

Wheat

17th-22nd October, 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: November (Future)

Candlesticks: The candlestick pattern is indicating bullish trend for the next trading day. The price opened above the last day's closing price and settled on higher side.

MACD: The MACD (7-day) is moving upward and prevailed above its EMA and remaining in positive territory. Indicating strong sentiment as long-term basis.

Stochastic: The %K-line is going to upward after cutting the %D-line from down, remained in neutral condition. Indicating bullish sentiment as long-term basis.

Relative Strength Index (RSI): The RSI (7-day) (76.74) is in the overbought condition. Indicating trend reversal.

Price ROC: 9-day price ROC (+1.778) indicating bullish sentiment.

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

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

Outlook: The wheat futures are likely to remain bullish for very short-term period. However, the wheat futures are likely to remain strong in long term. Openings of the prices may be on higher side in the coming days.



Support and Resistance Levels:

The first resistance is seen at 828.9 marks and the second at 831.3 marks. The first support is seen at 819.7 marks and the second at 817.7 marks as short and medium term.

Contract	Support Level		Resistance Level	
	1 st	2 nd	1 st	2 nd
November	828.9	831.3	819.7	817.7

DEMAND, SUPPLY AND PRICES AT IMPORTANT CENTRES

Market Highlights

Delhi:

Wheat prices maintained its strong sentiment at the domestic spot market in this week at Lawrence road in Delhi and also in futures market today. The mill quality dara wheat was traded at the range of Rs.809-810 per quintal as compared to Rs.808-810 per quintal of last day. The bullish factor was less arrival. It is expected that the wheat price to remain strong in the coming week.

Ahmedabad:

The wheat prices witnessed strong and hold this sentiment through out this week. In the Ahmedabad markets it traded at the range of Rs.840-850 per quintal at this weekend. The less stock at the market yards remained a bullish factor. The arrival was from Rajasthan. The market is expecting the price would be increase further in the coming week.

Amritsar:

At the Amritsar market, the wheat prices also hovered around Rs.5-10 per quintal and settled on Rs.780-790 per quintal at this weekend. The leading factor was strong demand, however there was no arrival. The godown stocks were sold in the market. Wheat prices are likely to remain stable in the coming week.

Ludhiana:

The godown stocks were sold in this market and less stock and also good demand pushed up the prices and traded on mostly higher side in Ludhiana. The wheat was traded at the range of Rs.815-820 per quintal at this weekend. At the Jagraon market it remained strong at Rs.780-785 per quintal at this weekend.

Maharashtra:

The dara wheat variety prices soared in the Maharashtra market at this weekend as against of last week amidst good demand and less arrival. The arrival from M.P. was remained around 20-25 trucks at this weekend. Strong support from flourmills and roller mills around the country, well demand for wheat products and government intervention programme were a bullish factor for price hike up. The wheat was traded at the range of Rs.860-865 per quintal at this weekend.

Haryana:

Wheat was traded in the Haryana market yards on higher side in this week as compared to last week amidst strong demand from flourmills and less arrival and festive demand. At the Karnal, Hodal and Palwal market wheat was quoted at Rs 760-765, Rs 725-730 and Rs 750-780 per quintal, respectively. At the Hisar market, wheat was offered at a stable range of Rs 770-775 per quintal at this weekend.

Rajasthan:

Rajasthan market also showed upward sentiment of dara wheat prices amidst good demand from flourmills and from Gujarat. At the Khairtal and Alwar market wheat was quoted at Rs. 735-740 and Rs.730-735 per quintal, respectively at this weekend due to more demand and less stock. The arrival remained poor. At the Kota market wheat was available at a higher price of Rs 795-798 per quintal at this weekend.

Uttar Pradesh:

U.P mandis remained hot due to less stock and strong demand from Delhi. The strong demand of wheat products was also a bullish factor. In most of the market the prices remained on higher side. At the Hapur, Kanpur, Baranasi, and Bareilly markets, wheat was traded at the range of Rs.795-800, Rs.792-795 (mill quality), Rs.794-798 and Rs.783-785 per quintal at this weekend.

Vyada Bazaar:

At the futures market, the wheat futures remained weak at first few days of this week but recovered later and traded on higher side. The November and December contract opened above the previous closing price and traded on positive side at the NCDEX. The bullish factors were restricted supply at the spot market, slight upward demand from flourmills, stock building by the optimist traders and technical correction. The prices likely to go up at the spot as well as futures market in the coming day.

