

Wheat

16-20th August 2005

MAJOR ACTIVITY HIGHLIGHTS

- Demand, Supply and Prices at Important Centres
- International and Domestic News
- International Wheat Prices

Technical Analysis

Commodity: Wheat

Exchange: NCDEX

Perspective: Very Short Term (Weekly)

Contract: September (Future)

Candlesticks: The candlestick pattern is indicating an upwardness of prices. Indicating strong sentiment.

MACD: The MACD (5-day) is going upwards after cutting the EMA from down but it is lying in negative territory. Indicating strong sentiment.

Stochastic: The %K-line after cutting the %D-line from down, moving upwards in the normal region. Indicating strong sentiment.

Relative Strength Index (RSI): The RSI (47.89) is in the neutral condition.

Moving Averages (MA): The 3-day MA is going to upwards after cutting the 5-day MA from down. Indicating strong sentiment

The open interest as well as the volume of trade is slight strong throughout the week.

The first resistance is seen at 783.71 marks and the second at 785.29 marks. The first support is seen at 771.0 marks and the second at 769.04 marks.



Outlook: The technical indicators are showing an upward direction in wheat futures market. The wheat futures are expected to remain strong for very short-term period. However, the wheat futures may witness some uptrend in long term.

Support and Resistance Levels:

Contract Month	Support Level		Resistance Level	
	1 st	2 nd	1 st	2 nd
September	771.0	769.04	783.71	785.29

DEMAND, SUPPLY AND PRICES AT IMPORTANT CENTRES

Market Highlights

Delhi:

Delhi spot market showed firmness on wheat prices in this week as against of last week. The main driving force for price upward ness was support from flourmills and more demand and raksha bandhan festival. At this weekend the wheat was traded at the range of Rs.760-762 per quintal at Lawrence road. Therefore the sentiment remained range bound. The arrival was moderate at 8000-10000 bags.

Ahmedabad:

The wheat prices at the Ahmedabad witnessed weak undertone in this week amid less demand. There was no arrival. Wheat was offered at Rs 773-775 per quintal this weekend as compared to Rs 785-790 per quintal last week.

Amritsar:

At the Amritsar market wheat prices remained unchanged in this week as compared to last week. Wheat was offered at Rs 700 per quintal this weekend, which same as of previous week. The demand remained stable.

Ludhiana:

The market price of wheat at Ludhiana also witnessed unchanged position in this week as compared to last week. Wheat was trade at Rs 725-730 per quintal at the Ludhiana market, while at the Jagraon market it remained same as compared to last week and quoted at Rs 700 per quintal this weekend.

Maharashtra:

The market prices of wheat remained firm due to more demand in this week following the continuous downpour. The wheat was traded at the range of Rs.830-835 per quintal at this weekend.

Haryana:

Wheat at the Haryana markets witnessed a range bound with slight weak undertone over this week. At the Karnal, Hodal and Palwal market wheat was quoted almost unchanged at Rs 727-730, Rs 650-700 and Rs 700-705 per quintal, respectively. However, at the Hisar market wheat was offered at a same price of Rs 690-700 per quintal at this weekend.

Rajasthan:

The wheat prices at the Rajasthan markets remained comparatively weak in this week against last week. At the Khairtal and Alwar market wheat was quoted marginally lower at Rs 675-680 and Rs 675-680 per quintal, respectively at this weekend due to less demand and more supply. At the Kota market wheat was available at a stable price of Rs 770-771 per quintal at this weekend.

Uttar Pradesh:

The wheat prices in this week at Uttar Pradesh markets also showed a range-bound with slight weak trend at most of the places in this week amidst lack of support from flour mills and lack of demand. At the Hapur, Kanpur, Baranasi, and Bareilly markets, wheat was traded almost unchanged at the range of Rs.738-745, Rs.770-772 (mill quality), Rs.768-772 and Rs.730-735 per quintal at this weekend.

Vayda Bazaar:

At the futures market, the wheat futures have witnessed a bearish sentiment over this week. The wheat futures declined moderately in the first couple of days in this week. However the scenario reversed at the last few days of this week and settled on upper side. The wheat futures at the NCDEX are expected to trade range bound in very sort-term period. However, slight uptrend is likely in the medium term. The wheat futures were governed by the factors like government procurement, supply scenario, hoarding of stock and weather concern.

