

Wheat

1st-6th 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: AUGUST (Future)

Candlesticks: The candlestick formation is showing a mixed sentiment.

MACD: The MACD (5-day) is lying bearishly below its EMA but it has started moving upwards.

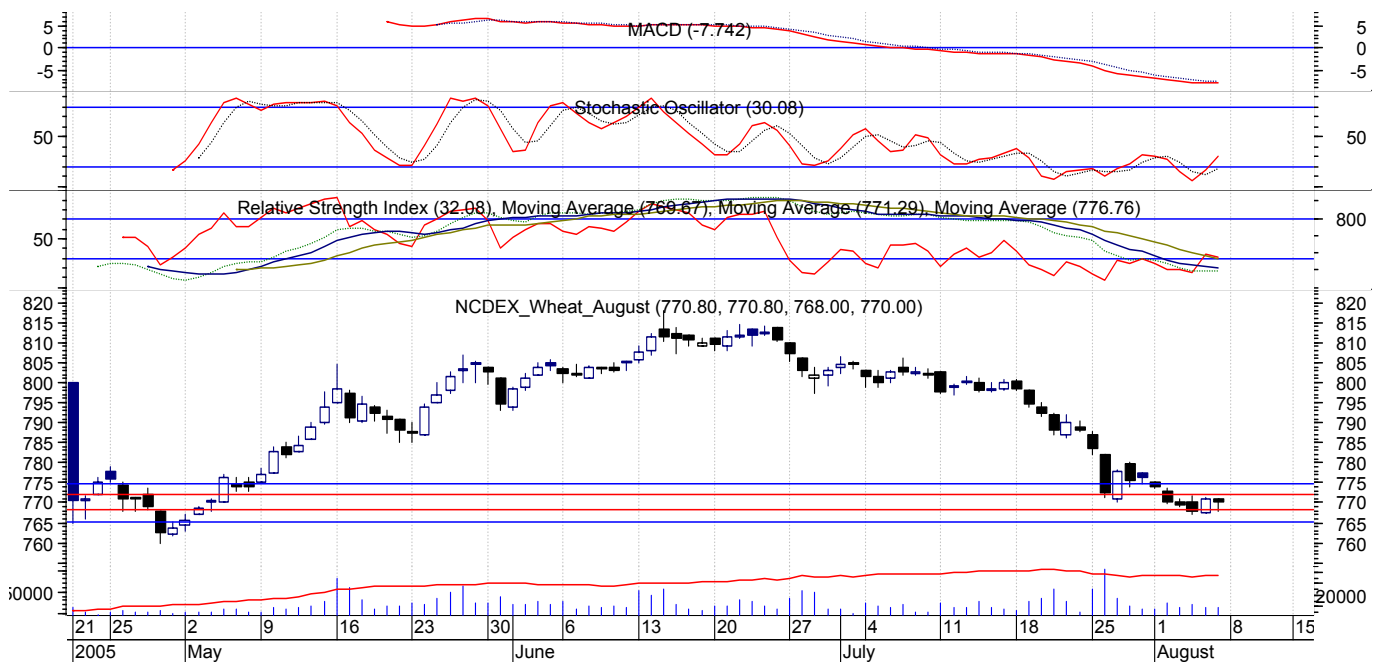
Stochastic: The %K-line after cutting the %D-line from below, moving upwards in the normal region.

Relative Strength Index (RSI): The RSI (32.08) is in the normal region but moving downwards.

Moving Averages (MA): The 3-day MA is lying below the 7-day MA and 14-day MA. The 7-day and 14-day MAs are lying above the price line.

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

The first resistance is seen at 772 mark and the second at 774.9 mark. The first support is seen at 768.1 mark and the second at 765.2 mark.



Outlook:

The technical indicators are showing a mixed sentiment in wheat futures market. The wheat futures are expected to remain range bound for very short-term period. However, the wheat futures may witness some uptrend in medium term.

Support and Resistance Levels:

Contract Month	Support Level		Resistance Level	
	1 st	2 nd	1 st	2 nd
August	772	774.9	768.1	765.2

DEMAND, SUPPLY AND PRICES AT IMPORTANT CENTRES

Market Highlights

Delhi:

The wheat prices in Delhi mandis remained range bound this week. However, the wheat prices have declined marginally this weekend as against last week. At the Lawrence road wheat was quoted at Rs 758-760 per quintal at this weekend as compared to Rs 761-762 per quintal last week. The arrival was moderate at 8000-10000 bags.

Ahmedabad:

The wheat prices at the Ahmedabad remained strong in this week following restricted supplies due to heavy rains. Wheat was offered at Rs 800 per quintal this weekend as compared to Rs 788-790 per quintal last week.

Amritsar:

At the Amritsar market wheat prices remained weak this week as compared to last week. Wheat was offered at Rs 705-710 per quintal this weekend as compared to Rs 720-725 per quintal last week. Release of some stock by the stockists at the higher price level as resulted in a decline in the wheat prices this week.

