

WHEAT

7th 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 bounced back to bearish position amidst strong speculative selling at higher level today. The market was climbed up recently on rumour of bonus on wheat MSP but the news was not confirmed therefore the market fell down today. The spot market improved further in Delhi today, which provided some underlying support to the futures market at early hour. The futures market opened weak and went to higher position on early buying pressure but fell down at last on strong selling pressure. The April contracts settled down by Rs.4.40 to Rs.778.00 following weak opening of Rs.782.00 and traded in between Rs.775-785 today.

Price Change: April Contracts

Contracts	Closing	Previous	Change
April	778.00	782.40	-4.40

Indicators: The most of the indicators are hinting to bearishness of wheat prices except Stochastic, which is indicating to bullish ness of wheat prices. Volume has decreased but open interest has increased today. MACD is indicating to medium term bearishness.

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

Advice: Sell near 781.5, target near 772.3 next 767.9 and stop loss at 786.5 marks.

Support and Resistance Levels:

The current resistance levels are at 780.2 and 785.1 marks and support levels are at 772.3 and 767.9 marks as very short term.

Contracts	Support Levels		Resistance Levels	
	S1	S2	R1	R2
April	772.3	767.9	780.2	785.1



DEMAND, SUPPLY AND PRICES AT IMPORTANT CENTRES

DOMESTIC MARKET COMMENTARY

The domestic spot prices are improving in **Delhi** on slight weak arrival and moderate buying pressure from the stockists. Therefore the wheat dara mill quality has improved from Rs.745-755 per quintal Wednesday to Rs.755-760 per quintal at the Lawrence road today with average arrival was 10000-12000 bags. The wheat bags are coming from Hodal, Palwal, Koshi and Mathura. The demand from mill industry remained weak, according to the traders. They also noted that some multinational

companies like Cargill has begun to purchase wheat at the rate of Rs.765-770 per quintal, which is higher than that of prevailing market price. Narella and Najafgarh mandis are also showing steady to slight bullish fashion and wheat has traded at the range of Rs.755-765 per quintal on slight higher side.

The wheat prices is going to negative zone in **Uttar Pradesh** market due to strong arrival pressure and lack of buying activity therefore the prices declined by Rs.15-20

per quintal at most of the trading centre today. The demand from stockists and mill industry showed negative sentiment. The new wheat has traded at lower side at Rs.695-700/qtl with average arrival of 1000-1200 quintal in Kasganj, Rs.690-700/qtl with 700-800 quintal arrival in Etha and Rs.690-695/qtl with arrival of 500-600 quintal in Jeoni mandis. Wheat has traded at Rs.740-750 per quintal at Hapur Mandi today at mostly lower side.

The strong arrival pressure again pulled down the wheat prices in **Punjab** market, therefore the prices fell down by Rs.50-60 per quintal at most of the mandis. The new wheat has hit Patiala, Panipath, Jagraon and Rajpura etc. mandis. The demand remained almost weak and the farmers are creating stocks, according to the traders. They are waiting for government decision of bonus on wheat MSP. The new wheat has also hit the Amritsar, Ludhiana etc. market. The average arrival was 1500-1800 bags each in Amritsar and Ludhiana market. In Jagraon mandis, arrival of new wheat was 2000-2500 bags. At Sunam, the largest mandi of the Punjab, wheat has quoted at the rate of Rs.725-730/qtl as loose basis with arrival of 4000-5000 bags.

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.730-735 per quintal, according to trade sources. The average arrival was 3000-3500 bags at Khairtal and 2500-3000 bags on Alwar mandis. The demands from stockist were pronounced.

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 7-10 lorries from MP and local area. Among the full arrival, 5-6 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.

The trading activity remained very poor in **Madhya Pradesh** and **Gujarat** mandis. The MP mandis remained almost closed due to Ramnavami and Gujarat mandis remained closed for strike against of VAT. Therefore the prices remained almost unchanged at this centres.

Wheat prices are lingering almost steady in **Haryana** market due to pressure of government procurement coupled 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.740-750, Rs.650-660 and Rs.650-660 per quintal at lower side.

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

The wheat products prices are decreasing at most of trading centre due to lower prices of mill quality wheat and other varieties. It showed a bearish undertone in Delhi market also. The prices declined by Rs.35-45 on each item of wheat.

PRICES OF WHEAT PRODUCTS IN DELHI (in Rs.)

