

Wheat

18th- 25th June 2005

MAJOR ACTIVITY HIGHLIGHTS

- Latest Harvesting Position in Major Wheat Producing States
- Demand, Supply And Prices At Important Centres
- International and domestic news
- International wheat prices

*Latest Weather Watch as on 25.06.05

WEEKLY WHEAT NEWS

Yield Reduction:

Punjab: - There is an yield reduction in yield as compared to last year in blocks of Ferozpur, Amritsar, Kapurthala, Gurudaspur & Muktasar districts, but it is more than the last year in some of the districts of the State. Consequently, the productivity of the Wheat crop in the State has been estimated 4228 as against 4207 Kg/ha. of the last year. The reduction in yield is due to :

1) rains, hailstorm and strong winds experienced in the months of February & March and,

2) the frequent rainfall in these months in above mentioned districts where the soil is alkaline in nature leads to temporary water logging which affected the standing crop.

Himachal Pradesh: - Reports of yield reduction have been available from H.P. due to appearance of loose smut. The situation needs further assessment. Details have been asked from Govt. of H.P. and reports awaited.

Uttaranchal: - There are reports of yield reduction ranging from 7% to 10% of Wheat crop in Udham Singh Nagar & Haridwar districts due to :

1) Continues rains during throughout February Month ,

2) High temperature during March, details awaited from the State.

(Source: GOI)

Progressive Procurement of Wheat as on 13.06.05.

State	Total procurement in marketing season 2004-05 (Apr. - Mar.)	Progressive Procurement as on 13.06.2005	
		In Marketing season 2005-2006	In Marketing season 2004-2005
Haryana	51.15	45.24	51.07
Madhya Pradesh	3.49	4.82	3.31
Punjab	92.40	90.10	92.40
Rajasthan	2.79	1.59	2.79
Uttar Pradesh	17.41	5.54	14.44
All-India	167.96	147.72	164.63

DEMAND, SUPPLY AND PRICES AT IMPORTANT CENTRES

Market Highlights

Delhi:

Less arrival and hoarding stock by the farmers and traders lifted the wheat prices very strong in Lawrence road. The price has increased from Rs.758-760 to Rs.770-772 per quintal. The market arrival was moderately high in this week as against the last week. The average arrival was in the range of 6000-7000 gunny bags in this week.

Ahmedabad:

The market sentiment in Ahmedabad remained very strong in this week amidst less supply. The arrival was less in this week. The wheat crop has been supplying to MP and Rajasthan etc. The wheat was traded at the range of Rs.765-770 per quintal.

Amritsar:

The wheat prices in Amritsar market remained also firmed throughout this week. The price for wheat was noticed within the range of Rs.695-705 per quintal. There was not any significant arrival.

Ludhiana:

Ludhiana market showed range bound with stable sentiment in this week amidst high demand and anticipated production loss. The wheat has been quoted at the range of Rs.725-730 per quintal.

Maharashtra:

In Maharashtra, the market position were hovering amidst less arrival in this week and wheat was traded at the range of Rs.810-820 per quintal.

Haryana:

In the Kaithal, Hisar, Hodal and Palwal markets of Haryana, wheat is traded at the range of Rs 675-680, Rs.710-715, Rs.700-750, and Rs.700-750 per quintal. However in the Karnal market the wheat was traded at the range of Rs 735-740 per quintal.

Rajasthan:

In Rajasthan market, the wheat prices remained range bound with stable position due to less arrival. The wheat prices at Khairtal and Alwar prevailed at Rs.695-700 and Rs.685-690 per quintal. It is expected that the price would hover in the long term due to less production in this region.

Vyada Bazaar:

The most active July and August contract at NCDEX witnessed a range bound with strong sentiment in this week. The market remained strong due to less government procurement, expected drop in

CONCLUSION

The over all market prices for wheat remained almost strong sentiment in the most part of the country in this week amid moderate arrival, government selling and hoarding the stock by the firmer and traders. The global market sentiment also remained range bound

with stable tone in this week. But the strong sentiment was noticed at the weekend. Therefore it can be expected that the market price for wheat would remain strong in domestic spot as well as futures market as a long term, but in short term it might be continue the range bound with stable sentiment.

