

Wheat

4th -9th July 2005

MAJOR ACTIVITY HIGHLIGHTS

- Demand, Supply And Prices At Important Centres
- International And Domestic News
- International Wheat Prices

DEMAND, SUPPLY AND PRICES AT IMPORTANT CENTRES

Market Highlights

Delhi:

More arrival and clear monsoon in Delhi market pushed the wheat prices lower down at Lawrence road in this weekend and remained at the range of Rs.760-762 per quintal with the arrival of 20000 gunny bags. But the prices remained at higher side throughout this week due to less arrival and monsoon activity. But on Saturday the prices bounced back from its recent gains due to heavy arrival and clear sky.

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 unchanged in this week amid no arrival. The godown stocks were sold in the market. The price for wheat was noticed within the range of Rs.695-705 per quintal. There was not any significant arrival.

Ludhiana:

Ludhiana market also showed range bound with stable sentiment in this week amidst moderate demand. The wheat has been quoted at the range of Rs.725-730 per quintal and in Jagraon; it was traded at the range of Rs.715-717 per quintal.

Maharashtra:

In Maharashtra, the market position was stable amidst stable demand, and monsoon activity, however the arrival remained weak throughout this week. The wheat was traded at the range of Rs.810-815 per quintal, which was decreased from Rs.820-825 per quintal of previous week range.

Haryana:

In the Hisar, Hodal and Palwal markets of Haryana, wheat is traded at unchanged position with the range of Rs.710-715, Rs.700-730, and Rs.700-725 per quintal. The main factor for this was stable demand. The wheat was sold from this market to Delhi mandis. However in the Karnal market the wheat was traded at slightly upper range of Rs 735-738 per quintal.

Rajasthan:

In Rajasthan market, the wheat prices remained range bound with mixed sentiment due to less arrival and monsoon activity. The wheat prices at Khairtal prevailed at Rs.695 against Rs.695-705 per quintal of previous week range and in Alwar, it was at unchanged position of Rs.685-690 per quintal. It is expected that the price would hover in the long term due to less production in this region.

Uttar Pradesh:

In U.P. the market prices for wheat witnessed to slightly higher tone in most of the places due to less supply and monsoon activity. In Hapur, Kanpur, Baranasi, and Bareilly markets, wheat was traded at the range of Rs.750-755, Rs.792-798 (mill quality), Rs.785-790 as improved range and Rs.732-734 per quintal.

Vyada Bazaar:

The most active July and August contract at NCDEX witnessed a range bound with weak undertone in this week. The wheat market fluctuated is mainly due to less government procurement, expected drop in production, average arrival, hoarding the stock by the traders and farmers, and monsoon activity etc.

Market Price For Wheat In Different Regions (In Rs./Quintal)

Market	08.07.05	09.07.05
Delhi (Lawrence Road)	767-768	760-762
Haryana	685-690	680-685
Ahmedabad	762-765	764-766
Ludhiana	725-727	725-730
Ludhiana (Jagraon)	720-722	715-717
Rajasthan (Kota)	764-767	766-768
Amritsar	695-705	695-705
Madhya Pradesh (Indore)	773-776	777-779
Uttar Pradesh (Bareilly)	732-735	732-734
Uttar Pradesh (Shahjahanpur)	780-782	783-785
Maharashtra	810-813	810-815

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

Wheat Products	9.07.05	2.07.05
Atta (90kg)	800	784
Maida (90kg)	922	886
Suji (50kg)	511	491
Chokar (50 kg)	243	266
Chokar (35 kg)	161	170
Chakki Atta (90kg)	745	740

CONCLUSION

The over all market prices for wheat remained almost strong sentiment in the most part of the country in this weekend amid moderate arrival, government selling and hoarding the stock by the firmer and traders. But at the ahead of this weekend the prices remained weak in most part of the country due to monsoon and selling activity. The market was corrected at this weekend. In Ahmedabad the most part of the area were under water and the trading activity remained very poor. 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:

Wheat: Delhi Market Remained Down on Significant Arrival

The domestic spot market for wheat in Delhi witnessed a decline trend due to increase in supply on Monday. The arrival was increased mainly from Haryana and Rajasthan due to monsoon rains in this region. The average arrival in Delhi mandis remained at 15000-16000 gunny bags. Therefore the wheat was traded at the range of Rs.755-756 per quintal. Therefore it can be expected that the market would remain range bound with stable position in the coming days.

