

Wheat

10th -15th 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 trend reversal for the next trading day. The prices opened above the last day's closing price and settled on its opening price but remained on higher side.

MACD: The MACD (7-day) is going upwards and remained above its EMA and it is lying 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 strong sentiment as long-term basis.

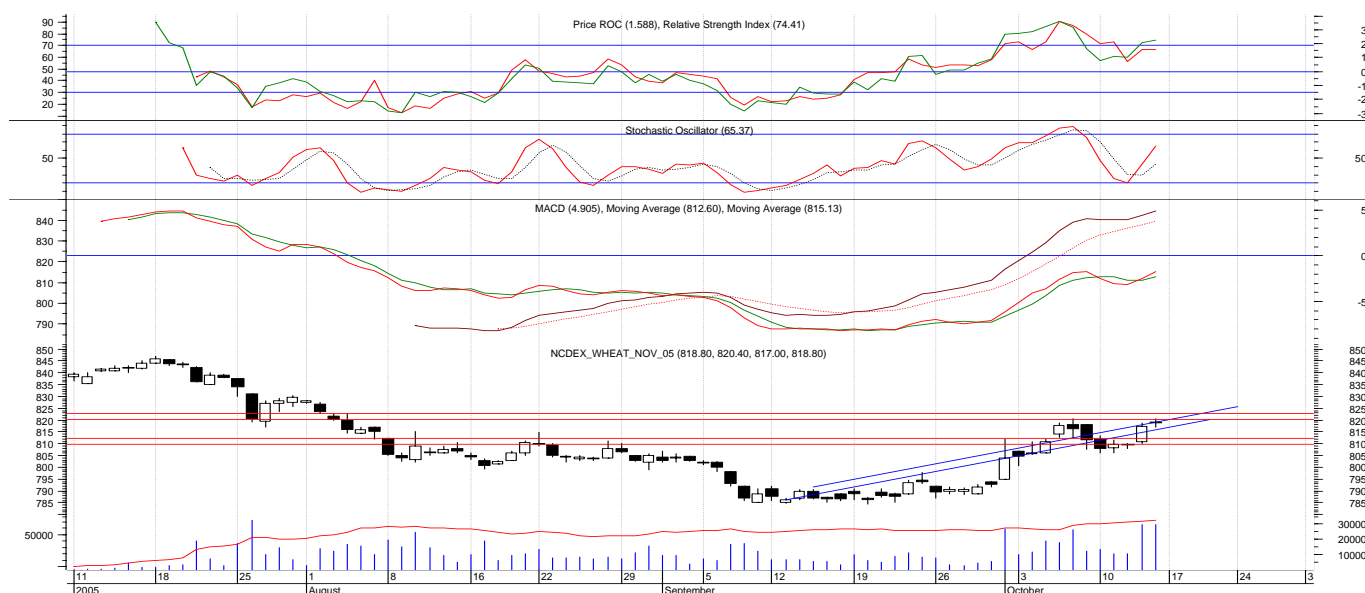
Relative Strength Index (RSI): The RSI (7-day) (74.41) is in the overbought condition. Indicating trend reversal.

Price ROC: 9-day price ROC (+1.588) indicating bearish 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.

The first resistance is seen at 820.1 marks and the second at 822.8 marks. The first support is seen at 812.1 marks and the second at 809.8 marks as medium term.



Outlook: Most of the indicators are indicating strong sentiments in wheat futures market except RSI, Price ROC and Candlesticks. The wheat futures are likely to remain bearish 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:

Contract Month	Support Level		Resistance Level	
	1 st	2 nd	1 st	2 nd
November	820.1	822.8	812.1	809.8

DEMAND, SUPPLY AND PRICES AT IMPORTANT CENTRES

Market Highlights

Delhi:

Domestic wheat price has soared at most of the trading centre in India at this weekend. The Dara mills wheat was traded at Lawrence road in Delhi at the range of Rs.808-810 per quintal due to less arrival around 8000-10000 gunny bags from Uttar Pradesh and Punjab. The prices went down at the first few days of this week but restricted arrival and festive demand reversed back the prices at this weekend. The strong demand from flourmills was also a bullish factor for uptrend of wheat prices. The prices have been increased around Rs. 8-10 per quintal on Saturday as compared to last trading day.