INTERNATIONAL AND DOMESTIC NEWS:**Australian Wheat Prices Likely to Up on Lower World Output**

Australian wheat prices would push up due to lower world production. According to the Australian Bureau of Agricultural and Resource Economics, production from both the European Union and Russia is witnessed to fall about 7%. Another major producer China is also noticed with tightening supply, this should push up prices by 9% in Australia to about \$218 a tonne. However, this price rise won't be enough to offset the expected drought-induced fall in production which will cut the national wheat crop by 21% to 16 million tonnes. Total exports are expected to drop 11.8% to 14.8 million kilograms, with value of exports expected to be down 2.1% to \$3.6 billion. The projections

production, average arrival, hoarding the stock by the traders and farmers etc.

Table: Price and Arrivals in Delhi Markets in This Week

Centres	Prices (Rs/qt.)		Arrivals (bags)	
	25.06.05	17.06.05	25.06.05	17.06.05
Lawrence	770-772	758-760	6000-7000	3000-4000
Mills	770-775	770-775	7000-8000	3000-5000
Narela	730-745	725-735	NR	NR
Nazafgarh	735-745	720-730	NR	NR

Table: Prices of Wheat Products in This Week (in Rs.)

Wheat Products	25.06.05	17.06.05
Atta (90kg)	776	769
Maida (90kg)	865	857
Suji (50kg)	479	475
Chokar (50 kg)	285	293
Chokar (35 kg)	177	185
Chakki Atta (90kg)	740	735

do not take into account the recent rain to arrive across the eastern states, which could result in Australian production climbing substantially.

Wheat Import by India Unviable Amid High Global Prices

Wheat imports by India become unviable due to high international prices, where the government levies a 50 per cent Customs duty on the commodity, according to trade sources. At current situation the import of wheat in India is nightmare because wheat has just been harvested and procured in the country. The 50% duty makes it too costly to import wheat, whose prices will then be much higher than the prevailing market prices. Traders are still allowed to import wheat, but given the high duty levels, it is simply unworkable. Regardless of origin, import of wheat into India will cost at least \$185-190 per tonne, cost and freight included, he said. Government still has an estimated 14.7 MMT of wheat in its custody, sufficient to meet the demand under the public distribution system and service food-for-work programmes for another nine months. By the time, these stocks come down to nil, there will be the next wheat crop, due for harvest in April, 2005. However, traders feel, as the stocks gradually come down and the winter approaches, prices are likely to inch upwards, and imports may become unavoidable. Wheat is harvested in April-May and government procurement is over in June. For the next nine months, it is only consumed and not produced. As of now, government is playing with the idea of allocating more

rice rather than wheat for its welfare schemes and food-for-work programmes.

Wheat: Domestic Market Sentiment is too Hot

It was noticed that wheat prices in most parts of the country are ruling above Rs.765 per quintal. In Madhya Pradesh the prices are at Rs.795 per quintal. The wheat prices on CBOT were \$3.23 per bushel (\$118) per MT. According to the current estimates provided by GOI, the production of wheat is estimated at 72 MMT, however the trader's estimation is lower than 70 MMT. Based on a 72 MMT production and assuming all of this will get consumed, the per capita availability of wheat will be 183 gm per person per day if all 1.06 billion people were to be fed. If 20 percent of the population is discounted the per capita availability will be 232 gm per person per day. Food Corporation of India has procured 14.7 MMT of wheat this season (the target was fixed at 17 MMT) and had 4.1 MMT of stocks as on April 1, 2005. Already 4.3 MMT of stocks has been allocated and despatched, which would mean 14.5 MMT of stocks as on date. This would effectively mean 1.45 MMT of allocation per month for the next 10 months (Last 2 month allocation 2.15 MMT). During the period 2000 - 2003, India exported some 14 MMT of wheat. This was due to the huge amount of stocks that were piled up due to faulty distribution system. Some of the FCI wheat was also made available to the poultry and livestock sector. With the distribution system in place now and people getting wheat, there is little hope for the surplus let alone any buffer stocks at the end of the year.

Fairly Sluggish Start to Weekly Wheat Trade in U.S.

According to the CBOT analysts, the speculators were holding a net short position of nearly 25,000 contracts as of June 14th. A new high for the month of June overnight leaves the market susceptible to short covering, as the strength in the other grain markets follows shorts. With harvest expected to accelerate this week for both the hard red and soft red winter wheat, commercial sellers should be more active, but it is uncertain if this selling can offset the tendency for speculators to step aside from short positions with fund traders buying grain across the floor. Weekend rains in Australia and slow export news has failed to slow the buying, and traders will be watching for producer selling tendencies on the rally. Spring wheat conditions may not fare as well with extreme heat into the northern plains this week, but rains mixed with the heat could keep conditions favorable. Crops are already rated 81% in good to excellent condition as compared with 68% as the 15-year average for this time of the year. Internal wheat prices in India are on the rise due to a slow start to the monsoon rains this season, and traders will continue to monitor this situation closely. Last week, the Indian government indicated that they would not hesitate to import wheat in the case of a supply shortage.