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

Markets	20.8.05	13.08.05
Delhi (Lawrence Road)	760-762	757-758
Haryana (Dhabwali)	685-690	685-690
Ahmedabad	773-775	785-790
Ludhiana	725-730	725-730
Ludhiana (Jagraon)	700	700
Rajasthan (Kota)	770 -771	770
Amritsar	700	700
Madhya Pradesh (Indore)	785-787	793-795
Uttar Pradesh (Bareilly)	735-737	735-736
Uttar Pradesh (Shahjahanpur)	769-770	769-770
Maharashtra	830-835	820-825

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

Wheat Products	20.8.05	13.08.05
Atta (90kg)	794	794
Maida (90kg)	939	935
Suji (50kg)	520	520
Chokar (50 kg)	259	254
Chokar (35 kg)	169	169
Chakki Atta (90kg)	740	745

CONCLUSION

In this week, it is witnessing that the most of the places showed a range bound with weak undertone on wheat trading. The market showed this type of behaviour due to lack of demand from flourmills, poor demand from market and monsoon activity. But the market got back its firm position at the last few days of this week at most of the spot market. At the futures market also the wheat was fluctuated tremendously and settled on upper side. It is expected that the wheat prices would strong in spot as well as futures market in the coming week.

INTERNATIONAL AND DOMESTIC NEWS:

Argentina Planted 96.3% of the 2005-06 Wheat Crop

In global wheat news, according to the Buenos Aires Cereals Exchange, Argentine farmers had planted 96.3% of the 2005-06 wheat crop, or 4.91 million hectares, by Saturday. The USDA on Friday forecast Argentina would produce 13.5 million tons of wheat. Traders also noted

news reports that wheat industry officials at a Malaysian conference predicted China would still need to import wheat this year, possibly 3 million-4 million tons versus last year's 7 million tons, despite a bumper winter wheat crop. China remains a wildcard in U.S. wheat export business, and U.S. traders noted recently that this year's sales pace lags last year's due to smaller summer U.S. wheat purchases by China this year.

AWB Likely to Sale Wheat to Iraq

According to the spokesperson of Australian wheat exporter AWB Ltd., they are finalizing details of a wheat sale to Iraq. They are still in negotiations. Reports in Australian newspapers suggest Iraq will buy 600,000 metric tons of wheat from AWB, with another 600,000 tons to be supplied by U.S. concerns Cargill Inc. and ADM, which will be the biggest sale of U.S. wheat to Iraq for more than 15 years.

Global Wheat News on Wednesday

Egypt bought 60,000 tons of Russian wheat at \$114.60/ton, according to Egypt's General Authority for Supply Commodities, or GASC. The Egyptian purchases, for soft white and soft red winter wheat, built on strong U.S. hard red winter wheat sales lately and weekend news reports of possible sales of 600,000 tons of U.S. wheat to Iraq. If realized, the deal would be the biggest sale of U.S. wheat to Iraq in more than 15 years. After the futures markets closed, the USDA's CCC said it sought 16,000 metric tons of HRW for Ethiopia, building on recent HRW wheat purchases for Congo and Haiti. Analysts noted this week that reported U.S. HRW wheat exports were running 18% ahead of last year's pace, with similar stock levels, a supportive element for Kansas City Board of Trade HRW wheat futures and HRW cash basis levels. In other global wheat news, Australian wheat exporter AWB Ltd. (AWB.AU) said it was finalizing details of a wheat sale to Iraq, but was not able to give details. Reports in Australian newspapers suggest Iraq will buy 600,000 tons of wheat from AWB, with another 600,000 tons to be supplied by U.S. concerns Cargill Inc. and ADM. Traders continued to eye EU wheat harvest reports, with good weather forecast for cutting in the U.K. and Germany. Periodic rains in Germany the past couple of weeks have caused quality concerns there, brokers said. However, recent rains in key Southern Hemisphere wheat producers Argentina and Australia have improved the crops' prospects there, and traders begin to speculate about an increase in yield estimates.

New Wheat Variety Likely to Save Farmers

Within three years wheat growers will have access to a new type of grain that is resistant to preharvest sprouting. Scientists in western Victoria have developed a new variety of wheat, which will not germinate or sprout if it rains before harvest. Horsham scientist Dr Francis Ogbonnaya says sprouting reduces the quality of the wheat and farmers are losing more than 20 million dollars a year as a result.

