

Wheat

5th -10th September, 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 slight improvement for prices.

MACD: The MACD (5-day) is going downwards after cutting the EMA from up but it is lying in negative territory. Indicating weak sentiment as long-term basis.

Stochastic: The %K-line after cutting the %D-line from down, moving upwards in the oversold region. Indicating strong sentiment as long-term basis.

Relative Strength Index (RSI): The RSI (21.94) is in the oversold condition. Indicating trend reversal.

Moving Averages (MA): The 3-day MA is going to downwards after cutting the 5-day MA from up. Indicating weak sentiment

The open interest as well as the volume of trade remained slight weak throughout the week.

The first resistance is seen at 759.45 marks and the second at 760.27 marks. The first support is seen at 754.63 marks and the second at 753.97 marks.



Outlook: All of the indicators are indicating towards weak sentiment in wheat futures market except candlesticks, MACD and RSI, which indicating trend reversal. The wheat futures are expected to remain range bound with slight 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	754.63	753.97	759.45	760.27

DEMAND, SUPPLY AND PRICES AT IMPORTANT CENTRES

Market Highlights

Delhi:

The wheat market prices showed a weak undertone throughout this week in Delhi spot market, basically at Lawrence road. The demand from flourmills remained very poor in this week due to lower consumption of human beings. However the price was moving in between the range of Rs.750-760 per quintal due to less market demand and surplus arrival. The godown stock are releasing in the market. At this weekend the wheat was traded at the range of Rs.750-752 per quintal at Lawrence road. The arrival was moderate at 8000-10000 gunny bags, however it was slight excess than demand. The market is expected that the wheat prices would continue this weak trend in the coming week also.

Ahmedabad:

The wheat prices in Ahmedabad showed range bound with stable sentiment in this week over last week due to no arrival, and stable demand. Wheat was offered at Rs 780-785 per quintal at this weekend as compared to Rs 783-785 per quintal last week. The market does not expect the price would be increase in the coming week.

Amritsar:

At the Amritsar market, the wheat prices also witnessed range bound with weak undertone in this week. The governing factor was less demand, however there was no arrival. The godown stocks were sold in the market. Wheat was offered at Rs 685-690 per quintal at this weekend. Wheat prices are likely to remain stable in the coming week.

Ludhiana:

The market price of wheat at Ludhiana remained same as of previous week amid stable demand. Wheat was traded at the range of Rs 720-725 per quintal at the Ludhiana market, which was same as last week. At the Jagraon market it remained slight strong at Rs.715-716 per quintal.

Maharashtra:

The market prices of wheat remained slight down due to less demand in this week. The wheat price did not support fundamentally. The monsoon remained well in this state at this weekend. The wheat was traded at the range of Rs.810 per quintal at this weekend, which was decreased from Rs.815 per quintal of previous week.

Haryana:

The wheat was traded at this mandis on downward side but the sentiment remained range bound at most of the places throughout this week as compared to last week. At the Karnal, Hodal and Palwal market wheat was quoted at Rs 728-730, Rs 650-725 and Rs 700-725 per quintal, respectively. However, at the Hisar market wheat was offered at a slight lower price of Rs 700 per quintal at this weekend.

Rajasthan:

The wheat prices at the Rajasthan markets also continued the same trend as of other markets in India. At the Khairtal and Alwar market wheat was quoted lower at Rs 675-680 and Rs 675-680 per quintal, respectively at this weekend due to less demand. At the Kota market wheat was available at a stable price of Rs 767-768 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 Hapur the prices got down in this week and the other market showed relatively stable position with slight strong. At the Hapur, Kanpur, Baranasi, and Bareilly markets, wheat was traded at the range of Rs.738-740, Rs.770-775 (mill quality), Rs.780-784 and Rs.735-741 per quintal at this weekend.