AWB Reduced The Wheat Pool Outlooks on Weak Currency

The pool outlooks for 2005-06 wheat crop reduced by AU\$2 per metric ton (MT) for all grades, according to the Australian wheat marketing board, AWB International. The main reason behind it was weakness in the country's currency. This change takes 2005-06 EPR for APW to \$184/t (FOB, GST exclusive) and Durum grade APDR to \$210. There has been no change to EPRs for the 2004-05

AWB National Pool. AWB International General Manager, Sarah Scales, said while there has been no fundamental changes to the international wheat futures, the strength of the Australian dollar has placed pressure on the 2005-06 National Pool EPRs. The international wheat futures market is currently focused on the weather in the US corn belt and the strengthening of the Australian dollar has resulted in reductions to the 2005-06 EPRs.

Good Prospects Of Wheat And Pepper Futures

It is witnessed that the wheat and pepper futures market hold good prospects with regard to the commodity perspective in the coming years. The wheat prices are expected to remain firm owing to erratic weather conditions that would result shortages of wheat. The black pepper market also seems to be in the recovery mode. This is evident from the fact that the May contract in futures market is at par with global rates.

India Not To Cut Customs Duty On Wheat

According to, a senior food ministry official, the grain stocks in India has enough and has no plans to cut customs duty on wheat. However the traders have been seeking a cut in duties to make wheat imports feasible. Government officials say that on July 1, government agencies will have 14.5-15.0 million tonnes of wheat, which will be enough to meet the country's requirement until the next wheat crop.

A High Level of Meeting Organised on Wheat Supply

Prime Minister Manmohan Singh had organised a high-level of meeting with Finance Minister P. Chidambaram and Agriculture and Food Minister Sharad Pawar to review foodgrains stocks and price position in the wake of the delayed monsoon rains and hike in diesel and petrol prices. According to government projections, the wheat stocks are likely to slip down to around 1.5-2.5 million tonnes (MT) when the next procurement season begins. Mr Pawar has already affirmed that the country would import foodgrains to meet domestic requirements if the need arouse. The government is upset over the low purchase of wheat by official agencies, particularly from Uttar Pradesh and Bihar, which brought down the overall procurement by 24.2% to 14.8 MT on June 1, where as the target was at 18 MT. India has been a net exporter of wheat for past two years and liquidated its accumulated inventory by selling off the stocks at highly subsidised rates-around 50% of the economic cost. Uttar Pradesh produced around 25 MT during the current Rabi season, the largest output in the country, but government procurement in the state hardly remained at 7 lakh tonnes. Unlike Punjab and Haryana, foodgrains procurement in Uttar Pradesh is decentralized and the state government agencies procure rice and wheat from the farmers. Last week, Mr Pawar, however, said current stocks are comfortable to meet requirements of the public distribution system, welfare schemes, and employment generation programmes.

Import Cost of Wheat Likely to Rs.1100-1200 Per Quintal

India's agriculture continues to be a risk due to erratic pattern of monsoon. More than 50 per cent of farmers are dependent on the rains and any adverse effect on this vital sector reflects on the country's rate of growth. And the speech of Sharad Pawar, Union agriculture minister, that

India may have to buy wheat to meet the Public Distribution System (PDS) and Food for Work Programme commitments. It will provide hoarders and speculators an opportunity to corner as much grain as possible from the farmer directly. It is noticed that the import cost of wheat will be tentatively Rs.1100-Rs.1200 per quintal including initial cost, freight charges, duties, and so on. It is ironical that the country exported wheat at prices below the poverty line rate only three years ago when world market prices were low and now will be obliged to import the same foodgrain at much higher prices.

Anticipation of World Wheat Trade to Decline

According to the latest outlook report from the United Nation's Food and Agriculture Organization (FAO), the world wheat trading volumes are expected to decrease in 2005-06. The FAO's first forecast for wheat trade in 2005-06 (July/June) stands at 103.5 million metric tons (MMT), down 3.4 MMT from the 2004-05 level. The bulk of the expected decline this year stems from an anticipated reduction of wheat purchases by China, which would more than offset possible increases in imports by Brazil and several countries in Europe and northern Africa.

