

Wheat

25th -30th, 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:

In Delhi mandis, the prices for wheat decreased in this week over last week. However the prices remained very poor in first few days of this week due to surplus arrival but the market recovered at this weekend because the arrival remained check. The wheat has been traded at the range of Rs.761-762 per quintal at Lawrence road at this weekend amidst moderate arrival of 9000-10000 gunny bags.

Ahmedabad:

Wheat prices remained weak in this week over last week and it has traded at the range of Rs.788-790 per quintal at this weekend. The wheat crop has been supplying to MP and Rajasthan etc.

Amritsar:

The wheat prices in Amritsar market witnessed a strong undertone in this week. The wheat is traded at the range of Rs.720-725 per quintal at this weekend, which is increased from Rs.690-695 per quintal of last week. The godown stocks are sold in the market. The traders and big farmers are hoarding the stock to get long-term profit. There is not any significant arrival.

Ludhiana:

The market price for wheat in Ludhiana remained down in this week amid rumour of government selling of wheat in this region at the price of Rs.645-650 per quintal. However the report is not still confirmed. The wheat has been quoted at the range of Rs.720-722 per quintal and in Jagraon; it was traded at the range of Rs.700-705 per quintal.

Maharashtra:

In Maharashtra, the market prices for wheat showed a steady path due to shortage of stock as monsoon activity remained very strong in this week. The wheat was traded at the range of Rs.825-835 per quintal, which was increased from Rs.820-825 per quintal of previous week.

Haryana:

In Hisar, Hodal and Palwal markets of Haryana, wheat is traded at almost unchanged position with the range of Rs.708-710, Rs.700-730, and Rs.715-735 per quintal. The main factor for this was stable demand. The wheat was sold from this market to Delhi mandis. In the Karnal market the wheat was decreased from Rs.741-745 per quintal to Rs.731-732 per quintal in this week.

Rajasthan:

In Rajasthan market, the wheat prices remained range bound with mixed sentiment due to less arrival, monsoon activity, and hoarding the stock by the traders. The wheat prices at Khairtal and Alwar prevailed at unchanged position of Rs.700 per quintal and Rs.690-695 in this week. In Kota, the wheat prices decreased Rs.3-4 and prevailed at the range of Rs.777-778 per quintal.

Uttar Pradesh:

In U.P. the market prices for wheat remained weak as flour millers released their stocks in the market and also monsoon activity. In Hapur, Kanpur, Baranasi, and Bareilly markets, wheat was traded at the range of Rs.740-742, Rs.775-780 (mill quality), Rs.780-785 and Rs.738-739 per quintal at this weekend.

Vyada Bazaar:

The most active August and September contract at NCDEX witnessed a range bound with slightly stable undertone in this weekend. However the prices got down tremendously at first few days of this week but later it rebounded and settled at stable range. The August and September contract at NCDEX likely to increase slightly in the coming weeks. The wheat market fluctuated is mainly due to less government procurement, average arrival, hoarding the stock by the traders and farmers, and monsoon activity, and also government intervention programme etc.

Spot Market Price For Wheat (In Rs./Quintal)

Market	30.07.05	23.07.05
Delhi (Lawrence Road)	761-762	764-765
Haryana (Dhabwali)	685-690	685-695
Ahmedabad	788-790	798-799
Ludhiana	720-722	740-745
Ludhiana (Jagraon)	700-705	720-722
Rajasthan (Kota)	777-778	781-782
Amritsar	720-725	690-695
Madhya Pradesh (Indore)	797-798	811-813
Uttar Pradesh (Bareilly)	737-739	739-740
Uttar Pradesh (Shahjahanpur)	766-767	779-782
Maharashtra	825-835	820-825

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

Wheat Products	30.07.05	16.07.05
Atta (90kg)	789	799
Maida (90kg)	931	841
Suji (50kg)	516	521
Chokar (50 kg)	239	239
Chokar (35 kg)	168	165
Chakki Atta (90kg)	740	745

CONCLUSION

It is witnessed that the wheat prices remained very strong in some parts of this region, where as it remained weak in other parts. The market price is totally depended on arrival or supply of wheat. The flour millers in Delhi supported the market; therefore the wheat prices remained slight strong at this weekend in Delhi mandis. In Maharashtra, the sentiment remained strong due to flood in Mumbai. So it can be expected that the wheat prices remain slightly strong in the domestic spot as well as futures market in the coming days.

INTERNATIONAL AND DOMESTIC NEWS:

Australia's AWB Still Wants to Sell More Wheat to Iraq

The monopoly wheat exporter AWB Ltd. (AWB.AU) in Australia still wants to sell more wheat to Iraq, according to company's spokesman. However the Iraqi trade ministry officials said Thursday that Iraq was decided to buy 650,000 metric tons of hard wheat from a U.S. company and a similar amount from AWB. This company has been an important supplier of wheat to Iraq for many years, but the trade was disrupted earlier this year after Iraq claimed three cargoes of Australian wheat were contaminated with iron dust, a claim that was later proven false, allowing the wheat to be unloaded.

