

## WHEAT

12<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 rebounded from its recent upward rallies and settled weak today amidst technical correction as well as weak spot market price. The wheat prices fell down by Rs.10-15 per quintal in Delhi today, which triggered the futures market to down coupled with the futures market was reaching near the overbought region. Therefore the selling pressure pulled down the wheat prices today. Wheat futures traded bearish side throughout the session following slight firm opening. The April contracts settled down by Rs.5.40 to Rs.794.00 following slight firm opening of Rs.800 and traded in between Rs.788-800 today.

**Price Change:** April Contracts

Contracts	Closing	Previous	Change
April	794.00	799.40	-5.40

**Indicators:** The most of the indicators are hinting to bearishness of wheat prices where as MACD is indicating some bullish movement as medium term. Volume as well as open interest has decreased today.

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

**Advice:** Sell near 797.5, target near 786.5 next 782.3 and stop loss at 803.2 marks.

**Support and Resistance Levels:**

The current resistance levels are at 794.9 and 800.0 marks and support levels are at 786.1 and 782.3 marks as very short term.

Contracts	Support Levels		Resistance Levels	
	S1	S2	R1	R2
April	786.1	782.3	794.9	800.0



### DEMAND, SUPPLY AND PRICES AT IMPORTANT CENTRES

#### DOMESTIC MARKET COMMENTARY

The domestic wheat spot prices moved down today in **Delhi** amidst weak demand from the stockists and strong arrival. Wheat dara mill quality has slipped by Rs.10-15 per quintal to Rs.765-770 per quintal with average arrival of 15000-17000 bags at the Lawrence road today. The stockists remained postponed their buying activity as the prices went to high recent. The arrival is surging around 1.25 to 1.5 lakh bags totalled in Delhi also kept pressure on prices. The total arrival was around 40000-50000 bags at Narella and 20000-25000 bags at Najafgarh mandis today, according to the traders. The mill quality wheat is offering

at Rs.710-715 per quintal at Narella and Najafgarh mandis today. Cargill Company has purchased around 40000-45000 quintal of wheat from Delhi and they postponed their buying at now, reported one market man. The spot prices are likely to dip further in the coming days, according to a trader.

The wheat prices improved further today on stockists demand in **Uttar Pradesh** market. The new wheat has traded at slight higher side at Rs.710-720/qlt with average arrival of 1200-1600 quintal in Kasganj, Rs.707-712/qlt with 700-900 quintal arrival in Etha and Rs.705-715/qlt

with arrival of 700-800 quintal in Ujhani mandis. Wheat has traded at Rs.760-770 per quintal at Hapur Mandi today at higher side. According to a source, multinational companies have begun to purchase wheat at Rs.795-800 per quintal as Etha delivery.

The wheat prices remained almost rangebound with positive at most of the mandis in **Punjab** market amidst bright demand from multinational companies as well as stockists. Therefore the wheat prices prevailed stable though the arrival was higher. The average arrival was 10000-12000 bags in Amritsar. At Sunam, the wheat is trading at the rate of Rs.650-655/qrtl with strong arrival of 20000-25000 bags. Government has begun started to procure wheat at the prevailing MSP rate from the farmers.

In **Rajasthan** market, the wheat has traded at stable side at most of the part on stable demand with positive arrival today. At Khairtal and Alwar market the new wheat has traded at Rs.750-760 per quintal, according to trade sources. The average arrival was 4000-5000 bags each at Khairtal and Alwar mandis. The demands from stockist were remarkably strong.

The wheat prices went to mostly firm side recent but the prices fell down slightly on arrival pressure today in **Maharashtra** market. The wheat prices have touched Rs.890-900 per quintal recent at Jalgaon mandis but fell down to Rs.860-870 per quintal today with average arrival of 5-7 lorries from MP and Gujarat in addition to 4-5 lorries from local area. The mill quality wheat is quoting at Rs.980-990 per quintal in Pune and Mumbai mandis with moderate arrival. The Lokman variety has traded within the range of 1250-1300 per quintal.

The most of the mandis **Madhya Pradesh and Gujarat** remained closed for "MahavirJayanti". Therefore the trading activity remained very poor today. The market is likely to open in the coming day.