FAO: Wheat Import Likely to Fall in Asia and EU

Asian imports to fall across regions, total wheat imports in Asia are expected to decline most significantly. Imports by China (Mainland) are forecast to drop sharply, by 2.5 MMT, to 5 MMT. While wheat production in China is likely to remain close to the previous year's level, the anticipated slight increase in total domestic utilization is more likely to be met by drawing on stocks than by higher purchases from world markets. Afghanistan and Pakistan, two traditional importing countries, may import much less wheat this season because of improved production prospects. Imports by most other countries in Asia are unlikely to change much from 2004-05. Total wheat imports in Europe are forecast to decline in 2005-06 with imports by the EU sliding by 600,000 MT to 6 million MT. Large carryovers, particularly of intervention stocks, are forecast to make up for this year's production shortfalls in the EU drought-hit regions of Spain and Portugal. Smaller imports are also forecast for Romania where a bumper crop is expected to result in higher stocks and exports instead.

FAO: Wheat Import Expected to Boost in Africa

Wheat imports in Africa are seen to increase but most of the anticipated rise is likely to concentrate in northern Africa where production is expected to decline after 2 years of above-average harvests. In Morocco, where prolonged dry conditions are likely to reduce production sharply this year, imports could increase by 800,000 MT to 3 million MT, the highest level since 2000-01. Imports by most countries in Sub-Saharan Africa are forecast to remain unchanged or rise only slightly, except in Ethiopia, where growing demand and lower domestic supplies could boost imports this season. Imports in Latin America are expected to be similar to 2004-05 as a small decrease in deliveries to Mexico could offset higher purchases by Brazil.

Canada and EU Likely to Export Largest Volume of Wheat

Regarding exports, the new season's prospects seem less favorable for most exporters in view of a likely decline in commercial imports, according to FAO estimation. Among the five major wheat exporters, shipments from the United

States are forecast to decline the most, by 2.5 million MT. Smaller sales are also expected from Argentina and Australia but larger exports are forecast for Canada and the EU, both of which are likely to begin the new season with ample carryover stocks. Among other exporters, good crop prospects are likely to boost exports from Romania and several CIS countries, especially Kazakhstan.

Wheat: Consumption Matches Population Growth

FAO's first forecast for wheat utilization in 2005-06, at 618 million MT, is similar to the current season's estimated utilization. At that level, total use would still be slightly below the 10-year trend. The slow growth currently anticipated for the new season mainly concerns feed and other uses than food, which are expected to contract after rising sharply in 2004-05. However, wheat destined for direct human consumption is likely to continue to grow at about the same rate as population, hence resulting in rather stable intakes on per capita basis, which at the global level is forecast at around 68 kg, same as in 2004-05.

FAO: World Wheat Inventories to Decline

According to FAO, world wheat inventories for crop years ending in 2006 are currently forecast at 160 million MT, down 8 million MT from their revised opening levels. The forecast for wheat stocks for crop years ending in 2005 has been revised upwards by 4 million MT to nearly 168 million MT, to reflect adjustments in several countries in Asia as well as in the EU, where lower domestic utilization and a slight upward revision of production would result in bigger carryovers than estimated previously. The anticipated small decline in stocks by the closing of the seasons in 2006 would mostly result from further reductions in stocks held in China and India more than offsetting a relatively large increase in stocks held by the United States where, in spite of a small forecast drop in wheat production, stocks could increase in view of lower anticipated exports for 2005-06. Inventories could rise also in the EU where, despite an anticipated decline in production, total supplies still seem to exceed the projected domestic use and exports. Overall, aggregate wheat stocks held by major exporters are expected to approach 50 million MT, representing nearly 31% of the world total and up slightly from this year.

Wheat: Downward Price Pressure Continuing

International wheat prices remained well below the previous year's levels for the seventh consecutive month, pressured by large exportable supplies. In May, the U.S. wheat No. 2 (HRW, f.o.b.) averaged US\$151 MT, down US\$6 MT since March and US\$16 MT less than in the corresponding month last year. Argentine prices also remained below the previous year's level although they moved up in recent weeks when export commitments started to approach the total availability. In the EU, large supplies of old crops and storage problems prompted larger exports through subsidies. By early June, the September wheat futures for soft red winter wheat at the Chicago Board of Trade (CBOT) were quoted at US\$121 MT, down US\$16 MT from the previous year. With harvests soon getting underway in most wheat producing countries in the northern hemisphere, seasonal factors and weather conditions will begin to influence prices in the coming weeks. However, in view of a generally weaker world demand outlook and a remaining large carryover stocks, wheat prices are likely to remain under downward pressure also during the new marketing season. The recent decline

of the Euro against the US Dollar is expected to support wheat sales from the EU, which may also add to downward pressure on prices.