Wheat Products	5.04.06	6.04.06
Atta (90kg)	944	908
Maida Grade 1(90kg)	1093	1066
Suji (50kg)	607	592
Chokar (50 kg)	242	277
Chokar (35 kg)	179	173
Chakki Atta (90kg)	780	770

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

Markets	5.04.06	6.04.06
Delhi (Lawrence Road)	745-750	755-760
Haryana (Karnal)	735-740	740-745
Punjab (Khanna)	795-800	745-750
Ahmedabad	825-830	840-845
Ludhiana	700-710	690-695
Ludhiana (Jagraon)	690-700	665-670
Rajasthan (Kota)	800-805	800-805
Amritsar	770-775	765-770
Uttar Pradesh (Kanpur)	795-800	800-805
Uttar Pradesh (Bareilly)	730-735	720-725
Uttar Pradesh (Shahjahanpur)	775-780	770-775
Maharashtra (Jalgaon)	800-810	800-810
Madhya Pradesh (Satna)	730-735	725-730
Madhya Pradesh (Indore)	830-860	830-860

INTERNATIONAL MARKET:

CBOT Wheat Improves Further on Supply Concern

Chicago Board of Trade (CBOT) wheat futures improved further Wednesday amidst light short covering, fears of drought for the U.S. hard red winter wheat crop and worries of flood for the U.S. spring wheat crop. CBOT May wheat gained 4.25 cents at \$3.47 per bushel while July wheat remained strong 4 cents at \$3.60. Minneapolis wheat led the rally with some planting delay concerns for the spring wheat crop. The good rains in the past few weeks for the winter wheat belt have boosted crop conditions and traders believe conditions will improve again for Monday's weekly update but more rain is needed in the western and southern sections of the belt. Speculative funds bought about 2,000 CBOT wheat futures contracts. For the weekly export sales report, released before the opening, traders are looking for wheat sales near 250,000-400,000 tonnes as compared with 512,600 tonnes last week. The export news of U.S. remained calm, while Morocco tendered to import 115,000 metric tons of soft European Union wheat.

NEWS ANALYSIS:

USDA: Estimated Wheat Production to 72 MMT in India

The USDA's attaché in India revised the wheat production estimate in the marketing year 2006 (April-March), which is down by 1 million tonnes to 72 MMT as compared with last estimation of 73 MMT. The production is expected to down due to abnormal weather conditions in February and March. The production is likely to decrease in M.P, Punjab and Haryana. They also reported that India is expected to import about 2 MMT of wheat in the latter half of marketing year 2006/07 (April- March). Australian wheat exporter AWB Ltd. told that they have more surplus wheat for sale if extra demand comes from India. Initially they are exporting about 5 lakh MT of wheat to India and it would be reached in 8th-9th April.

Pakistan: Estimated Wheat Output Down to 20.5 MMT

According to the Agriculture Ministry of Pakistan, the projected wheat production pegged at 20.5 million tonnes in 2005-06, which is down from last estimation of 22 MMT and last year's production of 21.6 MMT amidst poor growing weather. On the other hand according to a source, the estimated French 2006 soft wheat plantings would rise 1.3% from last year and hard wheat plantings would jump 8.9%.

Wheat Procurement Started in Sirsa

According to the Haryana Government, the local authorities have started the purchasing of wheat from the local farmers in the Sirsa district. Various government agencies are procuring wheat at the rate of Rs.650 per quintal, which is fixed by the government for the year 2006-07 marketing year. According to the Deputy Commissioner, Mr. Vimal Chandra, eight government agencies were procuring wheat in the district. He also concluded that 61 procurement centres had been established in the district including six mandis.

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, Bihar and East Uttar Pradesh.

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

Temperatures over northwest and central parts of the country are likely to increase further by 2-3° C.

NORTH-WEST INDIA: Mainly dry weather is likely over the region. However isolated to scattered rain /snow likely to commence over Jammu & Kashmir from 8th onwards. This activity will increase and extend into Himachal Pradesh and Uttranchal also. Day temperatures over the region are likely to increase further by 2-3° C .

EAST INDIA: Rain/thundershowers accompanied with hail/squall are likely at a few places over West Bengal & Sikkim and isolated over the rest of the region.

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 South Tamil Nadu, Kerala and Andaman & Nicobar Islands. Day temperatures are likely to increase in Karnataka and Telangana region.

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 further 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. Rainfall/snowfall activity is likely to enhance over the Western Himalayas.

Source: IMD, GOI

Winter wheat is 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 6th 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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