

Wheat

14th -19th November, 2005

MAJOR ACTIVITY HIGHLIGHTS

- Demand, Supply and Prices at Important Centres
- International and Domestic News
- International Wheat Prices

Technical Analysis

Exchange: NCDEX

Perspective: Very Short Term (Weekly)

Contract: December (Future)

NCDEX December contract

The prices fell sharply on last two days. The most of the indicators are indicating the trend to continue and there is no sign of reversal at this moment. The open interest as well as the volume of trade is increasing.

Outlook: The wheat futures are likely to remain slight bearish in the next two three days. However, some trader's remorse can be expected after such a steep fall, causing some

sideways movement at least if not improvement in prices. However, we don't see any sharp fall further.

Advice: The market in indecisive position and one should wait for the clear direction. However, risk takers can take long position with small targets with tight stop losses near the first support level.



Support and Resistance Levels:

Contract Month	Support Level		Resistance Level	
	1 st	2 nd	1 st	2 nd
December	842.8	836.2	861.1	865.8

DEMAND, SUPPLY AND PRICES AT IMPORTANT CENTRES

Market Highlights

(On 19th Nov.)

Delhi:

The wheat prices are maintaining its hot sentiments at the domestic spot as well as futures market from several days. The scenario was not different in this week also. The wheat prices increased manifolds at the Lawrence road in Delhi due to less arrival and less stock at the market yards although the market has been reached at overbought condition. The dara wheat mill quality increased further and traded on Rs.890-900 per quintal at the Lawrence road in Delhi at this weekend. The arrival from U.P. remained very weak due to more demand for wheat in U.P. The demand for wheat products also pronounced and therefore Atta, Maida, Chakki Atta increased.

Ahmedabad:

The wheat was traded in the Ahmedabad markets on mostly upper side due to less arrival and less stock at the market yards. The dara mill quality wheat was quoted at the range of Rs.890-895 per quintal at this weekend.

Amritsar:

Strong demand and less stock as well as less arrival helped in maintaining the healthy prices in the Amritsar market. The Rabi wheat sowing is going on in this State. According to the traders, the wheat was traded at the range of Rs.800-815 per quintal at this weekend.

Ludhiana:

Ludhiana market showed slight improvement in prices during this week. The less stock and less arrival were also a positive factor for price to hike up. The godown stocks were sold in this market. The wheat was traded at the range of Rs.825-830 per quintal at this weekend. The crop sowing is going on. At the Jagraon market it remained strong at Rs.825-830 per quintal at this weekend.

Maharashtra:

The dara wheat variety maintained its strong sentiment in the Maharashtra market throughout this week. The wheat was traded in Maharashtra on higher side at Rs.890-895 per quintal. The arrival remained poor from M.P. The bullish factor were reasonable arrival and upward market demand.

Haryana:

The wheat prices remained strong in the Haryana market. The less stock was also a bullish factor for prices. At the Karnal market wheat was quoted at Rs 920-925.

Rajasthan:

The strong demand from Gujarat and strong spot market demand kept wheat prices strong in the Rajasthan market. At the Khairtal and Alwar market wheat prices were stable at high levels. At the Kota market wheat was available at a higher price of Rs 820-830 per quintal at this weekend. The sowing progress is going well.

Uttar Pradesh:

U.P mandis remained strong due to strong market demand as less stock and high demand from Delhi. In most of the market the prices remained on higher side. At the Kanpur, Shahjahanpur and Bareilly markets, wheat was traded at

the range of Rs.865-870, Rs.880-890 (mill quality) and Rs.855-865 per quintal at this weekend.

Vyada Bazaar:

At the futures market, the wheat was traded on mostly higher side. The prices had reached at its lifetime high points. At this weekend, the December contract touched almost Rs872 levels and settled higher at Rs 467.5 levels. The market was heated up at these high levels and could not sustain these prices; consequently it took correction on the first two days of the current week. Some bearishness came from the report that the wheat sowing area has increased as compared to the corresponding period of the previous year to 1.5 million hectare. However the market has ignored the positive news that the wheat stock with the govt. is enough and it is unlikely to import wheat. We are of the opinion that the prices have cooled off to a reasonable levels and there is not much (scope (for the time being) for any sharp downfall.