Wheat prices are increasing in **Haryana** market due to pressure of government procurement together 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.750-755, Rs.660-670 and Rs.650-660 per quintal at slight higher side.

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

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

Wheat Products	10.04.06	11.04.06
Atta (90kg)	865	865
Maida Grade 1(90kg)	1038	1038
Suji (50kg)	571	571
Chokar (50 kg)	280	280
Chokar (35 kg)	177	177
Chakki Atta (90kg)	770	770

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

Markets	10.04.06	11.04.06
Delhi (Lawrence Road)	775-780	765-770
Haryana (Karnal)	740-745	755-760
Punjab (Khanna)	735-740	737-742
Ahmedabad	865-870	865-870
Ludhiana	680-685	682-688
Ludhiana (Jagraon)	660-665	665-670
Rajasthan (Kota)	845-850	845-850
Amritsar	750-760	750-760
Uttar Pradesh (Kanpur)	800-805	805-810
Uttar Pradesh (Bareilly)	755-760	755-760
Uttar Pradesh (Shahjahanpur)	800-805	805-810
Maharashtra (Jalgaon)	890-900	860-870
Madhya Pradesh (Satna)	730-740	Closed
Madhya Pradesh (Indore)	900-920	Closed

#### INTERNATIONAL MARKET:

##### CBOT Wheat Soaring on US Weather

Chicago Board of Trade (CBOT) wheat futures traded firm on Monday bolstered by strong Kansas City Board of Trade July wheat futures to a one-month high amidst speculative short covering and fears about U.S. hard red winter wheat crop losses on drought. The threatening weather outlook triggered a sharp run higher in new crop Kansas City wheat this morning with the market up as much as 19 cents on the day into the mid-session to the highest level since March 10th. The other supportive factor was strong upward tone in Minneapolis Grain Exchange spring wheat futures due to fears about excess moisture in U.S. Northern Plains wheat fields. The lower projection of 2005-06 U.S. wheat-ending stocks to 532 million bushels from its March estimate of 542 million bushels by the U.S. Department of Agriculture was also a supportive factor. CBOT May wheat soared 9.75 cents at \$3.61 per bushel and July gained 9 cents at \$3.738 per bushel.

#### NEWS ANALYSIS:

##### Imported Wheat Expected to Reach 23<sup>rd</sup> or 24<sup>th</sup> April

According to a senior official of State Trading Corporation (STC), the imported wheat from Australia is expected to hit the Chennai port around April 23 or 24 in this year. The first cargo is carrying around 50,000 metric tons. He also concluded that the schedule has been belated somewhat because the delivery depends on the availability of ships. Earlier, it was anticipated that the cargo would arrive at 8<sup>th</sup> or 9<sup>th</sup> April. Plant Protection and Quarantine Department and the Ministry of Health will be inspected the cargo at the port. If the cargoes meet India's quality standards, they will be discharged from the port, the official said. The imported wheat is only meant to supplement buffer stocks and not meet immediate local demand. The maximum moisture content should be 12% and the minimum protein

content on a dry weight basis should be 10%, according to tender.

### **BKU: Punjab Farmers Protesting Against Wheat Import**

The Punjab farmers are protesting against the wheat import by India and not to raise the Minimum Support Price (MSP) of wheat, a farmers' union Bhartiya Kisan Union (BKU) in Punjab reported on Tuesday. Therefore the farmers would not sell wheat on April 17 and 18 in protest over the Centre's decision to import wheat and regarding MSP. According to the president Ajmer Singh Lakhwal of BKU, the government was spending Rs.950 per quintal on wheat import whereas it is providing only Rs.650 per quintal to farmer's produce, which was unfair. They also urged that the present government representatives was

promised during election that it would give Rs.30 as bonus to farmers but it gave only Rs.10.

### **WEATHER OUTLOOK:**

Winter wheat is in maturing to harvesting stages across north India will benefit from a recent turn to drier and warmer weather. The prevailing weather condition is suited for wheat harvesting.

### **FOREX (As on 12<sup>th</sup> April, 2006):**

Foreign Currency	Rs. per unit
1 US \$	44.74
1 Euro	54.14
100 Yen	37.84
1 British £	77.95

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