

Wheat

22nd -27th 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 upward sentiment for 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 as long term basis.

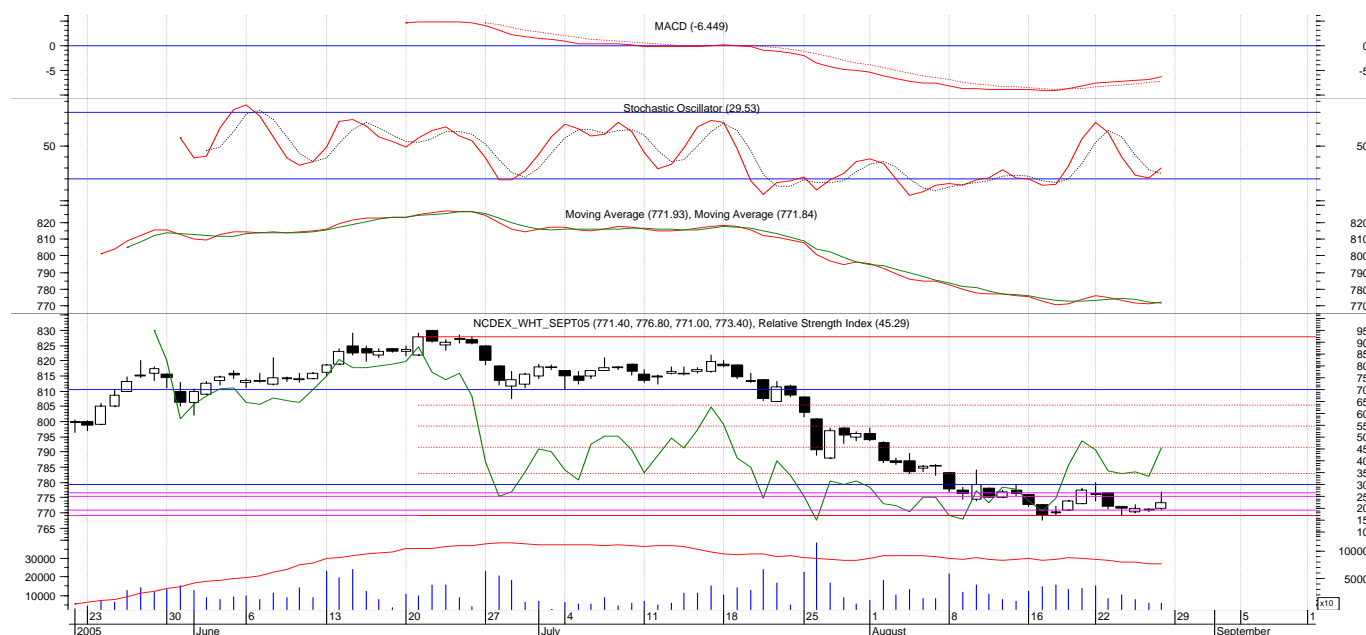
Stochastic: The %K-line after cutting the %D-line from down, moving upwards in the normal region. Indicating strong sentiment.

Relative Strength Index (RSI): The RSI (45.29) is in the neutral condition.

Moving Averages (MA): The 3-day MA is going to upwards after just 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 775.34 marks and the second at 776.55 marks. The first support is seen at 770.99 marks and the second at 769.04 marks.



Outlook: All of the indicators are indicating 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	770.99	769.04	775.34	776.55

DEMAND, SUPPLY AND PRICES AT IMPORTANT CENTRES

Market Highlights

Delhi:

In this week the market sentiment for wheat remained slight weak as compared to previous week in Delhi. However the price was moving in between the range of Rs.758-760 per quintal due to less demand, surplus arrival and lack of support from flourmills. At this weekend the wheat was traded at the range of Rs.758-760 per quintal at Lawrence road. Therefore the sentiment remained range bound. The arrival was moderate at 10000-11000 bags, however it was excess than demand.