Global Wheat Outlook on Monday

The U.S. Department of Agriculture reported U.S. wheat export inspections for the week ended July 21 totaled 17.978 million bushels, in line with traders' estimates and above last week's 17.807 million bushels. In other news, wheat industry members expect to find large North Dakota spring and durum wheat crops this week when the 2005 Hard Spring and Durum Wheat Tour begins Tuesday in Fargo, N.D. In global news, the Buenos Aires Cereals Exchange lowered its 2005-06 planted acreage forecast to 5.1 million hectares from 5.5 million hectares a week ago. The latest planting estimates are also lower than the 6.09 million hectares planted a year ago, when Argentina produced a record 16.345 million metric tons of wheat.

Iraq, AWB have not Agreed on Purchase Price for Wheat

Iraq and AWB Ltd. (AWB.AU) is yet to agree on the price for 650,000 metric tons of hard wheat. Baghdad is intending to buy from the Australian firm, an official with the Iraqi grain board said Monday. The AWB has set a price for a metric ton of hard wheat but they have requested for a reduction. The official declined to specify details of pricing. An Iraqi trade ministry official said Thursday that Baghdad was close to a deal with AWB for the hard wheat. Iraq is also close to buying a similar amount from the United States, he said. The grain board official said that two deals, one with the AWB and another with a U.S. supplier, are

anticipated to be finalized this week. Iraq needs to import around 3 million tons of wheat a year.

India Exported 1.16 lakh tonnes of Wheat to Bangladesh

Indian wheat amounting to about 1.16 lakh tonnes valued at Rs. 84174 lakh was exported to Bangladesh during the year 2004-05. Indian wheat is exported to a number of countries in varying quantities, the major important countries being Bangladesh, UAE, Sudan, Malaysia, Tanzania, Yemen, Vietnam, Sri Lanka, Oman and Philippines. No allocation of wheat and rice from central pool is being made with effect from August 2003 for the purpose of export. Export on private account is market driven and the price and destination depend on demand and supply conditions.

Israel Eyeing for a Substantial Increase in Wheat Output

Israel is looking for a considerable increase in wheat production from last year to around 180,000 metric tons (MT), according to a recent report from the U.S. agricultural attaché for the country. Favorable rainfall in the southern part of the country will push the yields up. Crop year 2005 was the first year of favorable rainfall in the southern part of the country (Negev area), after a year of drought in the south of Israel. Seeded area is estimated at 85,000 hectares and production at 180,000 MT, of which 135,000 MT will be delivered for wheat stock, and the rest will be sold in the local market. Of the total wheat production, 1,500 MT (0.8%) was grown organically. The quality of the 2005 crop is good, the average protein level is 11% to 11.9%, and less wheat suffered from low gluten index compared to the previous year. Of the total production, 70% had protein levels above 11.5%, and the remainder had protein levels of 10.5% to 11.5%. Of the total planted area for milling, 54,000 MT (30%) was produced in the north of Israel, and 126,000 MT was produced in the southern part of the country.

Egyptian Wheat Import Up Marginally

It is noticed that the wheat imports by Egypt are up marginally from 2003-04, but the U.S. market share is down significantly, according to a recent report from the U.S. agricultural attaché for the country. Egypt's wheat purchases inched up from 6,873,312 to 6,925,923 metric tons (MT). Private sector imports are up significantly, rising from 1,547,312 to 2,603,423 MT. This dramatic increase in private sector imports is mainly due to the absence of the Food Industry Holding Company (FIHC) from the Egyptian wheat import market due to the lack of foreign exchange. In 2004-05 U.S. market share is estimated at 24%, compared to 52% in 2003-04. The loss of market share is driven solely by a loss of price competitiveness for U.S. wheat exports to Egypt. The market share for Australia and France in 2004-05 is estimated at 7.4% and 16.3%, respectively, compared to 3% and 6.3%, respectively, in 2003-04.

Russian Wheat Imports Increased in 2004-05

Russian wheat imports in 2004-05 increased substantially to 26.6%, as compared with 2.5% in 2003-04. This substantial increase was mainly due to the lower price of Russian wheat as compared to other traditional origins. During 2004-05, small quantities of wheat were also imported from other non-traditional wheat suppliers such as Syria, Ukraine, and Hungary. The three countries supplied 170,000 MT, 107,734 MT and 9,000 MT respectively.