Output Likely to Down by FAO

World Wheat World wheat production will likely contract this year, falling 2.5% from an estimated 627.3 million metric tons (MT) in 2004 to 611.5 million MT, according to the latest forecast report from the United Nation's Food and Agriculture Organization (FAO), but still above the average of the past five years. The FAO is looking for this year's wheat production to increase in Asia, following good weather and government support policies, and in Central America, but to decline in most other regions. The biggest percentage declines are forecast for Africa and Oceania; while the biggest volume declines will be registered by European nations, partly on account of drought in Spain and Portugal.

FAO: Wheat Production Up In Pakistan and India

According to FAO Forecasting, the 2005 harvest is almost complete in India. Output is estimated to be less than earlier expectations at about 73 million MT because of unseasonal rains and hailstorms during the flowering season in February and March. Nevertheless, the crop is still about 1 million MT more than in the previous year. In Pakistan, the wheat crop is expected to be record at nearly 21.5 million MT. The increase comes as a result of improved incentive to producers through increased government minimum support prices, favorable climatic conditions and adequate availability of fertilizers and loans. In the Asian CIS subregion, spring wheat has been planted on more than 11 million hectares, some 2 million hectares up on last year. Favorable weather conditions, improved soil moisture and increased water-flow in the two main rivers feeding the extensive irrigation systems of the region, Syr and Amu Darya, following above average snowfall during winter, are the main factors contributing to higher planted areas. Aggregate wheat production (winter and spring) in the region is tentatively forecast at about 23 million MT, some 6% up on last year's harvest. Kazakhstan accounts for about 50% of the total wheat production in the region. In Near East Asia, the 2005 wheat harvests is underway in several areas. In Afghanistan, a good crop is in prospect following above-average precipitation during the winter and spring. A record wheat output is expected in the Islamic Republic of Iran, reflecting continued government support to the wheat sector in line with its wheat self-sufficiency policy.

FAO: Central America Anticipates 3 MMT Wheat Crop

In Central America and the Caribbean, harvesting of the 2005 main irrigated wheat crop is well advanced in Mexico, virtually the only producer in the subregion. Latest forecasts point to an output of 3 million MT, a recovery from the reduced level of the past two years and about average. The higher production mainly reflects an increase of 17% in the area planted. In South America, planting of the 2005 wheat crop is underway. Preliminary forecasts point to a slight decline in production from the good level of 2004 due to a smaller area planted. In Argentina, planting prospects are

uncertain as a result of increased production costs and inadequate soil moisture in parts. Early official forecasts indicate a lower area planted. Plantings - and output - are also expected to decrease in Brazil and in Chile, where domestic prices are low. By contrast, in Uruguay, the wheat area could increase as a result of diversion of land from barley. In North America, as of early June, prospects remained generally favorable for the wheat crops at different stages of growth throughout the region. In the United States, spring wheat planting was completed on an area estimated to be 4% up from last year and the crop is reported to be in mostly fair to good condition. The winter wheat harvest is already underway in the southern states while further to the north it is maturing. Winter wheat output is forecast at some 42 million MT, 5% up from last year as the area harvested should increase after much lower abandonment and in addition, higher yields are expected. Spring wheat output prospects are still uncertain but assuming trend yields and the recent average ratio of planted-to-harvested area, this year's crop could be down somewhat from 2004 despite the larger area planted. The country's aggregate wheat output in 2005 is forecast at 58.2 million MT, marginally up from 2004. In Canada, conditions for wheat planting this spring have been generally favorable. A slightly smaller planted area is estimated but expectations for less abandonment this year could result in little change in the final area harvested. However, a reduction in yields could result in a smaller wheat output, currently forecast at 23.5 million MT, 9% down from 2004.