Ahmedabad:

The hike up of wheat prices continued in the Ahmedabad markets throughout this week and traded at the range of Rs.830-835 per quintal at this weekend as compared to last week. 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.10-20 per quintal and settled on Rs.725-730 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 increasing trend is also noticed in the Ludhiana market in this week over last week due to good demand from flourmills. The wheat was traded at the range of Rs.800-810 per quintal at this weekend. At the Jagraon market it remained strong at Rs.770-780 per quintal at this weekend.

Maharashtra:

The wheat prices soared in the Maharashtra market at this week as against of last week amidst good demand and less arrival. The arrival from M.P. was remained around 25-30 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.855-860 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 758-760, Rs 720 and Rs 740-780 per quintal, respectively. At the Hisar market, wheat was offered at a stable range of Rs 760-765 per quintal at this weekend.

Rajasthan:

The wheat prices at the Rajasthan markets remained maintained its range bound with stable sentiment throughout this week as against of last week. At the Khairtal and Alwar market wheat was quoted at Rs. 720-725 and Rs. 710-715 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 stable price of Rs 785-788 per quintal at this weekend.

Uttar Pradesh:

Less stock and strong demand kept the U.P mandis hot at this weekend. The wheat was sold to 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.785-790, Rs.790-795 (mill quality), Rs.792-797 and Rs.780-785 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 significantly strong sentiment was observed on Friday and settled on higher side at this weekend. The technical correction takes place at the end of the week. The wheat futures at the NCDEX are expected to trade range bound with bearish 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	8.10.05
Delhi (Lawrence Road)	808-810	805-807
Haryana (Dhabwali)	725-750	715-725
Ahmedabad	830-835	815-817
Ludhiana	800-810	785-790
Ludhiana (Jagraon)	770-780	755-760
Rajasthan (Kota)	785-788	786-788
Amritsar	775-780	725-730
Madhya Pradesh (Indore)	815-820	800-810
Uttar Pradesh (Bareilly)	780-785	770-775
Uttar Pradesh (Shahjahanpur)	800-805	805-810
Maharashtra	855-860	850-855

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

Wheat Products	15.10.05	8.10.05
Atta (90kg)	835	835
Maida Grade 1(90kg)	957	957
Suji (50kg)	551	551
Chokar (50 kg)	291	296
Chokar (35 kg)	194	198
Chakki Atta (90kg)	790	785

CONCLUSION

The wheat market witnessed an upward trend at most of the mandis at this weekend. 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:

Iraq Likely to Import 1 MMT of U.S. Wheat

Iraq is likely to import about one million tons of U.S. wheat in the next few days. It is first time that Australia missing a major deal in Iraq after ruling the market for years. U.S. wheat after Australia failed to make offers under the new Free on Board (FOB) system. The Australian Wheat Board rejected to quote to the government of Iraq prices on FOB basis and as a result they missing the tender. Iraq buys around three million tons of wheat a year to meet the feed demand of 27 million people. The government said it wants to build up a reserve of wheat and other commodities after scarcities that have overwhelmed the state-run food distribution system since the U.S.-led 2003 war.

Dwindling Situation about Wheat Import by India

India was exported wheat from six years ago. But in recent year the same situation is likely to come due to falling stocks of the grain and a firming up of prices, according to trade sources. Though the government periodically monitors the stocks position before taking a decision and government said that there was no need to import wheat in this year. The next crop will be planted in November and harvested after mid-March. Analysts reported that a lingering delay in a decision on imports might lead to a blazing up of prices. India has levies a 60% customs duty on wheat, therefore the import by private traders is unviable, and the industry has been speculating that the government might ease the tariffs. According to D.P. Singh, chairman of the All India Grain Exporters' Association of India, the government might not cut tariffs but direct one of the state agencies to import up to 2 MMT of wheat to meet demand for public distribution and welfare programmes. According to official estimates, the government has around 10 million tons of wheat in its godowns as of Oct. 1, down from 14.2 million tons on the same day last year. The Indian people consume about 1.5 million tonnes of wheat a month but consumption increases in the north in the winter months, beginning November. Food Ministry officials say the government has already started replacing wheat with rice to meet food-for-work programmes in southern and eastern India, where more rice is consumed.