Pakistan Produces Record 21.6m Tonnes of Wheat

In Pakistan, it was witnessed that the country produced a record 21.6 million tonnes of wheat during the last season, but agriculture authorities believe there will be a need to import half a million tonnes of wheat to avoid a shortage of flour in urban areas. The government, which fixed a target of 20.2 million tonnes for 2004-05, said the final assessment suggested the 21.6 million tonnes' record production, which is higher than the 19.5 million tonnes produced last year. Almost 80 percent of product is harvested in Punjab. Out of the total of 21.6 million tonnes, 17.4 million tonnes were produced in Punjab and 2.5 million tonnes from Sindh. However it is expected that the demand for wheat will increase in October, particularly in Karachi. Therefore the government allowed private importers to move. But it will not be more than half a million tonnes for import of wheat.

Wheat Import and Export Scenario of Pakistan

The Pakistan government last month allowed duty-free import of wheat and wheat flour through the private sector as per the specification prescribed by the ministry of food, agriculture and livestock. It also exempted wheat imports from the withholding tax and decided that the required strategic reserves of wheat would also be built up by the respective organisations. Since then the importers have placed orders for over 100,000 tonnes of wheat imports mainly from the Black Sea region. The country is said to have exported annually 600,000 tonnes of wheat flour to Afghanistan, which was also taken into consideration before finalising import plans every year. The lower-than-targeted production of wheat last season moved the government to import over million tonnes of the basic commodity from different countries through the state-run Trading Corporation of Pakistan. The government, which on average paid \$200 per tonnes, bore total Rs 13.8 billion on 1.17 million tonnes wheat import during 2004-05. The countries wheat commissioner said the adequate water supply throughout the year returned higher than target wheat crop. Similarly, the government has fixed Rs 400 as support price of per maund wheat and growers are getting this transparently this season. (1 maund= 40kg.)

U.S. Wheat Export Rises above The Week Earlier

According to the latest report of USDA, the net sales of 522,900 metric tons (MT) wheat were 11 percent below the previous week and 1 percent under the prior 4-week average. The major buyers were Egypt (117,800 MT), Peru (58,300 MT), Japan (51,000 MT), Mexico (43,700 MT), China (36,800 MT), including 35,000 MT switched from unknown destinations), Panama (32,100 MT), Colombia (29,200 MT), and Italy (27,500, including 10,000 MT switched from unknown destinations). Reductions were reported for unknown destinations (17,000 MT). Exports of

478,000 Mt in this week were 12 percent above the week earlier and 19 percent over the prior 4-week average. The primary destinations were Peru (58,300 MT), Mexico (57,800 MT), Egypt (57,800 MT), Japan (46,400 MT), South Korea (45,100 MT), China (37,200 MT), and Israel (36,200 MT). (The Week for 14-21 July, 2005)

IGC: Latest Wheat Production Report

The International Grains Council (IGC) boosted its 2005-06 forecast wheat production 4 million metric tons (MT) to 608 million, for a 16 million MT decrease from 2004-05, but still likely to be the second largest crop on record. Increased forecasts for the US, Russia and India is more than offset reductions for the EU and North Africa, according to the IGC in its 2005-06 crop prospects. Excessive rains in parts of North America and Europe increased concerns about quality. Higher feed use figures for Russia and the EU, as well as increased food consumption projections for India, lift the 2005-06 consumption forecast by 5 million MT to 613 million, equal to the previous year's record. The IGC added, further reductions in crop estimates for North Africa, especially Algeria, and an upward revision in EU wheat imports raise the global wheat trade figure for 2005-06 by 1.4 million MT, to 109 million (slightly above the 1999-00 record of 105.9 million). Exports by Canada, the EU, Kazakhstan, Russia and Ukraine are expected to rise. Aggregate carry-over stocks in exporting countries are expected to be almost unchanged from 2004-05, although the global total is forecast to fall because of declines in China and India.

Progressive Procurement of wheat as on 25.07.05 lakh tonnes

State	Total procurement in marketing season 2004-05 (Apr. - Mar.)	Progressive Procurement as on 25.07.2005	
		In Marketing season 2005-2006	In Marketing season 2004-2005
Haryana	51.15	45.29	51.15
Madhya Pradesh	3.49	4.85	3.49
Punjab	92.40	90.10	92.40
Rajasthan	2.79	1.59	2.79
Uttar Pradesh	17.41	5.60	17.41
All-India	167.96	147.88	167.92

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

INTERNATIONAL WHEAT PRICES

Latest Australian wheat board exports cash prices indicative basis quotes over US futures (US dollar / mt)

	ASW 10%		AH 13%		APH 13%		APH 14%	
	29-Jul	28-Jul	29-Jul	28-Jul	29-Jul	28-Jul	29-Jul	28-Jul
Jul '05	144	139	169	165	173	169	197	193
Aug '05	136	131	182	178	186	182	211	207
Sep '05	120	115	166	163	170	167	195	192
Oct '05	126	123	169	169	173	173	198	197
Nov '05	129	128	172	174	176	178	201	203
Dec'05	119	119	167	169	171	173	195	197

PORT WATCH

Kandla Port is expecting 'Lisa L' to load 4,000 MT of wheat to Sharja. SDS agents will handle the vessel.