USDA Latest Export Sales Report On Wheat

According to USDA (U.S. Department of Agriculture), the net sales of 512,400 metric tons (MT) of wheat were up 55 percent from the previous week. Major increases for China (97,000 MT), Japan (66,400 MT), Guatemala (41,000 MT), Malaysia (40,900 MT), Thailand (40,800 MT), Venezuela (39,400 MT), the Dominican Republic (38,300 MT), Peru (27,800 MT), and Italy (24,500 MT) were partially offset by decreases for unknown destinations (69,500 MT). Exports of 327,600 MT were 16 percent below the week earlier and 30 percent under the prior 4-week average. The primary destinations were Japan (46,200 MT), Venezuela (41,400 MT), Israel (33,000 MT), Mexico (32,500 MT), Peru (27,800 MT), the Dominican Republic (26,400 MT), and Cuba (24,600 MT). Note: Accumulated exports for Ghana were adjusted down by 6,000 MT.

Wheat Prices Rebounded In China

China's major summer grain product wheat prices rebounding due to government efforts and market adjustment. The unit price per kilogram for wheat is raising 10 yuan (1.2 US cents) to 1.3 yuan (16 cents) compared with 10 days ago, when the harvest began, the market price monitoring system showed. China harvested 89 billion kilograms of wheat this summer, up 2.5 billion kilograms over last year. The current yield is still 10 billion kilograms short of meeting the nation's demand, said Li Shenglin, a National Development and Reform Commission official. In the circumstances, the authorities have suggested that the

China Grain Reserves Corporation purchase 6.5 billion kilograms of wheat, with a unit price at around 1.4 yuan (17 US cents).

INTERNATIONAL WHEAT PRICES

Latest Australian wheat board exports cash prices indicative basis quotes over US futures

	ASW 10%		AH 13%		APH 13%		APH 14%	
	22.06.05	21.06.05	22.06.05	21.06.05	22.06.05	21.06.05	22.06.05	21.06.05
Jun '05	147	147	184	183	187	187	212	212
Jul '05	126	127	165	165	168	169	193	193
Aug '05	122	123	175	175	179	178	203	203
Sep '05	118	119	175	176	179	180	204	204
Oct '05	126	127	180	180	183	183	208	208
Nov '05	131	132	184	184	188	188	213	213

PORT WATCH

No latest news of current vessel position.

WEATHER WATCH

Progress Of Southwest Monsoon

The southwest monsoon which remained stagnant during the last week, gained momentum during this week. It advanced over some more parts of west-central Bay of Bengal, remaining parts of eastcentral Bay of Bengal, some more parts of north Bay of Bengal, Nagaland, Manipur, Mizoram & Tripura and parts of Assam & Meghalaya and Arunachal Pradesh on 16th; over central and north Bay of Bengal, entire Nagaland, Manipur, Mizoram & Tripura, Arunachal Pradesh, Assam & Meghalaya and parts of Sub-Himalayan West Bengal & Sikkim on 17th; over some more parts of eastcentral Arabian Sea parts of south Konkan & Goa, south Madhya Maharashtra, parts of North Interior Karnataka, entire Rayalaseema, parts of Telangana, Coastal Andhra Pradesh and some more parts of westcentral and north Bay of Bengal on 18th and over some more parts of eastcentral Arabian sea, Konkan & Goa, Madhya Maharashtra and north interior Karnataka on 19th. Southwest monsoon further advanced over entire central Arabian Sea, parts of north Arabian sea, southern most parts of Saurashtra & Kutch, some more parts of northwest Bay, parts of Gangetic West Bengal and entire Sub-Himalayan West Bengal & Sikkim on 20th and over some more parts of north Arabian Sea, Saurashtra & Kutch, some more parts of Gujarat region, Madhya Maharashtra, Telangana, coastal Andhra Pradesh, some parts of coastal Orissa, some more parts of Gangetic west Bengal and some parts of Bihar on 21st. The Northern limit of monsoon passed through 23°N/60°E, 23°N/65°E, Naliya, Surat, Sholapur, Gonnvaram, Gopalpur, Kolkata and Bhagalpur, Latitude 28°N/Long.85°E.

Meteorological Analysis

Last week's trough at sea level off Konkan to Kerala coast persisted throughout the week.

At the leading edge of this trough an upper air cyclonic circulation extending between 2.1 and 5.8 km a.s.l. formed over eastcentral Arabian sea off Konkan coast on 17th. It lay over North Konkan and neighbourhood extending upto 5.8 km a.s.l. on 19th and off Saurashtra coast on 20th. Under its influence, a depression formed over northeast Arabian sea which lay centered close to Porbandar on the morning of 21st. It moved slightly northwestwards & lay centered near 22°N/68°E, about 150 km west of Porbandar on the morning

of 22nd and moving westwards, it lay centred near Latitude 22°N/Long.67.5°E, about 200 km west of Porbandar on the same evening.