Ahmedabad:

Ahmedabad showed slight strong sentiment in this week over last week due no arrival, strong demand and limited stock at the godowns. There was no arrival. Wheat was offered at Rs 781-785 per quintal this weekend as compared to Rs 773-775 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 witnessed range bound with slight weak undertone in this week as against of last week amid stable demand. Wheat was traded at the range of Rs 720-725 per quintal at the Ludhiana market, while at the Jagraon market it remained slight down at Rs.695-700 per quintal.

Maharashtra:

The market prices of wheat remained down due to less demand in this week. The wheat price did not support from any other fundamental news. The wheat was traded at the range of Rs.820-825 per quintal at this weekend, which was decreased from Rs.830-835 per quintal of previous week.

Haryana:

The Haryana mandis for wheat witnessed range bound with slight strong sentiment at most of the places in this week as compared to last week. At the Karnal, Hodal and Palwal market wheat was quoted at Rs 730-732, Rs 650-695 and Rs 700-735 per quintal, respectively. However, at the Hisar market wheat was offered at a higher price of Rs 710 per quintal at this weekend.

Rajasthan:

The wheat prices at the Rajasthan markets remained comparatively range bound with slight strong in this week against last week. At the Khairtal and Alwar market wheat was quoted marginally higher at Rs 685-690 and Rs 695-700 per quintal, respectively at this weekend due to stable demand and less supply. At the Kota market wheat was available at a stable price of Rs 773-775 per quintal at this weekend.

Uttar Pradesh:

In Uttar Pradesh mandis the market sentiment for wheat noticed a range bound with mixed sentiment in this week as compared to last week. In Kanpur and Bareilly the prices got down in this week and the other market showed relatively stable position. At the Hapur, Kanpur, Baranasi,

and Bareilly markets, wheat was traded at the range of Rs.740-745, Rs.765-768 (mill quality), Rs.768-772 and Rs.735-742 per quintal at this weekend.

Vyada 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 and remained stable few days and lastly settled on higher side at this weekend. The wheat futures at the NCDEX are expected to trade strong in very short-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	27.08.05
Delhi (Lawrence Road)	760-762	758-760
Haryana (Dhabwali)	685-690	670-680
Ahmedabad	773-775	781-785
Ludhiana	725-730	720-725
Ludhiana (Jagraon)	700	695-700
Rajasthan (Kota)	770 -771	773-775
Amritsar	700	695-700
Madhya Pradesh (Indore)	785-787	789-791
Uttar Pradesh (Bareilly)	735-737	735-742
Uttar Pradesh (Shahjahanpur)	769-770	771-773
Maharashtra	830-835	820-825

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

Wheat Products	20.8.05	27.08.05
Atta (90kg)	794	789
Maida (90kg)	939	934
Suji (50kg)	520	517
Chokar (50 kg)	259	270
Chokar (35 kg)	169	173
Chakki Atta (90kg)	740	735

CONCLUSION

In this week, it is witnessing that the most of the places showed a range bound with mixed sentiment on wheat trading. The market governing factors were lack of demand from flourmills, poor demand from market, speculation of import and poor 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 slight 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:

Wheat Production Likely to be 73Mt in 2005-06

It is witnessing that the wheat and maize prices continued to move lower on better crop expectations this season. Wheat production is projected to be 73 million tonne during 2005-06 as compared with 72 million tonne in 2004-05. Maize production is expected to go up by 2.6% to 14.5 million tonne during 2005-06.

Global Wheat News on Monday

In overnight wheat export news, South Korea bought 10,000 metric tons of U.S. wheat, including soft white and dark northern spring; and four South Korean Millers have bought 217,500 metric tons of optional-origin feed wheat for January 2006 delivery since Aug. 12, Asian traders said. Talk of possible increased U.S. SRW winter wheat plantings this fall, after near-record winter wheat average yields and prospects for only mediocre corn and soy crops in Illinois, was also bearish. In global wheat news, traders continued to watch harvest weather in Europe after recent rains delayed cutting in both areas.

