyers as well as government. At Sunam, the wheat is offering at the rate of Rs.651-655/qrtl with 25000-30000 bags of arrival.

In **Rajasthan** market, the wheat prices fell down on reduced buying pressure from the stockists coupled with slight higher arrival. At Khairtal and Alwar market the new wheat has traded at Rs.740-750 per quintal with 8000-10000 bags of arrival at each mandis.

Wheat prices fell down slightly today in **Maharashtra** market despite the strong demand from local buyers in addition to millers but strong arrival slightly pushed back the prices today. The wheat prices prevailed at Rs.875-885/qrtl with totalled arrival of 10-12 lorries including 3-5 lorries from local area at Jalgaon market today. But the demand from the stockists remained poor amidst slight poor quality of wheat. The mill quality wheat is quoting at Rs.955-965 per quintal in Pune and Mumbai mandis with slight higher arrival.

The wheat prices declined further at **Madhya Pradesh** due to the higher arrival. Mill quality wheat has quoted at Rs.860-880/qrtl at Indore with higher arrival of 16000-18000 bags and Rs.770-780/qrtl (Mandi rate) at Bhopal mandis with average arrival of 10000-12000 bags and around 1.5-2.0 lakh bags in M.P.

In **Gujarat** market, the wheat has traded at slightly higher side at Rs.860-865/qrtl at Ahmedabad and Rs.755-775/qrtl at Rajkot mandis today. The average arrival was stable at 20000-25000 bags at Ahmedabad and Rajkot mandis today. The strong buying support from the private buyers is offsetting the higher arrival.

Wheat prices remained steady in **Haryana** market due to the pressure of government procurement together with purchasing of multinational companies. The bulk amount of wheat is going to the government. At Dhabwali, Hisar, Hodal, and Palwal market it traded within the range of Rs.670-675/qrtl, Rs.651-675, Rs.690-695 and Rs.690-725 per quintal.

The wheat prices are anticipated to trade steady to weak on coming **Tuesday** in the domestic spot market.

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

Wheat Products	15.04.06	17.04.06
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	15.04.06	17.04.06
Delhi (Lawrence Road)	770-775	770-775
Haryana (Karnal)	765-770	765-770
Punjab (Khanna)	740-745	742-747
Ahmedabad	855-865	860-860
Ludhiana	651-660	651-657
Ludhiana (Jagraon)	655-665	655-665
Rajasthan (Kota)	870-875	855-860
Amritsar	770-775	765-770
Uttar Pradesh (Kanpur)	840-845	855-860
Uttar Pradesh (Bareilly)	780-785	810-815
Uttar Pradesh (Shahjahanpur)	825-830	855-860
Maharashtra (Jalgaon)	880-890	875-885
Madhya Pradesh (Satna)	725-740	725-740
Madhya Pradesh (Indore)	870-880	860-880

#### INTERNATIONAL MARKET:

CBOT remained closed for Saturday and Sunday.

#### NEWS ANALYSIS:

##### Bright Production of Wheat Crop Forecasted for Punjab

Allaying fears of a poor yield this Rabi season, Punjab is expected to fetch better harvest of wheat crop. Punjab provides about 20 per cent of the country's wheat production. According to an official of Punjab Agricultural University (PAU), the acreage of wheat crop was same as of last year and the proper use of agricultural inputs, the production would be reaching an optimum level, only the weather could affect crop yields. This year, the expected output of wheat is 14.695 million metric tonnes. According to another official of PAU, the mercury suddenly shot up in February, raising fears that it might adversely affect the wheat produce but the mercury soon came down and the produce turned out to be good and healthy. The weather in the last few weeks has been very hot and dry which is helping in improving the quality of the grains, he included. Six agencies including the Food Corporation of India, Punsup, Markfed, Food and Supplies Department, Punjab Warehousing Corporation and Punjab Agro are all geared up for wheat procurement.

##### Haryana Expecting Better Wheat Production

Haryana is also likely to reap a fair harvest as of Punjab. In Haryana, the area under wheat in 2005-06 is 23,80,000 hectares, as against of 23,22,000 hectares in the last year. It is expecting an average yield of 39 quintals a hectare. This is slightly lower as compared to 42 quintals a hectare in Punjab. According to the state's agriculture director, Rajesh Khullar, the lower productivity in Haryana was the result of relatively less availability of irrigation. Harvesting of wheat crops is in full swing and would be completed by April-end. The FCI and Hafed are the major procurement agencies in Haryana. The state government has now

amended the Contract Farming Act, which has been sent for the president's approval. This would enable farmers to sell their produce directly to the wheat-based industry.

#### **Wheat: APMC Decided to Stage Strike from April 19**

The wholesalers at Agriculture Produce Market Committee (APMC) of Maharashtra have determined to stage a strike against Value Added Tax (VAT) from April 19. On an around 288 merchants of the state are taking part in this strike. The APMC merchants are apprehending a price hike in wheat and other crops if the much-dreaded VAT is imposed. According to the merchants if VAT were imposed the prices would raise by Rs.10 to Rs.18 per kg and on high quality wheat the price would increase by Rs.16 to Rs.20. The merchants association at APMC decided to close their shop on April 11. The leader of the association, Mohan Gunani pronounced on Thursday, April 13 that all the shop owners would sell off their old stocks till April 19. Until then no new stocks would be bought. The state government had imposed VAT on all essential food items from April 1.

#### **WEATHER OUTLOOK:**

During past 24 hours, rain/thundershowers have occurred at many places over Andhra Pradesh and south Chhattisgarh and at a few places over rest Peninsula, Vidarbha, Orissa and northeastern states. Isolated thundershower activity over northwest India and Madhya Pradesh. The rainfall activity is likely to increase over Chhattisgarh, Orissa, Jharkhand and West Bengal & Sikkim during next 2 days and over northeastern States subsequently. The harvesting is going ahead at most of the centre. Therefore this rainfall activity might be affected to the crop.

#### **FOREX (As on 18<sup>th</sup> April, 2006):**

Foreign Currency	Rs. per unit
1 US \$	45.15
1 Euro	54.98
100 Yen	38.18
1 British £	79.39

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