

Wheat

29th August-5th 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 showing downward sentiment for prices. Indicating weak 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 as long-term basis.

Relative Strength Index (RSI): The RSI (28.72) is in the oversold condition. Indicating trend reversal.

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

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

The first resistance is seen at 770.14 marks and the second at 772.25 marks. The first support is seen at 765.08 marks and the second at 763.82 marks.



Outlook: It is witnessed that all of the indicators are indicating towards weak sentiment in wheat futures market. But stochastic and MACD are indicating slight strong sentiment as long-term basis. The wheat futures are expected to remain range bound with weak 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	763.82	765.08	770.14	772.25

DEMAND, SUPPLY AND PRICES AT IMPORTANT CENTRES

Market Highlights

Delhi:

At the spot market in Delhi, the wheat prices witnessed range bound with slight weak undertone in this week. However the price was moving in between the range of Rs.755-760 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.755-757 per quintal at Lawrence road. Therefore the sentiment remained range bound. The arrival was moderate at 8000-9000 gunny bags, however it was slight excess than demand.

Ahmedabad:

The wheat prices in Ahmedabad showed range bound with stable sentiment in this week over last week due no arrival, and stable demand. There was no arrival. Wheat was offered at Rs 783-785 per quintal this weekend as compared to Rs 781-785 per quintal last week.

Amritsar:

At the Amritsar market wheat prices remained weak in this week due to less demand as compared to last week. Wheat was offered at Rs 690 per quintal this weekend. The demand remained stable.

Ludhiana:

The market price of wheat at Ludhiana witnessed range bound with stable 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, 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 down due to less demand in this week. The wheat price did not support fundamentally. The wheat was traded at the range of Rs.815 per quintal at this weekend, which was decreased from Rs.820-825 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 tone in this week as against of last week. At the Khairtal and Alwar market wheat was quoted marginally higher at Rs 690-700 and Rs 690-700 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 775-777 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.735-742, 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 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	27.08.05
Delhi (Lawrence Road)	755-757	758-760
Haryana (Dhabwali)	650-655	670-680
Ahmedabad	783-785	781-785
Ludhiana	720-725	720-725
Ludhiana (Jagraon)	715-716	695-700
Rajasthan (Kota)	775-777	773-775
Amritsar	690	695-700
Madhya Pradesh (Indore)	795-796	789-791
Uttar Pradesh (Bareilly)	735-742	735-742
Uttar Pradesh (Shahjahanpur)	769-770	771-773
Maharashtra	815	820-825

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

Wheat Products	5.09.05	27.08.05
Atta (90kg)	783	789
Maida (90kg)	927	934
Suji (50kg)	513	517
Chokar (50 kg)	281	270
Chokar (35 kg)	183	173
Chakki Atta (90kg)	730	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. It is expected that the wheat prices would strong in spot as well as futures market as long-term basis.

INTERNATIONAL AND DOMESTIC NEWS:

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%	
	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 today.

WEATHER WATCH

Meteorological Analysis

Last week's upper air cyclonic circulations over Sub-Himalayan West Bengal & Sikkim and another over Lakshadweep area became less marked on 25th.

A fresh upper air cyclonic circulation extending between 1.5 & 4.5 km a.s.l. formed over Tamil Nadu and neighbourhood on 27th. It moved westwards and lay over Kerala on 28th and over Lakshadweep area on 29th & 30th. It became less marked on 31st.

Another upper air cyclonic circulation extending upto 2.1 km a.s.l. was seen over South Interior Karnataka on 29th. A fresh upper air cyclonic circulation formed over southwest Bay of Bengal off Tamil Nadu coast on 30th. It lay over westcentral Bay of Bengal off south coastal Andhra Pradesh on 31st.

During 27th to 31st, an upper air cyclonic circulation extending between 1.5 & 4.5 km a.s.l. lay over Gujarat and neighbourhood.

A north-south trough extending upto 1.5 km a.s.l. was seen from Sub-Himalayan West Bengal & Sikkim to north Bay of Bengal during 29th to 31st.

A western disturbance as an upper air system moved across Western Himalayan region during 27th to 29th.

The monsoon trough continued to lie close to foothills of Himalayas throughout the week.

Rainfall

During this week, rainfall activity remained generally subdued over most parts of the country. However, Northeastern States, West Bengal & Sikkim, Tamil Nadu & Pondicherry and Kerala experienced moderate rainfall with isolated heavy falls. Light to moderate rainfall also occurred at a few places over Andaman & Nicobar Islands Himachal Pradesh, Uttaranchal, Bihar, Orissa, south Gujarat, Konkan & Goa, Madhya Maharashtra, Coastal Andhra Pradesh, Rayalaseema, Karnataka and Lakshadweep on some days of the week. Light rainfall occurred over Jammu & Kashmir, East Uttar Pradesh, Jharkhand, Chhattisgarh south Madhya

Pradesh, Telangana, Marathwada and north Gujarat on one or two days of the week. Weather remained mainly dry over Punjab, Haryana, West Uttar Pradesh, Rajasthan, Vidarbha and north Madhya Pradesh.

Rainfall During The Week (For the week ending on 31st August, 2005)

Rainfall was excess/normal in 8, deficient/scanty in 27 and no rain in 1 (West Rajasthan) out of 36 meteorological sub-divisions (Actual: 24.5 mm, Normal: 49.9 mm and Departure: -51%).

Cumulative Seasonal Rainfall (1st June to 31st August, 2005)

Rainfall was excess/normal in 31 and deficient/scanty in 5 out of 36 meteorological sub-divisions (Actual: 675.8 mm, Normal: 717.9 mm and Departure: -6%).

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

Outlook For The Week Ending On September 7, 2005

1. Southwest monsoon is likely to withdraw from West Rajasthan.
2. Ongoing rainfall activity over south Peninsula is likely to continue and may enhance over Karnataka and Andhra

Pradesh during 2nd half of the week. The rainfall activity may also extend to central India and parts of east India during the 2nd half of the week.

3. A north-south trough with an embedded cyclonic circulation is likely to develop along east coast of India during first half of the week. This may cause isolated light showers over northeast & eastcentral and adjoining gangetic plains.
4. Mainly dry weather is likely to prevail over northwest & westcentral India.

FOREX (As on 5th September 2005):

Foreign Currency	Rs. per unit
1 US \$	43.74
1 Euro	54.94
1 British £	40.04
100 Yen	80.75

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