Ukraine Exported 4.32 MMT of Wheat in 2004-05

According to State Statistics Committee of Ukraine, the Ukraine exported 4.32 million metric tons (MT) of wheat in 2004-05. In the last month of the season (June) it was witnessed that Ukraine sold to foreign markets 267,700 MT of wheat. Contractual price in that month averaged \$117 per ton. The largest importer of Ukrainian wheat in June was Spain, which bought 108,000 MT of wheat from Ukraine (40 percent of the whole monthly export). Over the entire season Spain bought 1.1 million MT of Ukrainian wheat. In June large shipments of wheat were also made to Egypt (27,500 MT), Tunisia (21,900 MT), Italy (17,700 MT), Hungary (16,000 MT) and Mauritania (15,400 MT). In the marketing year 2003/04 stricken by crop failure Ukraine exported not enough 47,360 MT of wheat. The export of wheat hit record in 2002/03, when Ukraine sold 6.54 million MT.

The Capacity Utilization of the FCI Godowns 59%

It is reported that the capacity utilization of the Food Corporation of India (FCI) godowns (owned and hired) is 59%, as on July 1, 2005. The FCI operates 1490 godowns (owned and hired) with a total storage capacity of 257.71 lakh MTs, as on July 1, 2005. During 2003-04, FCI handled 1583.8 lakh MTs of foodgrains valued at Rs. 75738.21 crore as against 1548.12 lakh MTs valued at Rs. 74824.7 crore in the previous year. As on July 1, 2005, only a quantity of 5.91 lakh MTs of wheat/paddy, which was less than 40% of the total stock with the FCI, were stored in Covered and Plinth (CAP) storage, due to non-availability of suitable covered storage capacity. Dr. Akhilesh Prasad Singh, Minister of State gave this information in Lok Sabha on Tuesday for Consumer Affairs, Food and Public Distribution.

China Likely to Import Wheat around 4MMT

The overnight U.S. wheat export news was relatively quiet on Tuesday, while the U.S. Department of Agriculture's CCC on Tuesday sought 48,010 metric tons of HRW for Ethiopia; 10,000 metric tons of HRW for Haiti; and 29,000 tons of soft white wheat for Eritrea. Japan's Ministry of Agriculture, Forestry and Fisheries will seek 101,000 metric tons of milling wheat in a buy tender to be held Thursday, a Tokyo-based trader said. In other global news, despite forecasts of a bumper wheat crop this year, China is short of high-quality milling wheat and is likely to import 4 million tons of wheat in the 2005-06 crop year, an industry analyst said. About 40% of China's harvest will likely be of feed-quality.

Wheat Imports Strikes 63,000 tons in Iran

It was reported that Iran imported a few 63,000 tons of wheat as animal feed during March-June, said a senior wheat industry official. Iran imported 160,000 tons of wheat for the livestock sector in the year to March 2005. Wheat imported for animal consumption was sold to some bakeries. The Commerce Ministry announced that the government has suspended tenders for importing wheat for animal feed. Iran announced last year it was now self-sufficient in wheat production after 40 years. The country used to be the world's largest wheat importer until a few years ago. Iran allocates huge amounts of subsidies for wheat and flour, which has resulted in excessive consumption of the products.

Wheat Crop Likely to Down by 6.8% in Germany

Wheat production in Germany, which is the European Union's second-largest grower, may fall 6.8 percent this year because of weather damage that threatens to cut supplies of milling-grade grain, a U.S. agricultural attaché report said. Winter-wheat production may fall to 23.39 million metric tons in 2005, from 25.09 million tons last year. A quarter of this year's crop may fail to meet the European Commission's quality standards for wheat that can be milled into flour for bread making. Widespread rains at the end of July put grain quality at risk. Large portions of this year's wheat crop will not meet milling quality and have to be used or sold as feed wheat. Less milling-grade wheat from Germany will reduce competition for U.S. wheat exports in the Middle East and Africa, and may sustain wheat prices, which have gained 7.8 percent in Chicago this year. France is the biggest wheat-grower in the 25-nation European Union.