The wheat futures at the NCDEX are expected to trade strong in very short-term period likely to Monday. However, uptrend sentiment is expected in the long 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	15.10.05	22.10.05
Delhi (Lawrence Road)	808-810	809-810
Haryana (Dhabwali)	725-750	735-760
Ahmedabad	830-835	840-850
Ludhiana	800-810	815-820
Ludhiana (Jagraon)	770-780	780-785
Rajasthan (Kota)	785-788	795-798
Amritsar	775-780	780-790
Uttar Pradesh (Kanpur)	784-788	792-795
Uttar Pradesh (Bareilly)	780-785	783-785
Uttar Pradesh (Shahjahanpur)	800-805	815-817
Maharashtra	855-860	860-865

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

Wheat Products	15.10.05	22.10.05
Atta (90kg)	835	837
Maida Grade 1(90kg)	957	979
Suji (50kg)	551	551
Chokar (50 kg)	291	294
Chokar (35 kg)	194	194
Chakki Atta (90kg)	790	785

CONCLUSION

The wheat market maintained its upward trend sentiment at most of the mandis throughout this week. The positive factor was strong demand from flourmills due to good demand of wheat products as festive season, advent of winter season and less stock. The other main relating factor is MSP for coming rabi wheat crop have been increased by the government. FCI has increased its selling price of wheat in Delhi mandis; therefore it

was also a positive factor for price hike up, according to trade sources. At the futures market also the wheat was maintained its uptrend sentiment. It is expected that the wheat prices would strong in spot as well as futures market as long-term basis likely in this month due to festival season.

INTERNATIONAL AND DOMESTIC NEWS:

Strike For Unloading of Wheat Ends at Bangladesh

Chittagong seaport has opened after the two-day strike, which had paralyzed function at Bangladesh's main seaport. The issue of strike on Friday was to protest against a delay of more than eight months in unloading 26,500 tons of wheat, which was imported from India. Some 24 small cargo vessels have been prevented since February from unloading their cargo at the dock by customs authorities. According to him, the wheat had deteriorated. The boats will be allowed to unload the wheat under the new agreement and it will be stored at a warehouse until tests determine whether it is safe to eat. According to the London-based International Maritime Bureau, which keep an eye on seaports across the world, recognized Chittagong is the second most risky port for doing business in the world because of rampant corruption, irregularities and frequent general strikes enforced by trade unions. However the government is not agreeing with such allegations.

Positive News of Latest USDA Report for Wheat Growers

According to the latest report on world agricultural and supply estimates by the United States Department of Agriculture (USDA), the US was recently estimating a 20% decrease in stocks but is now forecasting stocks will be unchanged or slightly down which is a positive news for wheat growers. Hard wheat exports were forecast up 25 million bushels, spring wheat exports were forecast up 10 million bushels, therefore the spring wheat stocks down nearly 60 million bushels. Soft wheat exports were unchanged but white wheat exports, which Australia does compete with, unfortunately their exports were down 10 million bushels. What that meant was a drop in US stocks of just fewer than 100 million bushels, that's appealing significant.

Low Stock and High Prices may Lead to Wheat Imports

It is likely to import of wheat by India after a gap of six years due to diminishing wheat stocks and a continued uptrend in prices. The government is keeping an eye on the stock position and is yet to take a decision in this matter. According to the Ministry of Agriculture, the stock levels were comfortable. But according to some analysts, this could be a lead to flare up of prices if a delay in the government decision on imports. Private traders said that a customs levy of 60 per cent or more would make it not possible for imports and they expected the government to ease the tariffs.

Heavy Buying & Restricted Supply Underpinned Wheat Prices

At present the market sentiment for wheat is too strong and price is increasing gradually in most of the mandis. It is witnessed that Sharbati (Sihor) is traded in the range of Rs. 1,300-1,700 per quintal and Lokwan in the range of Rs. 950-1,150 per quintal. The mill quality dara wheat is hovering and quoted at the range of Rs.800-810 per quintal

in Delhi mandis. According to the traders the price is expected to touch the Rs. 850 per quintal level by the second half of November. In general, Food Corporation of India (FCI) does heavy procuring, but this time Cargill, too, purchased a huge quantity. Besides this, the stock and supply is restricted at this time owing to seeding in the wheat growing regions, therefore it is also a bullish factor. These are the bullish factors to rising prices in the domestic market. It is expected that India to import around 1.5-2 MMT of wheat, for the first time in the last six years. Demand has been rise continuously due to stock building by the optimist traders, who were anticipating another price hike.

