

WHEAT

11th MAY, 2006

MAJOR ACTIVITY HIGHLIGHTS

- Wheat Prices Remains Firm at Most of the Pockets
- Wheat Production Expected to Down at 71.5 MMT

TECHNICAL ANALYSIS

Exchange: NCDEX

Perspective: Very Short Term (Daily)

Contract: JUNE (Futures)

NCDEX Wheat futures climbed today following strong opening due to expectation of lower production in this season. Therefore strong speculative buying triggered the prices too high. The strong spot market prices also supported the futures to climb. The June contract climbed up by Rs.13.80 to Rs.934.60 following strong opening at Rs.921.60 and traded in between Rs.921.60-941.80 today.

Price Change: June Contract

Contracts	Closing	Previous	Change
June	934.60	920.80	+13.80

Indicators: Most of the indicators are indicating to bullishness of wheat prices. Volume as well as open interest mostly increased today.

Outlook: The prices are likely to remain strong following steady to strong opening in the coming day.

Advice: **Buy** near 931.1, **Target** towards 941.7 next 945.5, and **Stop Loss** at 925.0.

DOMESTIC MARKET COMMENTARY:

MARKET FUNDAMENTALS

The domestic market price for wheat is climbing despite the government floated tender for another 30 lakh Mt of wheat on Monday. Today, at most of the centre the prices increased amidst reduced arrival and lower production estimation by the government. Therefore the stockists and farmers are hoarding the stocks at present. In addition to good buying demand from Cargill, Adani, ITC, AWB etc. are exacerbating the prices to climb. They are paying much more from the current MSP as well as spot market. Wheat dara mill quality has increased by Rs.10.15/qlt to Rs.840-845/qlt with average arrival of 12000-13000 bags at the Lawrence road in Delhi today. The totalled arrival was around 1-lakh bags from Haryana in this state today. The racks are loaded for Assam from this state. At Indore and Bhopal mandis too, the prices has climbed by Rs.10-12/qlt today with slight weak arrival of 4000-5000 bags at each mandis. At most of the centre, the harvesting has completed but the arrival remained weak at the mandis. It is witnessed that the arrivals of wheat have decreased to 12.07 MMT as of May 8, while the average arrival was 15.1 MMT in the previous year same period. The government pegged wheat production at 71.5 MMT as against of 73.6

Support and Resistance Levels: JUNE Contracts

Support Levels		Resistance Levels	
S1	S2	R1	R2
925.9	918.8	945.8	955.5



MMT of earlier estimation. It is also encouraging the spot prices to climbing.

SPOT MARKET PRICE FOR WHEAT (Rs./Quintal)

Markets	9.05.06	10.05.06
Delhi (Lawrence Road)	830-835	840-845
Haryana (Karnal)	835-840	840-845
Punjab (Khanna)	830-835	835-840
Punjab (Sunam)	720-725	720-725
Ludhiana (Jagraon)	720-725	720-725
Ahmedabad	925-930	925-930
Rajkot	860-870	860-870
Rajasthan (Kota)	975-980	960-965
Uttar Pradesh (Kanpur)	895-900	885-890
Uttar Pradesh (Bareilly)	840-845	840-845
Madhya Pradesh (Indore)	960-980	970-980
Madhya Pradesh (Bhopal)	860-900	870-900

SALIENT FEATURES OF THE MARKET:

1. CBOT Wheat Climbs amidst Speculative Buying
2. Marriage season in most part of the country inducing weak arrival
3. Harvesting Almost Completed
4. India likely to cut wheat import duty to 10-15%
5. Indian import tender sparks global wheat prices
6. STC floated tender of 30 lakh tonnes of wheat on Monday
7. Wheat Production Expected to Down at 71.5 MMT

RATES OF WHEAT PRODUCTS IN DELHI (In Rs.)

Wheat Products	9.05.06	10.05.06
Atta (90kg)	875	875
Maida Grade 1 (90kg)	1049	1049
Suji (50kg)	578	578
Chokar (50 kg)	311	313
Chokar (35 kg)	191	193
Chakki Atta (90kg)	795	795

WEATHER OUTLOOK:

Scattered rainfall /thundershowers activity over Northeastern States likely to continue.

Winter wheat in harvest stage across north India will benefit from a recent turn to drier and warmer weather. Around 90-95% crop has been harvested.

PORT WATCH:

Tuticorin Port is loading 41,000 MT of wheat on the vessel 'Equinoxdown'. St.John agents are handling the vessel.

Kandla Port is expecting 'Aristagoras' to load 30,000 MT of wheat to Ulsan. DBC agents will be handling the vessel.

FOREX (As on 10th May, 2006):

Foreign Currency	Rs. per unit
1 US \$	44.93
1 Euro	57.35
100 Yen	40.49
1 British £	83.82

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