Wheat: AWB Ltd. Offers For Iraqi Tender

In other export news, Australian monopoly wheat exporter AWB Ltd. (AWB.AU) has offered for an Iraqi tender to supply up to 150,000 tons of hard wheat despite an earlier row with Iraq over shipments of allegedly contaminated wheat, an official with the Iraqi Grain Board said Tuesday. The official said a number of U.S. wheat suppliers had also offer for the tender, which was issued last month and closed on June 26. The board now has studied the offer and it would be sent to the economic committee at the council of ministers for approval. Last month, Iraq allowed three shiploads of Australian wheat into the country. Baghdad had banned these loads from entering while it investigated comments that some cargoes of Australian wheat were contaminated with iron dust. The Iraqi government has suspended wheat trade with Australia pending the results of the tests on the disputed wheat. Baghdad has also started wheat imports from the U.S. market after a suspension of more than 15 years. Iraq needs to import around 3 million metric tons of wheat annually.

Japan Likely to Bid Tender to Buy 125000 MT of Wheat

It is witnessed that the activity of international agricultural commodity markets remained quiet on overnight markets, with traders looking for a improved sense of direction from futures markets after the long holiday weekend in North America before getting back to business. Japan's Ministry of Agriculture, Forestry and Fisheries likely to bid tender July 7 to buy up to 125,000 metric tons (MT) of milling wheat for shipment between August 26 and September 25. The tender covers: 40,000 MT of U.S. Dark Northern Spring; 20,000 MT of Australian Standard White; 20,000 MT of Australian Prime Hard; 20,000 MT of Canadian No. 1 Western Red Spring; 8,000 MT of Canadian No. 1 Canadian Red Spring; and 17,000 MT of Canadian Durum Wheat.

Domestic Wheat Prices Showed Mixed Sentiment

The spot market prices for wheat showed mixed sentiment today. In Delhi, the wheat prices remained strong at Rs.768-770 per quintal due to supply from U.P., Rajasthan and Haryana were limited. The average arrival was 5000-6000 gunny bags. Whether Amritsar, Rajasthan and Ludhiana market witnessed a range bound with stable sentiment due to stable demand and supply. The market prices prevailed in these states at Rs.685-690, Rs.690-695 and Rs.720-730 per quintal. In Maharashtra also the market price remained unchanged from few days due to monsoon, weak supply and less demand. The wheat fetched Rs. 810-815 per quintal in Maharashtra. Therefore it is expected to remain stable sentiment in most of the market.

Trade Opposed to Launch GM Wheat Commercially

According to a company official of Monsanto, is not likely to launch its genetically modified (GM) wheat commercially until its marketing problems are solved. This GM wheat has properties that will protect the crop from being affected by the application of Roundup Ready herbicide to kill weeds on the farms. Traditional crops have been affected by the application of the herbicide. According to the company official, the GM wheat would have been the answer to the weeds that grow in the fields of the grain growers and led to increase in productivity. In fact, farmers are ready to sow GM wheat but the problem is with the trade, which has begun to question its commercial release. The wheat trade fears that they could face problems in the export market, since most of the countries where the US grains head to are yet to accept GM crops. Some of the large buyers of US grains such as the European Union (EU), Japan and Korea are still to accept transgenic crops. One of the reasons for Monsanto's optimism is that the EU has recently approved the import of Roundup Ready corn.

S. Korea Flour Milling Co. Rejects Wheat Bids

Seoul-based Korea Flour Milling Co. were not willing to buy any wheat in a tender concluded Friday because only one supplier submitted a offer to supply Soft Red Winter, according to a company official. The company had planned to buy 19,000 metric tons of U.S. wheat. It has yet to announce a pretender date.

Estimated Foodgrains Output At 204.61 MMT for 2004-05

According to the Fourth Advance Estimates of the Ministry of Agriculture, the foodgrains production during 2004-05

has now been projected at 204.61 million tonnes; which includes 103.32 million tonnes of Kharif foodgrains and 101.29 million tonnes of Rabi foodgrains. The Fourth Advance Estimates put the rice production at 85.31 million tonnes, wheat production at 72 million tonnes, coarse cereals at 33.92 million tonnes and pulses at 13.38 million tonnes. The production of oilseeds has been put at 261.03 lakh tonnes, of cotton at 170.02 lakh bales of 170 kgs each, of jute and mesta at 104.89 lakh bales of 180 kgs of each and of sugarcane at 2323.18 lakh tonnes.

USDA: Net Sales of U.S. Wheat Hovered Up to 7%

According to the latest report of USDA, the net sales of 629,800 metric tons (MT) of U.S. wheat were up 7 percent from the previous week. Major increases were reported for Japan (80,600 MT), Mexico (75,700 MT), Nigeria (71,900 MT), South Africa (62,700 MT, including 53,500 MT switched from unknown destinations), Egypt (60,000 MT), Iraq (55,000 MT), Colombia (43,700 MT), Italy (40,100 MT),

South Korea (36,700 MT), the Philippines (27,400 MT), and Venezuela (21,700 MT). Exports of 456,300 MT were 9 percent above the week earlier and 8 percent over the prior 4-week average. The primary destinations were South Africa (62,700 MT), Mexico (52,100 MT), Nigeria (49,200 MT), Italy (44,400 MT), Thailand (44,300 MT), the Philippines (37,700 MT), and Venezuela (21,700 MT). This summary is based on reports from exporters for the period June 24 - 30, 2005.