Last week's upper air trough from Sikkim to North Bay of Bengal persisted on 16th extending upto 1.5 km a.s.l. It lay as an upper air cyclonic circulation over Assam & neighbourhood on 16th evening and over Sub-Himalayan West Bengal & neighbourhood on 17th morning and extended upto 1.5 km a.s.l. It persisted there till 19th & moved over to Bangladesh & neighbourhood extending upto 0.9 km a.s.l. on 20th. It became less marked on 21st.

An upper air cyclonic circulation extending between 1.5 and 4.5 km a.s.l. lay over south Pakistan & adjoining southwest Pakistan on 17th. It lay over southwest Rajasthan & adjoining Gujarat extending upto 3.1 km a.s.l. on 18th & 19th. It persisted there on 20th extending upto 0.9 km a.s.l. and became less marked on 21st. An upper air cyclonic circulation extending upto 1.5 km a.s.l. formed over coastal Orissa and adjoining west central Bay of Bengal on 20th evening. It persisted upto 22nd extending between 2.1 & 5.8 km a.s.l.

Rainfall

Under the influence of these systems, rain /thundershower occurred at many places over Andaman & Nicobar Islands, Northeastern States, Sub-Himalayan West Bengal & Sikkim, Konkan & Goa, Coastal Karnataka, Kerala and Lakshadweep through out the week. It was at most places over Konkan & Goa, Coastal Karnataka and Kerala from 19th to 26th. Light to moderate rainfall occurred at a few places over Orissa, Madhya Maharashtra and south interior Karnataka on many days of the week and over Gangetic West Bengal and Jharkhand on 2-3 days of the week. Rain/thundershower activity increased over central parts of the country, Saurashtra and south Gujarat region in the latter half of the week when rain/thundershower occurred at many places over south Gujarat and Saurashtra & Kutch and at a few places over Bihar and Jharkhand towards the end of the week. Isolated to scattered light rain also occurred over remaining parts of the country on 2-3 days except over West Uttar Pradesh where weather remained mainly dry during the entire week.

Heavy Rainfall

Heavy to very heavy rainfall occurred at a few places over Konkan & Goa, Coastal Karnataka and Kerala on many days of the week. Isolated heavy rainfall also occurred over Andaman & Nicobar Islands, Northern eastern states, Sub-Himalayan West Bengal & Sikkim, south interior Karnataka on some days of the week and over Gangetic west Bengal and Tamil Nadu on 1-2 days of the week.

The monsoon was **vigorous** over Konkan & Goa on 22nd and over Coastal Karnataka on 20th & 22nd. It was **active** over Kerala on 17th, 19th, 20th & 21st; over Konkan & Goa on 19th; Arunachal Pradesh on 20th and Coastal Karnataka on 21st.

Outlook

During first half of the week the southwest monsoon is likely to advance over the entire Peninsula, Maharashtra, eastcentral India and also some parts of Uttar Pradesh, Madhya Pradesh and Gujarat. Also the heat wave conditions over central and northwest parts of country are likely to abate.

The ongoing rainfall activity over Kerala and Coastal Karnataka is likely to decrease during the first half of the week. The ongoing rainfall activity over Northeastern States is likely to continue and extends westwards into Gangetic West Bengal, Bihar, Orissa, Jharkhand, Chhattisgarh and East Uttar Pradesh. **Isolated to scattered** rain/thundershowers also likely over plains of northwest India. The rainfall activity over interior parts of Peninsula is likely to remain subdued.