Vyada Bazaar:

At the futures market, the wheat futures have witnessed a bearish sentiment throughout 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 remained range bound at this weekend. 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	5.09.05	10.09.05
Delhi (Lawrence Road)	755-757	750-752
Haryana (Dhabwali)	650-655	645-650
Ahmedabad	783-785	780-785
Ludhiana	720-725	720-725
Ludhiana (Jagraon)	715-716	715-716
Rajasthan (Kota)	775-777	767-768
Amritsar	690	685-690
Madhya Pradesh (Indore)	795-796	791-792
Uttar Pradesh (Bareilly)	735-742	735-741
Uttar Pradesh (Shahjahanpur)	769-770	765-766
Maharashtra	815	810

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

Wheat Products	5.09.05	10.09.05
Atta (90kg)	783	779
Maida (90kg)	927	920
Suji (50kg)	513	509
Chokar (50 kg)	281	282
Chokar (35 kg)	183	182
Chakki Atta (90kg)	730	738

CONCLUSION

In this week, the wheat was traded on downward tone at most of the market in India due to less demand from flourmills and poor consumption pattern of human beings in this time. The godown stocks of wheat are also releasing due to price worries but there is no strong demand. The market governing factors were lack of demand from flourmills, poor demand from market, speculation of import and poor monsoon activity. At the futures market also the wheat was fluctuated tremendously. It is expected that the

wheat prices would strong in spot as well as futures market as long-term basis likely in October.

INTERNATIONAL AND DOMESTIC NEWS:

Winter Wheat Sowing Commences in U.S.

Montana farmers have begun planting winter wheat, even as harvest of the state's spring-planted crops crushes on, a federal agriculture agency said Tuesday. Winter wheat seeding for the next crop year was just ongoing as of Sunday, with 3 percent completed, the Montana field office of the National Agricultural Statistics Service said. That's the same as last year and in line with the five-year average. Lola Raska, policy associate with the Montana Grain Growers Association, said planting conditions aren't the greatest but still better than in past years. Harvest remained ahead of last year for barley, dry beans, durum, oats and spring wheat, the statistics service said. Spring wheat was 84 percent harvested, up from 67 percent this time a year ago, while durum was 70 percent harvested. Just 21 percent of durum was in this time last year, the agency said.

Global Wheat News on Thursday

Meanwhile, Iraq bought 1.25 million metric tons of U.S. and Australian hard wheat, a senior official with the Iraqi grain board told Dow Jones Newswires on Thursday. The amount includes 600,000 metric tons of hard wheat from the U.S. and 650,000 tons from Australia's AWB Ltd., for delivery during October, November and December. Japan's Ministry of Agriculture, Forestry and Fisheries bought 153,000 metric tons of milling wheat Thursday for an October-November shipment, with the U.S. winning 60,000 tons of the tender. Canada secured 40,000 tons and Australia 53,000 tons. South Korea bought 21,500 metric tons of U.S. No. 1 wheat for late October-November shipment from the Pacific Northwest. U.S. grain analysts surveyed by Dow Jones Newswires expect little change in next week's supply and demand forecast from the U.S. Department of Agriculture. Analysts see the 2005-06 U.S. ending-stocks estimate at 630 million bushels, down 4 million bushels from its August estimate.

EU Issued Licenses to Buy 119,000 MT of Soft Wheat

In global wheat news, the European Commission issued licenses to import 119,000 metric tons of soft wheat in the

two weeks to Sept. 7, official E.U. figures showed Friday. The total, excluding flour, at eight weeks into the 2005-06 marketing year stood at 1.646 million tons. The EU also issued export licenses for 524,000 metric tons of soft wheat in the two weeks ending Sept. 7, bringing the total of licenses for wheat 10 weeks into the 2005-06 marketing year, excluding those issued for wheat flour, to 1.149 million tons.

USDA: U.S. Export Remained Down

According to the latest data of USDA for export-sales highlights, the net sales of 854,200 metric tons (MT) wheat were more than two and one-tenth times the previous week and 46 percent over the prior 4-week average. The primary buyers were Nigeria (193,400 MT), Egypt (120,000 MT), Japan (109,600 MT), Peru (85,700 MT, including 30,000 MT switched from unknown destinations), Mexico (67,900 MT), Thailand (47,700 MT), South Korea (41,100 MT), Spain (40,000 MT), Italy (39,300 MT), and Yemen (38,100 MT). Exports of 432,400 MT were 24 percent below the week earlier and the prior 4-week average. The main destinations were Japan (102,800 MT), Peru (71,700 MT), Mexico (71,400 MT), Yemen (38,100 MT), Italy (28,800 MT), South Africa (25,300 MT), and Nigeria (24,900 MT). (This summary is based on reports from exporters for the period August 26-September 1, 2005.)