Global Wheat News on Wednesday

On Wednesday, overnight U.S. wheat export sales were quiet, while Japan's Ministry of Agriculture, Forestry and Fisheries will seek 101,000 tons of milling wheat in a buy tender to be held Thursday. Syria said it would offer 150,000 tons of wheat in a tender on Sept. 20 for shipment from Oct. 15-Nov. 30; and Russia set a threshold intervention price for domestic wheat at 3,100 rubles (\$1=RUB28.59) a metric ton for European Russia and RUB3,300 a ton for Siberia and the Urals. In Australia, widespread rains in the east and south during June improved the winter wheat crop outlook, according to the Australian Bureau of Agricultural and Resource Economics, or Abare.

U.S. Estimated That India Likely to Import Wheat

According to the minister of state for commerce and industry of the United States EVKS Elangovan, has estimated that India would import about 1 million tonne of wheat for the first time in six years because of low stocks. The food and agricultural services of US department of agriculture in its monthly circular of July 2005 titled 'Grains: World markets & trade' has stated that India is anticipated to import about one million tonne of wheat for the first time in six years because of lower-carry-in stocks and rising consumption. He said 4.09 million tonne of wheat was exported during 2003-04 while 770,764 tonne of basmati rice and 2.6 million tonne of non-basmati rice were exported in the same year.

Global Wheat News on Thursday

In overnight U.S. wheat export news, South Korea said it would seek 16,300 tons of U.S. wheat Friday, traders said. The USDA's CCC sought late Thursday 9,220 metric tons of spring wheat for Honduras and 25,000 tons of HRW wheat for Indonesia. Still, reminders of good global wheat export competition again surfaced Thursday. The European Union granted 393,950 metric tons of subsidized wheat export licenses at a maximum refund of EUR4.00/ton in its weekly tender Thursday, official E.U. figures showed. And the International

Grains Council raised its 2005 world wheat production estimate to 609.9 million tons from its July estimate of 608 million. The estimate is still less than the 2004 estimate of 623.2 million tons.

Great Year for Wheat in Canada

Following optimum growth conditions in the first half of summer; Alberta farmers expect to produce bumper crops of wheat and canola. Statistics Canada canola production is estimated to jump 4.3 per cent to 3.1-million tonnes, breaking the record harvest of 3-million tonnes in 1999. Farmers expected to produce 6.8-million tonnes of spring wheat, 3.3 per cent more than last year. Durum wheat should be at the same level as last year's 1-million tonnes, but still above the five-year average of 856,000 tonnes.

IGC: Latest Forecast Report on Wheat

According to the latest report of IGC (International Grain Council), world wheat **production** in 2005 is forecast 2m. tons higher than last month at 610 million tons, but this is still 13 million short of last year's record. Increases in the estimates for China, Canada, Russia, Kazakhstan and Australia outweigh reductions in the EU, the US, Pakistan and Argentina. Poor weather in parts of the EU continued to cause crop quality concerns, while wet conditions earlier in the summer have resulted in fungal disease in part of the US spring wheat crop, with associated raised mycotoxin levels. No change is made to the 2005/06-world wheat **consumption** forecast of 613 million tons, which therefore remains the same as last year. World wheat **trade** is forecast at 108 million tons, 1 million less than last month's projection and close to the (revised) estimate for 2004/05. The biggest change is a reduction in China's forecast

purchases. In the light of its improved crop outlook and subdued buying to date, total imports by China in 2005/06 are now put at only 4 MMT, 2 million less than the previous forecast and compared with 7 million in 2004/05. With larger supplies, and competitive prices, exports by Russia, Ukraine and Kazakhstan are expected to be well up from last year. As a result, combined exports by the five major exporters may fall to 81 million tons, 3 million less than in 2004/05. Due to smaller supplies in the US and higher feed use in the EU, the forecast of combined **stocks** in the five major exporters at the end of their respective 2005/06 seasons is reduced by 1 million tons from last month to 51 million, compared with 53 million in 2004/05. Forecast world stocks are 134 million, 1 million up from July.