Global Wheat Summary on Thursday

In global news, the European Union granted 451,000 tons of free-market wheat at EUR8.46 per ton. There was again little news about last week's whispered that Iraq would purchase of up to 1 million metric tons of U.S. wheat. Traders also noted South African wheat crop estimates had been cut by nearly 9% and its wheat import estimate had been boosted by more than 1 million metric tons due to drought. CBOT traders speculated Argentina would supply the wheat, but the key South American producer is already forecasting a sharp drop in its production due to drought. Morocco said Thursday it was still studying offers to import 400,000 metric tons of soft wheat of European Union origin. There had been some rumors late Wednesday that the purchase was complete. And forecasts for a bumper Australian wheat crop, up as much as 15% from last year after good recent rains, also limited gains in U.S. wheat futures.

USDA Weekly Export Sales Highlights on Wheat

According to the latest export sales highlights on wheat, net sales of 395,200 metric tons (MT) were 11 percent above the previous week, but 29 percent under the prior 4-week average. Increases reported for the Philippines (88,800 MT), Italy (69,500 MT, including 50,000 MT switched from unknown destinations), Nigeria (55,100 MT, including 17,500 MT switched from unknown destinations), Mexico (38,600 MT), South Korea (38,200 MT), Guatemala (33,900 MT), South Africa (28,600 MT, including 1,100 MT switched from unknown destinations), and Iraq (15,000 MT) were partially offset by decreases for unknown destinations (36,600 MT). Exports of 551,600 MT were 19 percent below the week earlier and 18 percent under the prior 4-week average. The main destinations were Nigeria (91,500 MT, including 17,400 MT late reporting), Italy (73,800 MT), the Philippines (58,300 MT), Iraq (52,600 MT), Mexico (47,800 MT), Spain (38,200 MT), Yemen (37,100 MT), Venezuela (32,500 MT), South Africa (28,600 MT), and South Korea (22,800 MT). (This summary is based on reports from exporters for the period October 7 - October 13, 2005.)

AIC to Introduce Insurance Scheme for Rabi Wheat

According to the Chairman Suparas Bhandari of Agriculture Insurance Company (AIC), three insurance products is likely to introduce, including one for wheat for coming Rabi season. Another insurance products on tea, rubber and sugarcane will be introduced by middle of next year. Wheat insurance product will become operational by early next year when crop start maturing. Technological inputs provided by satellite images would be utilized for this purpose. AIC would mainly target the wheat growers from Punjab and Haryana who are not covered under any price support scheme.

CBOT Wheat Down on Fund Sales

Chicago Board of Trade (CBOT) wheat futures remained down Friday amidst fund selling. The other bullish factor was double-digit losses in soybean futures due to fears about deadly avian influenza and forecasts for rains in northern Brazil. CBOT December soft red winter wheat settled down 2.25 cents at

\$3.30 after setting a three-week low this week of \$3.26. CBOT March wheat ended down 1.75 cents at \$3.45. U.S. wheat futures tend to fade at this time of year amid ideas of upcoming aggressive marketing of the Southern Hemisphere wheat crops. The harvesting of wheat crop has been started in Argentine and Australian. The U.S. farmers are escalating winter wheat plantings this autumn, particularly soft red winter wheat seedings, and good rains this week also weighed on delayed U.S. wheat futures. Cash U.S. soft red winter wheat basis bids were mixed Friday, with 4-cent losses in St. Louis and Memphis bids. Middy spot CIF SRW bids were steady while bids for November fell 1 cent.

IGC WORLD WHEAT ESTIMATES (28.09.05)

(Million tons)

	2002-	2003-04	2004-05	2005-06 (Forecast)	
				24.08	28.09
Production	566	555	623	610	609
Trade	106	103	106	108	109
Consumption	600	593	613	613	615
Stocks	165	127	138	134	132
Year-Year Change	-34	-38	+11	-3	-5
5 Major Exporters [#]	43	40	52	51	49

[#] 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%	
	21-Oct	20-Oct	21-Oct	20-Oct	21-Oct	20-Oct	21-Oct	20-Oct
Oct-05	185	186	190	190	194	194	218	218
Nov-05	184	185	189	189	193	193	217	217
Dec-05	169	170	183	184	187	188	211	212
Jan-06	171	172	186	187	189	190	214	215
Feb-06	170	172	185	186	189	190	213	214
Mar-06	161	162	186	187	189	191	214	215

PORT WATCH

No latest vessel position is reported at this weekend.