Trade Estimates Differ from Centre about Wheat Output

It is witnessing that the Union Government and trade usually do not agree with assessments on the crop production. For the 2004-05-crop year (July-June), the trade is reporting that the Centre has overestimated the overall output. Eventually this is causing problems for user industries that depend on agricultural produce for their raw material requirements. The grains trade, in particular, is of the view that the figures put out by the Agriculture Ministry

do not reflect the ground situation, especially in oilseeds and wheat. When contacted, Agriculture Ministry sources said that what had been put out, as likely production was an estimate that could be revised either up or down depending on the final inputs from various sources. There is a big gap between the Government's and the trade estimates. The grains trade also points out to estimates of wheat production as another case of the Government's figure being higher than actual figures. Initially, the government expectations were remained around 75 million tonnes (mt). But once the crop arrival began, then the total scenario had reversed. Last year, the yield was affected due to unusually warm December. Though the Government has estimated the production to be 72 mt, the trade says that it could be not more than 68 mt. Therefore the gap is on an about 4 mt. According to Agriculture Ministry sources, wheat estimates are likely to be revised downwards by another half a million tonnes.

World Wheat Quality Likely to Concern for Importers

Despite world wheat production at near-record levels, the impact of local weather patterns on quality could become a more important factor in price and trade patterns this year. Since the increase in exportable wheat supplies on the world market may not meet the demands of quality sensitive millers, higher premiums may be paid for high quality wheat. Reuters news service reports that European traders expect that widespread rains in Germany over the past three weeks have caused significant quality damage. While the overall scale of the damage is still unclear, the article quotes a German trader: "It is now pretty certain that we will harvest a lot more feed quality wheat than usual and less bread quality wheat." On the other hand, another trader noted that "if we get good weather now we could still harvest good quality in several regions, especially in the north." As the harvest has yet to reach the important northeastern region of Germany, there is still a chance they can salvage some good quality milling wheat this year. Germany is forecast to account for 20 percent of the total EU-25 wheat production this year, pegged at 126 MMT by the International Grains Council (IGC).

The harvest in southeastern Europe has concluded after an extremely wet summer. Hungary's estimated harvest of 5.2 MMT this year (according to IGC), will account for 5 percent of the total EU-25 total harvest and, according to Reuters, the Hungarian agriculture minister put the harvest at 50 percent feed quality. Early summer floods in Romania and Bulgaria have reduced production and quality in those countries, and agriculture officials in those countries report that over 30 percent of this year's crop will be feed quality. USDA forecasts that Romanian and Bulgarian wheat production, combined, will drop from 10 MMT last year to 8.5 MMT in 2005/06.

According to USDA, the major exporters of the Former Soviet Union (FSU-12) -- Russia, Ukraine and Kazakhstan - will increase exports this year to the second highest level in history. Due to strong production, pegged at 90.5 MMT, 4.1 MMT (5 percent) above 2004/05, the FSU-12 is forecast to export 18.7 MMT, which is 4.0 MMT (27 percent) above last year. A USDA report points out that lower freight rates could boost sales into Asian markets. Trade estimates indicate that as much as 65 percent of the Ukrainian crop will be grade number 5 or feed quality this year. U.S. Wheat Associates sources estimate that over 85 percent of Russian wheat exports in 2004/05 were grade 4 down to feed grade, and as much as 70 percent of the 2005 crop may fall into those categories. This may indicate that the

presence of larger total supplies in the FSU may not signify increased supplies of high quality wheat.

USDA: U.S. Wheat Exports 23% below The Last Week

According to the latest report of USDA, the net sales of 468,400 metric tons (MT) were 25 percent below the previous week and 28 percent under the prior 4-week average. The primary buyers were Mexico (97,800 MT), Japan (71,800 MT), Nigeria (66,400 MT, including 20,000 MT switched from unknown destinations), Iraq (57,700 MT), South Africa (36,700 MT), the Philippines (34,500 MT), and Colombia (33,600 MT). Exports of 568,700 MT were 23 percent below the week earlier, but equaled the prior 4-week average. The main destinations were Nigeria (113,900 MT), Japan (108,100 MT), Mexico (83,200 MT), Iraq (57,700 MT), Venezuela (34,300 MT), and Colombia (32,600 MT). (This summary is based on reports from exporters for the period August 5-11, 2005)

Overnight U.S. Export Sales Report on Wheat

It was reported on Friday that Iraq bought 200,000 tons of U.S. HRW wheat this week, while the U.S. Department of Agriculture's CCC said it bought 140,000 tons of hard red winter wheat for Ethiopia and 100,000 metric tons of soft white wheat for Eritrea. In other overnight U.S. wheat

export news; South Korea said it sought 10,000 metric tons of U.S. wheat, including soft white and dark northern spring.