IGC WORLD WHEAT ESTIMATES (24.08.05)

(Million tons)

	2002-03	2003-04	2004-05	2005-06 (Forecast)	
				27.07	24.08
Production	566	555	623	608	610
Trade	106	103	106	109	108
Consumption	600	593	613	613	613
Stocks	165	127	138	133	134
Year-Year Change	-34	-38	+11	-5	-3
5 Major Exporters [#]	43	40	52	52	51

[#] 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%	
	26-Aug	25-Aug	26-Aug	25-Aug	26-Aug	25-Aug	26-Aug	25-Aug
Aug '05	183	179	198	198	201	202	226	227
Sep '05	167	164	193	193	197	197	221	221
Oct '05	167	164	188	188	192	192	217	217
Nov '05	173	170	194	194	198	198	222	222
Dec '05	161	159	194	192	198	195	222	220
Jan '06	160	160	193	193	197	197	222	222

PORT WATCH

No latest vessel position is reported today.

WEATHER WATCH

Meteorological Analysis

Last week's upper air cyclonic circulation over Jharkhand and adjoining southeast Uttar Pradesh lay over East Uttar Pradesh and adjoining Bihar on 18th & 19th. It was seen over central Uttar Pradesh extending in the lower tropospheric levels on 20th & 21st. The system became less marked on 22nd. The other upper air cyclonic circulation over central Pakistan and neighbourhood became less marked on 18th. The upper air cyclonic circulation extending in middle tropospheric levels over Gujarat and neighbourhood persisted on 18th and 19th and became less marked on 20th.

A fresh upper air cyclonic circulation extending upto 5.8 km a.s.l. formed over north Bay of Bengal on 18th. It moved in a northnorthwesterly direction across coastal Orissa and Gangetic West Bengal on 19th and 20th. It was seen over Bihar & neighbourhood on 21st & 22nd. It lay over southeast Uttar Pradesh on 23rd and over Sub-Himalayan west Bengal & Sikkim on 24th.

Another upper air cyclonic circulation developed over Tamil Nadu and adjoining Kerala extending upto middle tropospheric levels on 23rd. It was seen over Lakshadweep area extending between 3.1 & 4.5 km a.s.l. on 24th.

The western end of the axis of the monsoon trough lay close to foothills of Himalayas throughout the week.

However its eastern end passed through East Uttar Pradesh, Bihar, Gangetic West Bengal and thence to central Bay of Bengal on most days of the week with slight day to day oscillations.

Rainfall

Under the influence of above systems moderate rainfall occurred at many places with isolated heavy falls over Northeastern States, West Bengal & Sikkim, Bihar, East Uttar Pradesh, East Madhya Pradesh, Orissa, Chhattisgarh and Jharkhand on many days of the week. Scattered showers also occurred over Peninsular India and Western Himalayan region on some days of the week. Rainfall activity remained subdued over plains of northwest and westcentral India.

Rainfall During The Week (For the week ending on 24th August, 2005)

Rainfall was excess/normal in 14 and deficient/scanty in 22 out of 36 meteorological sub-divisions (Actual: 47.2 mm, Normal: 56.9 mm and Departure: -17%).

Cumulative Seasonal Rainfall (1st June to 24th August, 2005)

Rainfall was excess/normal in 28 and deficient/scanty in 8 out of 36 meteorological sub-divisions (Actual: 646.7 mm, Normal: 668.0 mm and Departure: -3%).

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

Outlook For The Week Ending On August 31st, 2005

1. Axis of the monsoon trough is likely to remain close to foothills of Himalayas leading to break monsoon conditions over the country during the week.
2. Moderate rainfall with isolated heavy falls likely over Northeastern states, Sub-Himalayan West Bengal & Sikkim and Bihar.
3. Rainfall activity is likely to increase over south Peninsula.
4. Rainfall activity is likely to remain subdued in the rest regions of the country with the possibility of mainly dry weather over northwest & westcentral India during the week.

FOREX (As on 27th August 2005):

Foreign Currency	Rs. per unit
1 US \$	43.73
1 Euro	53.82
1 British £	78.86
100 Yen	39.72

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