WORLD WHEAT OUTPUT RECORD

	2000-01	2001-02	2002-03	2003-04	2004-05	2005-06	
						Prev.	Curr.
Production	582	581	566	555	625	604	604
Trade	102	107	105	102	106	107	108
Consumption	584	586	600	594	612	607	608
Stocks	202	198	164	124	137	132	133
Year-year Change	-2	-4	-34	-40	+13	-4	-4
Major Exporters a)	53	50	42	39	51	52	52

a) Argentina, Australia, Canada, EC, United States

Source: IGC

INTERNATIONAL WHEAT PRICES

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

	ASW 10%		AH 13%		APH 13%		APH 14%	
	Jul 08	Jul 07	Jul 08	Jul 07	Jul 08	Jul 07	Jul 08	Jul 07
Jul '05	129	130	165	165	169	169	194	194
Aug '05	116	117	166	166	170	170	194	195
Sep '05	104	103	155	154	159	158	183	183
Oct '05	117	117	164	164	167	167	192	192
Nov '05	121	122	168	168	172	172	196	196
Dec'05	113	113	162	162	165	165	190	190

PORT WATCH

No latest news of current vessel position.

WEATHER WATCH

Progress Of Southwest Monsoon

The southwest monsoon has further advanced over the remaining parts of West Rajasthan on 30th June and thus covered the whole country almost two weeks ahead of its normal schedule.

Meteorological Analysis

Last week's depression over Jharkhand & adjoining Gangetic West Bengal with its centre close to Jamshedpur moved slowly west-northwestwards and lay over Jharkhand and neighbourhood with its centre close to Daltonganj on 30th. Moving further west-northwestwards it was seen over northeast Madhya Pradesh and adjoining southeast Uttar Pradesh with its centre close to Rewa on 1st July and close to Khajuraho on 2nd. The system practically remained stationary on 3rd & 4th and lay close to Banda in southeast Uttar Pradesh on 5th. It further moved west-northwestwards

and weakened into a well marked low pressure area over southwest Uttar Pradesh and adjoining East Rajasthan on 6th. A westerly trough was seen over the Western Himalayan Region during 2nd half of the week, which interacted with the above system enhancing the rainfall over northwest India and Western Himalayan Region.

Last week's upper air cyclonic circulation over Gujarat and neighbourhood extending between 2.1 and 5.8 km a.s.l. tilting southwards with height persisted upto 3rd July and became less marked on 4th.

Last week's offshore trough at sea level over east Arabian Sea also became less marked on 30th June.

An upper air cyclonic circulation over northwest Rajasthan and neighbourhood extending in the lower tropospheric levels was seen on 30th June & 1st July and it merged with the seasonal trough on 2nd. Another upper air cyclonic circulation was also seen extending in the lower tropospheric levels over Punjab and neighbourhood on 3rd July. It was seen over Haryana and adjoining areas of Rajasthan and west Uttar Pradesh during 4th to 6th.

A fresh upper air cyclonic circulation formed over Bangladesh and neighbourhood on 4th & 5th July. It became less marked on 6th. Another upper air cyclonic circulation extending upto 4.5 km a.s.l. formed over northwest Bay of Bengal off Gangetic West Bengal-Orissa coast on 6th.

The seasonal monsoon trough at sea level was near it's normal position throughout the week.

Rainfall

During this week enhanced rainfall activity occurred over central India which extended westwards into northwest India and Western Himalayan Region during 2nd half.