S.Korea Looks for 18,000 MT of U.S. Wheat

Morocco and Algeria are in the market for 400,000 tons each of European Union wheat. In export news, South Korea seeks up to 18,000 tons of U.S. No. 1 and No. 2 wheat in a tender to be held Tuesday. Shipment is scheduled for Nov. 15-Dec. 15 from the Pacific Northwest. South Korea also seeks 1,000 tons of U.S. No. 2 soft red winter wheat in the tender.

Global Wheat News on Tuesday

Overnight U.S. wheat export news was quiet, while U.S. wheat export inspections for the week ended Oct. 6 totaled 27.317 million bushels, above analysts' estimates but matching traders' forecasts. Ukraine said it would plant spring wheat in the current season on 1.3 million hectares, compared with 480,000 hectares the previous season due to weather-related losses in winter wheat planting. In the 2004-05 season, winter wheat was planted on 6.31 million hectares and the harvest was 17.54 million metric tons. In other global wheat trade news, Algeria bought 400,000

metric tons of optional-origin wheat, traders said Tuesday. Russia bought 88,460 metric tons of milling wheat at an intervention trading session Tuesday at Moscow's national commodities exchange.

International Market Eyeing on Wheat Import by India

International markets will continue to keep watchful eye on import news from India. It also had a significant impact on high Chicago Board of Trade wheat futures on Tuesday. According to the Southeast Asian country (India), its wheat stocks as of Oct. 1 were down 28.8% on the year to 10.1 million metric tons. According to Bill Nelson, grain analyst for AG Edwards & Sons, India reduced its stocks by 10.1 MMT from October 1 to April 1, last crop year (April-March). He believed that if it did the same this year, stocks would be depleted. He also added that USDA attaché is expected that India will import 1.5 MMT of wheat this crop year. Therefore this news may give some fresh bullishness in the international market in this week.

Latest WASDE Report on Wheat

According to the latest World Agricultural Supply And Demand Estimates (WASDE) of USDA, projected U.S. 2005/06 ending stocks of wheat are down 94 million bushels from last month in part reflecting a 69-million-bushel drop in production. HRS ending stocks are down 59 million bushels and, at 119 million bushels, are the smallest since 1995/96. No changes are made to domestic use or imports. Exports rise 25 million bushels due to larger-than-expected sales to Nigeria and Iraq. Exports of HRW and HRS are higher but are partially offset by lower exports of White wheat. The projected 2005/06-price range is \$3.20 to \$3.60 per bushel, up 20 cents on each end from last month, compared with \$3.40 for 2004/05. Global wheat production in 2005/06 is down over 2 million tons from last month, consumption and imports are up slightly, but ending stocks are down over 2 million tons. Foreign production is down fractionally due primarily to smaller crops in EU-25, Argentina, and Kazakhstan, partially offset by larger crops in Canada, Morocco, Australia, and Romania. Projected global imports are up fractionally due to larger imports by EU-25, Iraq, and Nigeria. Imports by China and Russia are down. Forecast exports rise for Australia, Romania, and Serbia but decline for Argentina, EU-25, and Kazakhstan. Global consumption is up fractionally. The largest month-to-month consumption increases occur in Nigeria, Canada, Iraq, and Mexico. Global 2005/06 wheat ending stocks fall 2.2 million tons due mostly to lower U.S. stocks. Foreign stocks are up slightly with increases projected in Canada, Morocco, China, and Algeria. Stocks are down in EU-25 and Russia. (1 Bushel = 60 Pounds)

Global Wheat Summary

In global wheat export news, Tunisia was tendering for 75,000 tons of optional origin durum, according to European traders. On the other hand, European Union wheat prices witnesses a bearish trend amidst ample domestic supplies. On the world market, Strategie Grains looks for 2005-06 world wheat consumption to exceed production, causing wheat stocks to fall back to the very low level seen in 2003-04. Hungary was reportedly in talks with China on the sale of an undefined amount of wheat. Hungary has produced two years of bumper wheat crops and is eager to export grain; in the meantime, this summer's lack of strong U.S. wheat sales to China, has limited gains in U.S. soft red winter wheat prices, analysts noted. Australia has been Iraq's key wheat supplier for about 15 years, but in the past six months, Iraq has bought more wheat from the U.S. than Australia.