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%	
	5-Sep	2-Sep	5-Sep	2-Sep	5-Sep	2-Sep	5-Sep	2-Sep
5-Sep	177	177	203	203	207	207	231	231
5-Oct	175	174	197	197	201	201	226	226
5-Nov	177	179	200	200	204	204	228	228
5-Dec	164	166	199	198	203	202	228	227
6-Jan	163	167	197	197	201	201	226	226
6-Feb	163	165	197	194	201	198	226	222

PORT WATCH

No latest vessel position is reported at this weekend.

WEATHER WATCH

Withdrawal Of Southwest Monsoon

Southwest monsoon has withdrawn from parts of West Rajasthan on 2nd. Withdrawal line passes through Sri Ganganagar, Bikaner and Barmer.

Meteorological Analysis

Last week's upper air cyclonic circulation over westcentral Bay of Bengal off Coastal Andhra Pradesh extending upto 4.5 km a.s.l. tilting southwards with height persisted upto 2nd. It moved westwards across Coastal Andhra Pradesh, Telangana, North Interior Karnataka and Konkan & Goa during 3rd to 6th. It was seen over Konkan & Goa and adjoining eastcentral Arabian Sea extending between 2.1 km and 5.8 km a.s.l. on 7th. A north-south trough extending in the lower tropospheric levels was seen from Uttar Pradesh to the above system on 2nd & 3rd and from southeast Rajasthan on 4th & 5th.

A fresh upper cyclonic circulation extending upto 3.1 km a.s.l. formed over southwest Bay of Bengal in the evening of the 5th. Under its influence, a low pressure area formed over Central parts of south Bay of Bengal on 6th. It moved northwestwards and lay over westcentral Bay of Bengal off coastal Andhra Pradesh on 7th morning and became well marked in the evening.

A fresh upper air cyclonic circulation extending upto 2.1 km a.s.l. was seen over northwest Madhya Pradesh and adjoining southwest Uttar Pradesh on 6th. It became less marked on 7th. Another upper air cyclonic circulation formed over central Pakistan and adjoining west Rajasthan extending upto 1.5 km a.s.l. on 7th.

Rainfall

Southwest Monsoon was active to vigorous over Kerala and Rayalaseema on many days of the week and over Karnataka, Telangana, Tamil Nadu & Pondicherry, Konkan & Goa, Madhya Maharashtra, Sub-Himalayan West Bengal & Sikkim, Bihar, Jharkhand and East Uttar Pradesh on one to two days of the week.

Moderate rainfall occurred at many places with isolated heavy falls over south peninsula on many days of the week. Rainfall activity increased with light to moderate scattered rainfall over central India and adjoining Gangetic plains during 3rd to 7th. Light to moderate rainfall also occurred over western Himalayan region and northeastern States. Rainfall activity remained subdued over plains of northwest India with mainly dry weather over Punjab & West Rajasthan.

Temperature

Maximum Temperatures were above normal by 4 to 6°C over central India and northwest India during the 1st half of the week. They decreased over central India during 2nd half but continued to remain above normal over northwest India especially over Rajasthan where the departures were of the order of 6 to 8°C.

Rainfall During The Week (Week ending on 7th September, 2005)

Rainfall was excess/normal in 15; deficient/scanty in 20 and no rain in 1 (West Rajasthan) out of 36 meteorological sub-divisions (Actual : 34.7 mm, Normal : 47.4 mm and Departure: -27%).

Cumulative Seasonal Rainfall (1st June to 7th September, 2005)

Rainfall was excess/normal in 27 and deficient/scanty in 9 out of 36 meteorological sub-divisions. (Actual: 707.0 mm, Normal : 765.3 mm and Departure: -8%).

Outlook For The Week Ending On September 14, 2005

1. Fairly widespread rainfall with isolated heavy falls likely over south peninsula, Orissa, Gujarat and Maharashtra & Goa.
2. Moderate scattered rainfall likely over central India and northwest India.
3. Increase in rainfall activity is likely over Gangetic West Bengal, Jharkhand and Bihar during 2nd half of the week.
4. Generally subdued rainfall activity likely over northeast India.

FOREX (As on 10th September 2005):

Foreign Currency	Rs. per unit
1 US \$	43.81
1 Euro	54.48
1 British £	39.64
100 Yen	80.57

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