WEATHER WATCH (As on 19th October, 2005)

Meteorological Analysis

Last week's low-pressure area over southwest Bay of Bengal and adjoining areas of Coastal Tamil Nadu persisted and became well marked on 13th. The associated upper air cyclonic circulation extended upto mid-tropospheric levels. It lay over southern parts of Rayalaseema and adjoining Karnataka & Tamil Nadu on 14th morning and weakened into a low pressure area in the same evening. It was seen over North Interior Karnataka and adjoining south Madhya Maharashtra and Konkan & Goa on 15th and became less marked on 16th. However the associated upper air cyclonic circulation extending upto mid-tropospheric levels lay over eastcentral Arabian Sea and adjoining Konkan coast. It lay over East Madhya Pradesh & adjoining Vidarbha extending upto 3.1 km a.s.l. on 17th. It was seen over East Madhya Pradesh extending upto 0.9 km a.s.l. on 18th morning and over East Uttar Pradesh and neighbourhood between 3.1 and 4.5 km a.s.l. in the evening. The system became less marked on 19th.

The other low pressure area persisted over southeast Arabian Sea and neighbourhood on 13th & 14th. It lay over western parts of southeast Arabian Sea on 15th and became well marked on 16th. It lay over eastcentral Arabian Sea on 17th. It weakened into a low pressure area on 18th morning and became unimportant thereafter.

Last week's western disturbance as an upper air system over North Pakistan and adjoining Jammu & Kashmir lay over Jammu & Kashmir and neighbourhood on 13th and moved away northeastwards on 14th. However another western disturbance as an upper air system was seen over North Pakistan on the same day. It lay over north Pakistan & adjoining Jammu & Kashmir upto 16th and over extreme northwest Jammu & Kashmir on 17th. It moved away northeastwards on 18th. An induced upper air cyclonic circulation formed over central Pakistan extending upto 3.1 km a.s.l. on 16th which persisted upto 17th and became less marked on 18th.

A trough in westerlies was seen with its axis at 500 hpa roughly along long. 68°E and north of lat. 25°N on 16th and along long 72°E and north of lat. 30°N on 17th. It also became less marked on 18th.

A fresh upper air cyclonic circulation extending upto mid-tropospheric levels was seen over central parts of south Bay of Bengal on 17th. Under its influence a feeble low pressure area formed over southwest and adjoining westcentral Bay of Bengal off south Andhra-North Tamil Nadu coasts in the evening of 18th which persisted on 19th.

Rainfall

Under the influence of the above systems rain/thundershowers occurred at many places with isolated heavy to very falls over south Peninsula on many days of the week. Light to moderate rainfall occurred at a few places over Andaman & Nicobar Islands, Maharashtra,

Chhattisgarh, Orissa and Lakshadweep on many days of the week. However, rainfall activity increased with heavy to very heavy falls over coastal areas of Orissa and West Bengal towards the end of the week. Isolated light to moderate rainfall also occurred over Bihar, Jharkhand, parts of northeastern States, East Madhya Pradesh, East Uttar Pradesh, rest West Bengal & Sikkim on 1-2 days of the week.

Light to moderate rainfall /snowfall occurred over Jammu & Kashmir on some days of the week. Weather was mainly dry over the rest regions of the country.

Rainfall During The Week (Week ending on 19th October, 2005)

Rainfall was excess/normal in 17, deficient/scanty in 11 and no rain in 8 out of 36 meteorological sub-divisions (Actual: 33.0mm, Normal: 15.2 mm and Departure: +118%).

Cumulative Seasonal Rainfall (1st October to 19th October, 2005)

Rainfall was excess/normal in 16, deficient/scanty in 16 and no rain in 4 out of 36 meteorological sub-divisions. (Actual: 55.9 mm, Normal: 57.9 mm and Departure: -3%).

Outlook For The Week Ending On October 26th, 2005

1). Enhanced rainfall activity is likely over West Bengal & Sikkim, Orissa and northeastern States during the first half of the week. Scattered rainfall also likely over East Uttar Pradesh, Bihar, Jharkhand and Chhattisgarh.

2). Moderate rainfall activity is likely over south Peninsula during the first half of the week which may increase during the 2nd half.

3). A western disturbance is likely to affect western Himalayan region during second half of the week and may cause light to moderate scattered rain/snow over Jammu & Kashmir.

FOREX (As on 22nd October, 2005):

Foreign Currency	Rs. per unit
1 US \$	45.09
1 Euro	54.31
100 Yen	39.09
1 British £	80.08

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