IGC WORLD WHEAT ESTIMATES

(Million tons)

	2002-03	2003-04	2004-05	2005-06 (Forecast)	
				29.06	27.07
Production	566	555	624	604	608
Trade	106	103	106	108	109
Consumption	600	593	613	608	613
Stocks	165	127	138	133	133
Year-Year Change	-34	-38	+11	-4	-5
5 Major Exporters [#]	43	40	52	52	52

[#] Argentina, Australia, Canada, EC, United States

Source: International Grains Council

INTERNATIONAL WHEAT PRICES

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

(US dollar / MT)

Contract	ASW 10%		AH 13%		APH 13%		APH 14%	
	5-Aug	4-Aug	5-Aug	4-Aug	5-Aug	4-Aug	5-Aug	4-Aug
Aug '05	150	143	188	181	191	185	216	210
Sep '05	135	126	173	165	177	169	202	194
Oct '05	137	134	170	171	174	175	198	200
Nov '05	142	137	178	174	181	178	206	203
Dec'05	131	128	173	170	177	174	202	199
Jan '06	131	130	174	172	178	176	202	200

PORT WATCH

No latest vessel position is reported today.

WEATHER WATCH

Meteorological Analysis

Last week's upper air cyclonic circulation extending in middle tropospheric levels over northwest Bay of Bengal off Orissa - west Bengal coast persisted upto 12th. It lay over northwest Bay of Bengal on 13th and 14th. This system moved inland and lay over north Orissa and adjoining Jharkhand and Chhattisgarh on 15th and 16th. It was seen over Jharkhand and adjoining southeast Uttar Pradesh on 17th.

The other upper air cyclonic circulation over northeastern states persisted upto 12th and became less marked on 13th.

A western Disturbance as an upper air system moved across western Himalayan region during 15th and 16th. An upper air cyclonic circulation extending upto 1.5 km a.s.l. was seen over central Pakistan and neighbourhood on 16th and 17th. Another upper air cyclonic circulation extending between 2.1 and 4.5 km a.s.l. lay over Gujarat and neighbourhood on 16th and 17th.

The axis of the Monsoon Trough continued to remain close to the foothills of Himalayas during 1st half of the week. However it shifted southwards during 2nd half of the week and it's axis at sea level passed through Ferozpur, Delhi, Kanpur, Allahabad, Digha and thence southwards to central Bay of Bengal on 17th.

Rainfall

During this week rainfall activity remained subdued in many parts of the country. However moderate rainfall with isolated heavy falls occurred over Northeastern States, Sub-Himalayan West Bengal & Sikkim and Andaman & Nicobar Islands. Rainfall activity increased during 2nd half when Orissa, Gangetic West Bengal, Chhattisgarh, East Uttar Pradesh, East Madhya Pradesh, Jammu & Kashmir, Himachal Pradesh, Uttaranchal, Coastal Karnataka, Konkan & Goa and Madhya Maharashtra received fairly wide spread rainfall with isolated heavy falls. Scattered showers also occurred over the rest regions of the country outside West Rajasthan and Sauashtra & Kutch where only

isolated rainfall occurred on one or two days during the week.

Rainfall During The Week (For the week ending on 17th August, 2005)

Rainfall was excess/normal in **8** and deficient/scanty in **28** out of **36** meteorological sub-divisions (Actual: 33.5 mm, Normal: 62.5 mm and Departure: -46%).

Cumulative Seasonal Rainfall (1st June to 17th August, 2005)

Rainfall was excess/normal in **29** and deficient in **7** out of **36** meteorological sub-divisions (Actual: 601.8 mm, Normal: 611.1 mm and Departure: -2%).

The sub-division-wise weekly and seasonal rainfall distribution is presented in the enclosed map.

Outlook For The Week Ending On August 24th, 2005

1. Moderate rainfall with isolated heavy falls likely over Northeastern states Sub-Himalayan West Bengal & Sikkim, Chhattisgarh, East Madhya Pradesh, Orissa, Konkan & Goa and Coastal Karnataka.

2. Scattered showers also likely over West Madhya Pradesh, Interior Maharashtra, Bihar, Jharkhand, Gangetic West Bengal and Uttar Pradesh
3. Weak monsoon conditions likely to prevail in 2nd half of the week with subdued rainfall activity over Northwest and westcentral India and also over interior peninsular India.

FOREX (As on 19th August 2005):

Foreign Currency	Rs. per unit
1 US \$	43.58
1 Euro	53.01
1 British £	78.08
100 Yen	39.45

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