WEATHER WATCH

Meteorological Analysis

An upper air cyclonic circulation lay over North & adjoining Central Bay of Bengal extending between 5.8 & 7.6 Km above sea level on 22nd. Under its influence a low pressure area formed over North Bay of Bengal off Gangetic West Bengal - Orissa Coasts on 23rd. The system persisted on 24th & 25th and became well marked. It moved inland and lay over Orissa & neighbourhood on 26th and over East Madhya Pradesh & neighbourhood on 27th. The associated upper air cyclonic circulation extended upto mid tropospheric levels tilting southwestwards with height.

A fresh upper air cyclonic circulation extending in lower tropospheric levels formed over southwest Rajasthan & neighbourhood on 23rd. It persisted on 24th & became less marked on 25th.

Another upper air cyclonic circulation extending upto 0.9 km above sea level developed over East Uttar Pradesh on 24th and it merged with seasonal monsoon trough on 25th.

An offshore trough running from Konkan to Kerala Coast was seen on 21st & 22nd, from Karnataka Coast to Kerala Coast on 23rd & 24th and from Konkan to Karnataka Coast during the later half of the week.

The monsoon trough shifted southwards in the beginning of the week and was located in its near normal position subsequently with the eastern end more southward.

Last week's upper air cyclonic circulation over Marathawada & neighbourhood became less marked on 21st.

Towards the end of the week an upper air cyclonic circulation extending upto 0.9 km above sea level was seen over West Rajasthan & Central Pakistan on 27th.

Rainfall

Heavy to very heavy rainfall occurred at a few places over Konkan & Goa and Coastal Karnataka on many days of the week; over Telangana, Madhya Maharashtra,

Marathawada, South Interior Karnataka on some days of the week and over East Uttar Pradesh, southwest Madhya Pradesh, Uttaranchal, Coastal Andhra Pradesh and Tripura on 1-2 days of the week.

Mumbai(SCZ) received exceptionally heavy rainfall of 94.4 cms on 27th which was an all time record for Mumbai

During this week, light to moderate rainfall also occurred at many/at a few places over the rest regions of the country outside Rajasthan, Punjab, Haryana, Gujarat, Jammu & Kashmir and Tamil Nadu & Pondicherry where it was isolated.

Rainfall During The Week (For the week ending on 27th July, 2005)

Rainfall was excess/normal in 18 and deficient/scanty in 18 out of 36 meteorological sub-divisions (Actual: 69.3 mm, Normal: 68.6 mm and Departure: +1%).

Cumulative Seasonal Rainfall (1st June to 27th July, 2005)

Rainfall was excess/normal in 31 and deficient/scanty in 5 out of 36 meteorological sub-divisions (Actual: 426.4 mm, Normal: 418.2 mm and Departure: +2%).

Outlook For The Week Ending On August 3rd, 2005

i) Heavy to very heavy rainfall activity likely over West Madhya Pradesh, Gujarat, south Rajasthan and north Konkan during first half of the week.

ii) A depression has formed over northwest Bay of Bengal close to Balasore in Orissa. It is likely to enhance the rainfall activity over eastcentral India during first half of the week and may extend westward subsequently.

iii) Increase in rainfall in Gangetic Plains.

iv) Normal rainfall activity over west coast of India.

v) Subdued rainfall activity likely to continue over northeast India.

TECHNICAL ANALYSIS

Commodity: Wheat

Contract: AUGUST (Future)

Exchange: NCDEX

Perspective: Very Short Term (Daily)



Candlesticks: The candlestick pattern is indicating towards a slight upward direction. The opening price remained above the previous day's closing price and after that it fell down, but intra day movement remained stable. RSI (26.12) is still in oversold condition.

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

Stochastic: The %K-line is going to upward after cutting the %D -line from down and it remained in normal range, indicating strong ness of the market as long term basis.

Moving Average: The 3-day moving average line is going to upward direction but it remained below the 5-day moving average line, indicating slight strong sentiment.

Resistance and Support level:

Resistant level: First- 782.46, Second- 787.06

Support level: First- 772.16, Second-770.87

Almost all the indicators are pointing towards the strong ness of the prices. Therefore the trading sentiment is expected to remain range bound with slight strong undertone in the coming days. The volume and open interest are indicating that there is slight strong support from the market.

Recommendation: Remain long.

Indicative Closing Forex Rate 1 USD = Rs 43.49

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