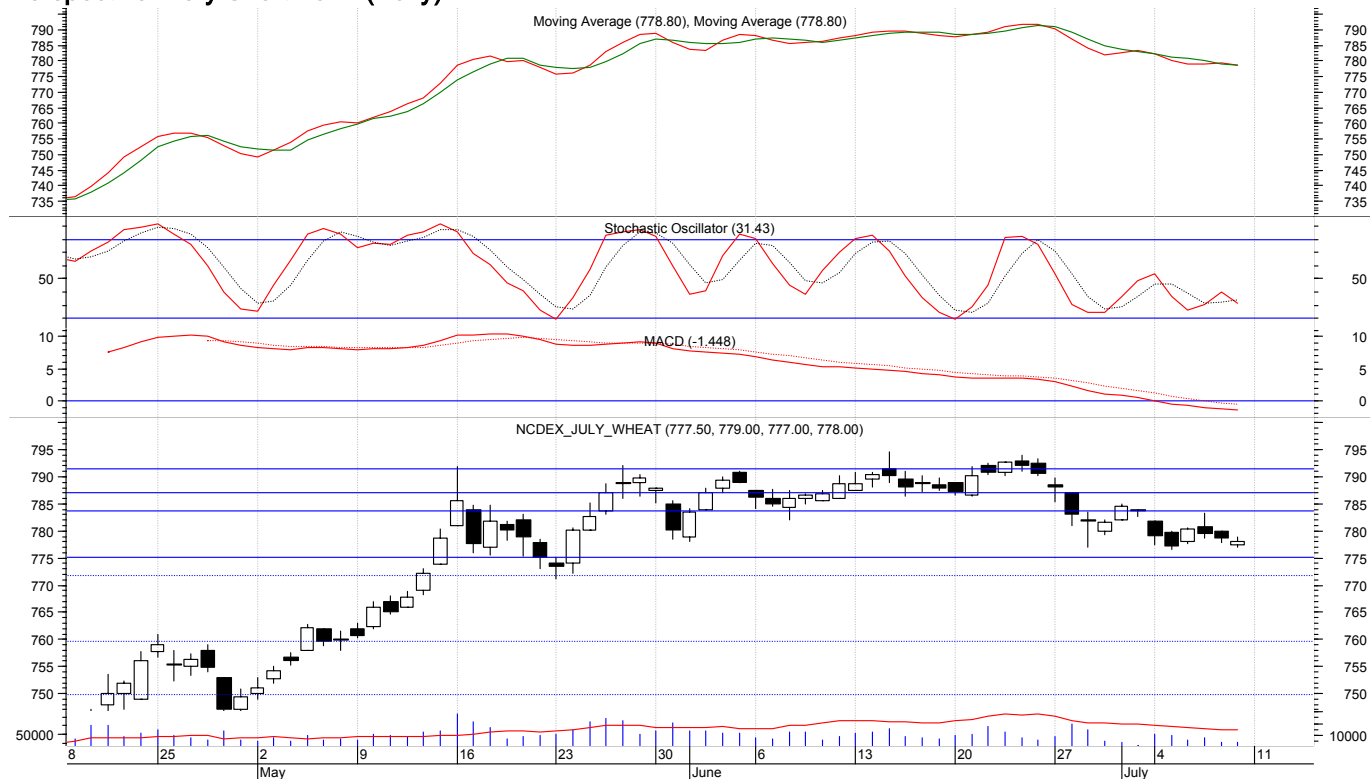
TECHNICAL ANALYSIS

Commodity: Wheat

Contract: JULY (Future)

Exchange: NCDEX

Perspective: Very Short Term (Daily)



Southwest monsoon was active to vigorous over Gujarat state, Uttaranchal, east Rajasthan, East Madhya Pradesh on many days of the week, over West Rajasthan, Konkan & Goa, West Uttar Pradesh, west Madhya Pradesh and Haryana on a few days of the week and over Karnataka, Punjab, Jammu & Kashmir, Himachal Pradesh, west Bengal & Sikkim, Jharkhand, Chhattisgarh, East Uttar Pradesh and Kerala on 1-2 days of the week.

During the week, **heavy to very heavy** rainfall occurred at a **few places over** Gujarat Region, East Madhya Pradesh, Himachal Pradesh, Konkan & Goa and **isolated** over Andaman & Nicobar Islands, West Bengal & Sikkim, Jammu Division, Uttaranchal, Haryana, West Uttar Pradesh, West Madhya Pradesh, Chhattisgarh, Madhya Maharashtra, Saurashtra, Coastal & South Interior Karnataka and Kerala on 2-3 days during the week.

Light to moderate rainfall also occurred in the rest regions of the country, however the rainfall activity remained generally subdued over parts of Northeastern States, interior Peninsula, Marathwada and Vidarbha.

Outlook for the week ending on July 13

Rainfall activity is likely to increase over Orissa, Chhattisgarh, peninsular India and Maharashtra during 1st half of the week and over central parts of the country during 2nd half. It may also increase over northeastern States and Sub-Himalayan West Bengal & Sikkim during the 2nd half of the week. Generally subdued rainfall activity likely over the remaining parts of the country.

Candlesticks: The candlestick pattern is indicating towards a downward sentiment. The opening in the next day may be on the down side. RSI (32.17) is going towards oversold condition.

MACD: The MACD (7-day) is moving downwards and it is still in negative territory.

Stochastic: The %K-line is going to downward direction and has crossed the %D -line, indicating weak ness of the market.

Moving Average: The 3-day moving average line is going to downward direction and it has touched the 5-day moving average line, indicating weak sentiment.

Resistance and Support level:

The resistance level at present is at 783.80 marks and a support level may be seen at 775.20 marks.

Almost all the indicators are pointing towards the weak ness of the prices. But the trading sentiment is expected that the price for wheat would remain range bound with weak undertone 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 Rate 1 USD = Rs 43.63

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