Ludhiana:

The market price of wheat at Ludhiana remains almost steady this week as against last week. Wheat was available at Rs 720 per quintal at the Ludhiana market, while at the Jagraon market it was quoted at Rs 700 per quintal this weekend.

Maharashtra:

The market prices of wheat remained strong this week following the continuous downpour. The wheat prices jumped up at the Maharashtra markets early this week but went down later as the supply situation becoming normal.

Haryana:

At the Haryana markets wheat was traded range bound over this week. At the Karnal, Hodal and Palwal market wheat was quoted almost unchanged at Rs 730-735, Rs 700-730 and Rs 720-735 per quintal, respectively. However, at the Hisar market wheat was offered at a lower price of Rs 690-700 per quintal at this weekend.

Rajasthan:

The wheat prices at the Rajasthan markets remained marginally weak this week. At the Kota market wheat was available at a lower price of Rs 770-774 per quintal at this weekend as against Rs 777-778 per quintal last week. At the Khairtal and Alwar market wheat was quoted marginally changed at Rs 695-700 and Rs 690 per quintal, respectively at this weekend.

Uttar Pradesh:

The wheat prices in this week at Uttar Pradesh markets prevailed at the lower levels of last week. At the Hapur, Kanpur, Baranasi, and Bareilly markets, wheat was traded almost unchanged at the range of Rs.740-745, Rs.775-780 (mill quality), Rs.785-790 and Rs.735-740 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 downtrend in the wheat future prices came to a halt and became range bound over the last few days. The wheat futures at the NCDEX are expected to trade range bound 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	06.08.05	30.07.05
Delhi (Lawrence Road)	758-760	761-762
Haryana (Dhabwali)	685-690	685-690
Ahmedabad	800	788-790
Ludhiana	720	720-722
Ludhiana (Jagraon)	700	700-705
Rajasthan (Kota)	770-774	777-778
Amritsar	705-710	720-725
Madhya Pradesh (Indore)	795-800	797-798
Uttar Pradesh (Bareilly)	732-735	737-739
Uttar Pradesh (Shahjahanpur)	763-766	766-767
Maharashtra	830-835	825-835

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

Wheat Products	06.08.05	30.07.05
Atta (90kg)	794	789
Maida (90kg)	935	931
Suji (50kg)	520	516
Chokar (50 kg)	254	239
Chokar (35 kg)	171	168
Chakki Atta (90kg)	745	740

CONCLUSION

The wheat prices at the major spot markets remained almost steady at the major wheat markets over this week under consideration. The market arrival was steady to lower at the major markets. The wheat prices jumped up in Maharashtra following the heavy rainfalls but went down to a steady level at the weekend as the supply situation improved over the week. At the futures market also the wheat futures after witnessing a continuous downtrend over the first couple of days in this week, got resisted and traded range bound at the weekend. It is expected that the wheat futures as well as the spot prices will witness a range bound movement in very short-term period but likely to improve marginally in the coming days.

INTERNATIONAL AND DOMESTIC NEWS:

Global Wheat Outlook

In global wheat news, Chinese wheat imports are expected to end this year amid good domestic production and ample stocks, the director general with the China Cereals and Oils Association told a grain conference Friday. China is the top global wheat producer and U.S. wheat traders have cited possible Chinese import demand as an underlying support in U.S. wheat futures. Australia's monopoly wheat exporter, AWB Ltd. (AWB.AU), Monday cut its estimate of returns from sales of its benchmark wheat type grown this crop year, ending March 31, 2006, reflecting the impact of unfavorable currency and commodity movements. AWB estimates its benchmark new crop Australian Premium White type wheat of 10% protein now will return Australian \$186 a metric ton free on board and exclusive of a 10% goods and services tax, down Australian \$4 from the previous review two weeks ago, with other grades of bread wheat falling by the same amount. And the Buenos Aires Cereals Exchange forecast Monday that Argentine wheat farmers will plant just 5.1 million hectares of wheat in 2005-06, down 16.3% from last year's acreage due to dry weather, low wheat prices, high input costs and high taxes. As of Saturday, Argentine farmers had planted 90.4% of the crop or 4.612 million hectares, which puts the planting pace up about four percentage points from a year ago, the exchange said, noting that the pace is up mainly because area is smaller this year.

US Wheat Export till July 28 Up 65 Percent on Week

According to the United States Department of Agriculture (USDA), the U.S. wheat exports for the week ended July 28 totaled 862300 tons, well above the traders' estimates of 3-5.5 lakh tons. The weekly sales were 65 percent above the previous week and 68 percent over the prior four-week average, with major increases for Nigeria (293,000 tons, including 23,500 tons switched from unknown destinations), Japan (143,500 tons), Mexico (77,900 tons) and Iraq (55,000 tons). The USDA has also reported that Egypt had bought 60,000 metric tons of U.S. soft white wheat. According to the U.S. Wheat Associates, the soft red winter wheat harvest is completed in all surveyed states. Overall, soft wheat proteins are down this year with the average to date of 9.7 percent. This compares to last year's overall cumulative protein of 10.3 percent for the 2004 SRW crop.