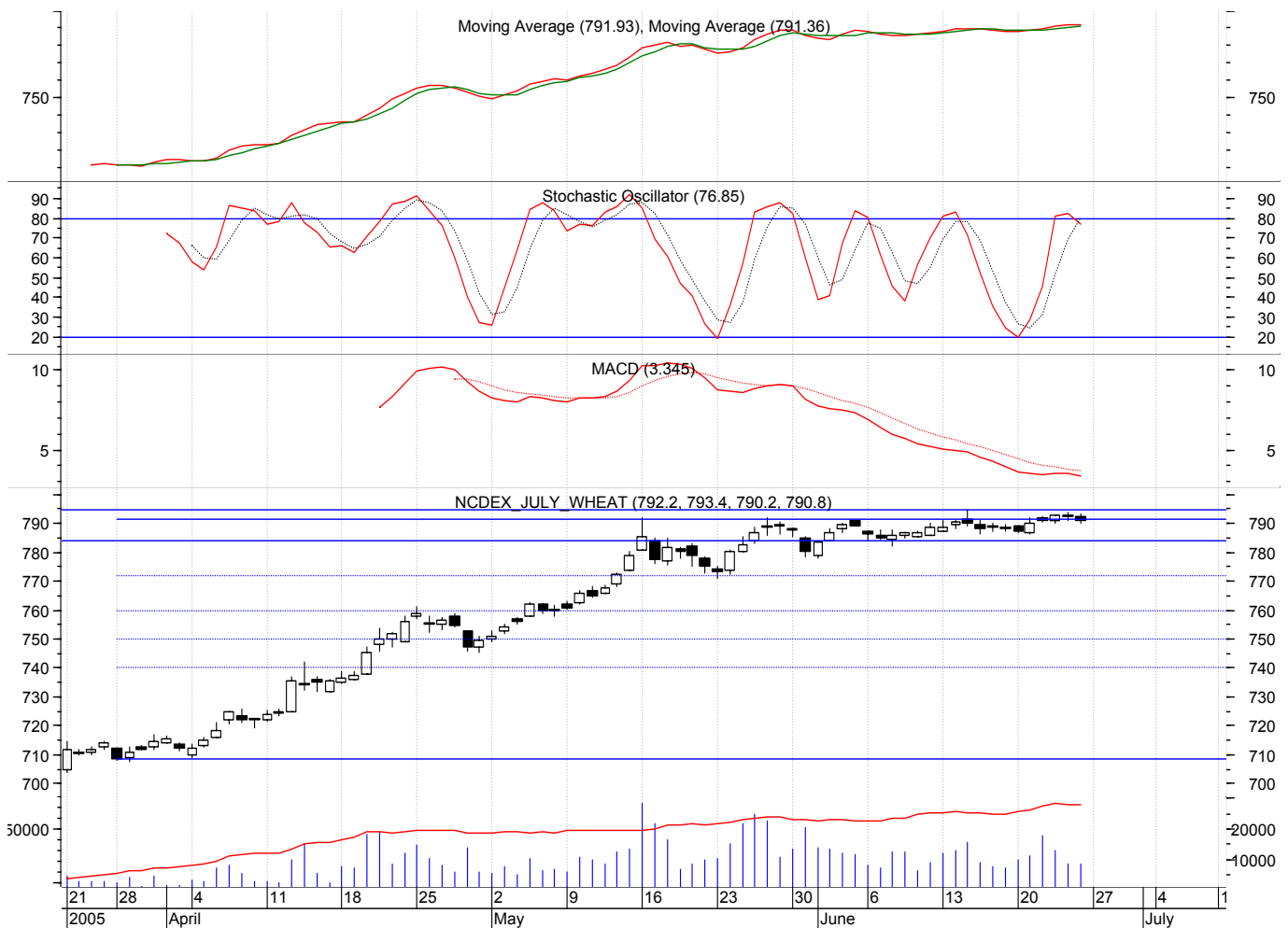
TECHNICAL ANALYSIS

Commodity: Wheat

Contract: JULY (Future)

Exchange: NCDEX

Perspective: Very Short Term (Weekly)



Candlesticks: The candlestick pattern is indicating towards a slightly downward sentiment. The opening in the next day may be on the lower side. RSI (59.00) is in neutral.

MACD: The MACD (7-day) has made a bearish crossover with its EMA as it bent downwards.

Stochastic: The %K-line after cutting the %D -line from up and is going to downwards, indicating weak ness of the market. But it is prevailing just below the overbought condition.

Moving Average: The 3-day moving average line is cutting the 5-day moving average line from down but it is going downwards, indicating weak sentiment.

Resistance and Support level:

The resistance level at present is at 794.90 marks and a support level may be seen at 784.10 marks.

Almost all the indicators are pointing towards the weak ness of the prices. The trading sentiment is expected that the price for wheat would remain slightly weak with range bound in the coming days. The volume and open interest are indicating that there is no strong support from the market.

Recommendation:

Remain short.

Indicative Closing Forex Rate¹ USD = Rs 43.59

Disclaimer

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