Australia Struggles for Iraq's Wheat Trade

Australia, a long-time wheat supplier of Iraq, is now fighting to keep the nation's business. Earlier this week, the Iraqi Grains

Board ended its 50-year relationship with Australian wheat growers in support of a deal for 1 MMT of wheat from the United States. However then the Australian Wheat Board offered to re-bid the big contract on a free-on-board basis and learned soon thereafter that the Iraqi board's decision was in fact not finalize. Iraq would start to import wheat under the free-on-board formula instead of using cost, insurance and freight on its tenders.

Global Wheat Summary

Egypt tendered late Friday, after the U.S. wheat futures markets closed, for 55,000 to 60,000 Mt of wheat on a free-on-board basis. The tender will come to pass on Saturday; U.S. wheat traders noted U.S. wheat prices remained arrogant compared to competing global supplies. In overnight U.S. wheat export news on Friday, Japan bought 10,000 Mt of U.S. hard red winter wheat and 30,000 Mt of dark northern spring wheat as part of a tender totaling 106,000 Mt. The USDA's CCC bought 12,000 Mt of U.S. soft red winter wheat for Mauritania, 3,000 Mt of hard red winter wheat for Madagascar and 20,000 Mt of northern spring wheat for Ghana.

India: Low Wheat Stocks Sparking U.S. Traders

A senior Indian government official telling Dow Jones Newswires that the country planned to substitute foodgrain supplies meant for domestic employment programs with cash payment of wages to prevent wheat imports next year. India reported on Tuesday that its Oct. 1 wheat stocks were down 28.1% from last year to 10.1 million metric tons, glinting U.S. wheat traders hopes for potential U.S. wheat imports.

USDA: U.S. Wheat Exports Up

According to the latest export sales highlights of USDA, the net sales of 357,200 metric tons (MT) of Wheat were 25 percent below the previous week and 42 percent under the prior 4-week average. Increases reported for Nigeria (61,400 MT, including 42,500 MT switched from unknown destinations), Egypt (54,800 MT), the Dominican Republic (48,100 MT), El Salvador (43,700 MT), Guatemala (40,300

MT), Venezuela (37,800 MT), Mexico (33,500 MT), Japan (21,300 MT), and South Africa (21,300 MT, including 19,000 MT switched from unknown destinations) were partially offset by decreases for unknown destinations (86,000 MT). Exports of 677,600 MT were 16 percent above the week earlier and 14 percent over the prior 4-week average. The main destinations were Egypt (114,800 MT), Japan (108,900 MT), Venezuela (86,800 MT), Nigeria (75,400 MT), Iraq (54,900 MT), Mexico (51,000 MT), Italy (37,300 MT), and Peru (33,400 MT). (This summary is based on reports from exporters for the period September 30 - October 6, 2005.)

Pakistan Govt. Augments Support Price of Wheat

The support price of wheat for the fiscal year 2005-06 has increased by the Pakistan government by Rs. 15, from Rs. 400 to Rs. 415 per 40 kilogrammes, the price fixed at Rs. 425. The decision to increase the support price was taken to encourage wheat-growers. Dr Ashfaq Hasan Khan, the adviser to the Finance Ministry, said that the Economic Coordination Committee (ECC) also determined to import 2 MMT of urea in view of the start of the wheat-sowing season in various parts of the country.

IGC WORLD WHEAT ESTIMATES (28.09.05)

(Million tons)

	2002-03	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%	
	5-Oct	4-Oct	5-Oct	4-Oct	5-Oct	4-Oct	5-Oct	4-Oct
5-Oct	189	187	199	196	203	200	227	224
5-Nov	187	185	199	196	203	200	227	224
5-Dec	172	171	196	193	199	197	224	222
5-Jan	173	174	196	196	200	200	225	224
6-Feb	173	174	196	196	200	200	225	224
6-Mar	166	167	198	199	202	203	226	227

PORT WATCH

No latest vessel position is reported at this weekend.

WEATHER WATCH (As on 12th October, 2005)

Withdrawal of southwest monsoon

Southwest monsoon withdrew from the remaining parts of Bihar & Maharashtra, entire Arunachal Pradesh and Sub-Himalayan West Bengal & Sikkim; some parts of Assam &

Meghalaya, Gangetic West Bengal, Telangana, North Interior Karnataka & Goa and some more parts of Orissa & Chhattisgarh on 10th. It further withdrew from the remaining parts of northeast & peninsular India and thus from the entire country, Bay of Bengal and Arabian Sea on 11th.