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.

Actual Procurement of Wheat Down 12 Percent on Year

According to the Minister of State for Consumer Affairs, Food and Public Distribution, the actual procurement of wheat for the last two Rabi Marketing Season 2004-05 and 2005-06 is as under: -

(Lakh MT)

Marketing Season	Actual Procurement
2005-06	147.85
2004-05	167.95
Year to Year Difference	-11.97%

It has been stated that the procurement of foodgrains depends on a number of factors viz. production, market prices of foodgrains, market arrivals, number of procurement centres and participation of private trade. A combination of these factors may have resulted in lower procurement of wheat by the Government agencies this year. It has been reported that the following steps are being taken to check artificial increase in prices of wheat:

1. Monitoring of wholesale and retail prices in all major centres of the country on a weekly basis.
2. Adequate issue of wheat under the TPDS and other welfare schemes.
3. Release of wheat under the Open Market Sale Scheme (OMSS)
4. Ensuring adequate stocking of wheat in all the regions of the country.

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

ALL INDIA WEATHER FORECAST VALID FOR NEXT 5 DAYS

Monsoon Outlook

Yesterday's well marked low pressure area over Jharkhand and adjoining north interior Orissa has weakened in to a low pressure area and remains stationary. This synoptic circulation system has caused moderate to heavy rainfall over north Orissa, Chattisgarh and adjoining Jharkhand. In view of the strong monsoon flow across the peninsula, widespread rainfall activity was realized over Konkan & Goa, Vidarbha, Telangana and coastal Andhra Pradesh. At the same time prevailing western Disturbance over NW India caused fairly widespread rainfall activity over Rajasthan, J&K, Himachal Pradesh, Punjab, Haryana (including Delhi) and Uttaranchal.

The low pressure system is expected to move slowly in a north-north-westward direction during next 2-3 days. The possible interaction between the monsoonal current over the Gangetic plains and eastward moving western disturbance may cause fairly widespread rainfall activity with isolated heavy fall over north, northwest India and parts Central India viz., Uttar Pradesh, Uttaranchal, J&K, Himachal Pradesh Punjab, Haryana (including Delhi), western parts of Bihar and North Madhya Pradesh, Chattisgarh and Jharkhand in next 2-3 days. Subsequently, rainfall over parts of J&K, Himachal Pradesh, Punjab, and Haryana is likely recede and the activity over remaining areas is likely continue for another 2-3 days.

The monsoon flow is expected to remain stronger along the west coast and across the peninsula in coming 4-5 days and hence fairly widespread rains with isolated heavy falls are expected to continue along Konkan & Goa, Karnataka, north Kerala, parts of Marathwada, Vidarbha and Telangana.

NORTH & NORTH-WEST INDIA [J&K, HP, UTTARANCHAL, PUNJAB, HARYANA, DELHI, WEST UP]

Fairly widespread rainfall is likely over the region during next 2-3 days. Subsequently, rainfall activity is likely to reduce over the region.

EAST AND NE INDIA [EAST UP, BIHAR, JHARKHAND, WEST BENGAL, ORISSA, NE STATES]

Orissa, Jharkhand and West Bengal are likely to receive fairly widespread to widespread rains with isolated heavy falls during next 2-3 days. Fairly widespread rainfall is likely over East UP and Bihar and scattered to fairly widespread over NE States during 4-5 days.

CENTRAL INDIA [MP, CHATTISGARH, VIDARBHA]

Under the influence of the low pressure area over Jharkhand & adjoining Orissa, Chattisgarh, Madhya Pradesh and Vidarbha are likely to receive fairly widespread rains during next 4-5 days.

SOUTH INDIA [TAMILNADU, AP, KERALA, KARNATAKA, ANDAMAN & NICOBAR ISLANDS, LAKSHADEEP]

Karnataka, north Kerala and Telangana are likely to receive fairly widespread rainfall activity during next 3-4 days with isolated heavy falls in Coastal Karnataka. Rest areas of the region are likely to receive isolated to scattered rains during this period.

WEST INDIA [MAHARASHTRA OTHER THAN VIDARBHA, GUJARAT, RAJASTHAN]

Konkan & Goa and remaining parts of Maharashtra may receive fairly widespread rains with isolated heavy falls in Konkan & Goa during next 3-4 days. Rest areas of the region are likely to receive isolated to scattered rains during this period.

FOREX (As on 6th August 2005):

Foreign Currency	Rs. per unit
1 US \$	43.49
1 Euro	53.79
1 British £	77.35
100 Yen	38.88

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