The Northeast monsoon set in over Tamilnadu, Kerala and adjoining parts of Andhra Pradesh and Karnataka on 12th.

Meteorological Analysis

Last week's upper air cyclonic circulation over southeast Arabian sea and neighbourhood became less marked on 6th and the upper air cyclonic circulation over Sub-Himalayan West Bengal & Sikkim became less marked on 7th.

Last week's upper air cyclonic circulation over Southwest Bay of Bengal lay over Tamilnadu and neighbourhood on 7th extending upto 0.9 km a.s.l. It became less marked on 8th.

An upper air cyclonic circulation extending upto 1.5 km a.s.l. was seen over Himachal Pradesh and neighbourhood on 8th. It moved away eastwards on 10th.

An upper air cyclonic circulation lay over East Uttar Pradesh extending upto 3.1 km a.s.l. on 8th. It moved over to East Uttar Pradesh & adjoining Bihar on 9th morning and became less marked on the same evening.

A Western Disturbance as an upper air system lay over North Pakistan and adjoining Jammu & Kashmir from 10th to 12th.

An upper air cyclonic circulation extending upto mid tropospheric levels was seen over southeast Arabian sea and neighbourhood on 11th. Under its influence, a low pressure area formed over southeast Arabian sea on 12th.

An upper air cyclonic circulation formed over southeast Bay of Bengal extending between 1.5 and 4.5 km a.s.l. on 7th. It extended upto 3.6 km a.s.l. on 8th. Under its influence, a low pressure area formed over central parts of south and adjoining west-central Bay of Bengal on 9th morning. It moved slightly westwards and lay over southwest & adjoining west-central Bay of Bengal on 9th evening. It persisted there upto 11th. Moving further westwards, it lay over southwest Bay of Bengal and adjoining areas of coastal Tamil Nadu on 12th.

RAINFALL

Under the influence of the above systems, rain/thundershowers occurred at a few places over south peninsula during first three days of the week. Subsequently, the rainfall activity over south peninsula increased with moderate rain/thundershowers at many places. Isolated heavy rainfall occurred over Tamil Nadu & Pondicherry and Kerala. Fairly widespread rainfall continued over Andaman & Nicobar islands and Lakshadweep on many days of the week. Scattered rainfall occurred over Coastal Orissa on 7th, 8th, 11th and 12th. Isolated to scattered light rainfall occurred over Western Himalayas during 2nd half of the week and over Northeastern states on many days of the

week. Isolated light rain also occurred over South Konkan & Goa, South Madhya Maharashtra, Interior Orissa and Chhattisgarh on 2 to 3 days during the week and over East Uttar Pradesh and Bihar on 1-2 days of the week. Isolated light rain occurred over Punjab on 12th.

Rainfall During The Week (Week ending on 12th October, 2005)

Rainfall was excess/normal in 7, deficient/scanty in 21 and no rain in 8 out of 36 meteorological sub-divisions (Actual: 10.1 mm, Normal: 22.5 mm and Departure: -55%).

Cumulative Seasonal Rainfall (1st to 12th October, 2005)

Rainfall was excess/normal in 6, deficient/scanty in 25 and no rain in 5 out of 36 meteorological sub-divisions. (Actual: 22.1 mm, Normal: 42.7mm and Departure: -48%).

Outlook For The Week Ending On October 19th, 2005

1. Rain/thundershowers will occur at many places over south peninsula with isolated heavy to very heavy falls during first half of the week. Subsequently, the rainfall activity over south peninsula is likely to be scattered.
2. Light to moderate rain/thundershowers are also likely over South Konkan & Goa, South Madhya Maharashtra, Orissa, Chhattisgarh, Marathwada and Vidarbha during first 3-4 days of the week.
3. Light to moderate rain/thundershowers likely over Western Himalayas during middle of the week.
4. Isolated to scattered light rainfall is also likely over Bihar, Jharkhand and Gangetic West Bengal during first half of the week and over Northeastern states during 2nd half of the week.

FOREX (As on 15th October, 2005):

Foreign Currency	Rs. per unit
1 US \$	44.89
1 Euro	53.95
100 Yen	39.17
1 British £	78.78

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