Spot Market Price For Wheat (In Rs./Quintal)

Markets	12.11.05	19.11.05
Delhi (Lawrence Road)	853-855	890-900
Haryana (Karnal)	900-905	920-925
Ahmedabad	880-885	890-895
Ludhiana	830-835	825-830
Ludhiana (Jagraon)	820-825	825-830
Rajasthan (Kota)	828-833	820-830
Amritsar	800-815	800-815
Uttar Pradesh (Kanpur)	850-855	865-870
Uttar Pradesh (Bareilly)	845-850	855-865
Uttar Pradesh (Shahjahanpur)	855-860	880-890
Maharashtra	880-885	890-895

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

Wheat Products	12.11.05	19.11.05
Atta (90kg)	845	862
Maida Grade 1(90kg)	982	985
Suji (50kg)	551	551
Chokar (50 kg)	325	345
Chokar (35 kg)	225	238
Chakki Atta (90kg)	825	845

CONCLUSION

The most of the mandis witnessed strong prices for wheat during last week. The positive factor was less arrival and less stock at the market yards. But the prices were quite heated up and a little bearish news like increase in sowing area was enough for the market to tumble. But the market reaction was quite sharp and prices came down to reasonable levels in just two days. We don't see any sharp downward movement further. Some consolidation is likely at these levels.

INTERNATIONAL AND DOMESTIC NEWS:

FCI Made Trading in Wheat Futures at CBOT

In view of rising domestic wheat prices and fears that India would have to import wheat to meet domestic demand the Union Govt. has given permission to FCI to hedge in wheat. The Food Ministry is reported to have taken the initiative and assigned FCI the job since the Union Government could not seen hedging in the global market. Also, CBOT was thought of as a better bet since any trading interest on the behalf of Centre in the domestic market could have led to sharp rise in prices. FCI traded wheat futures through a broker and opened contracts in September for January delivery. It bought eight lakh tonnes. A few days ago, the corporation closed out its position at some gains. As FCI had bought the wheat at a lower price and sold it at a high rate, it was able to make a small profit. Through this, the Government-arm has got a feel and some experience in hedging. Global prices are ruling firm currently on projections of a lower output this year. Wheat production may decline 615 million tonnes this year compared with last year's 627 million tonnes.

ICICI Lombard to Cover Wheat Crop Against Weather

ICICI Lombard has decided to offer weather insurance cover on wheat crop to the states of Punjab and Haryana. The insurance cover will be for wheat crop against the possible losses faced due to the extreme weather conditions. The farmers can look forward to insurance cover when there is lower productivity.

The cover will be made available for a period of three months, starting from January 1 2006 up to March 31, 2006. The company asserts that the claims arising out of extreme weather conditions will be settled within a span of 28 days after the expiry of the cover period based on the temperature data collected from the Indian Meteorological Department (IMD) and reference weather stations located at Delhi, Amritsar and Hissar. The insurance cover provided is hassle free wherein the wheat growers will not have to file any claims. As per the details collected by the IMD, ICICI Lombard will make a payment within 28 days of the expiry of the cover. This period of 3 months is divided into 6 fortnights wherein the each fortnight has benchmark average of minimum and maximum temperature figures. Difference in the benchmark temperatures in any of the six fortnights would lead to a yield loss and the claims would be paid based on the payout chart. The premium per acre including service tax would be Rs 375. The weather insurance for wheat crop can be bought by farmers in any of the districts in Punjab and Haryana who cultivate wheat on the land either owned by them or on the land which is leased. There is no limit on the acres of the land to take insurance cover.

Iraqi Market is Wheat Market is Changing

A commodity analyst believes the changing Iraq wheat market, not AWB's role in the oil-for-food scandal, is going to have the biggest impact on Australian wheat growers. Iraq has opened up since the oil-for-food program ended, with countries like the US now pushing wheat into the

market. The changed market structure is likely to result in lower grower returns, and believes any trouble AWB might have found itself in is a side issue. Australia is no longer able to sell as much wheat into that market and the price premiums that we might have been able to achieve in that market for the types of wheat we had available, are no longer going to be there, with higher quality wheats now available from the US to go into that market.

91% Winter wheat crop has emerged

The U.S. Department of Agriculture's National Agricultural Statistics Service reports that as of November 20, 2005, 91% of the winter wheat crop has emerged, compared to 88% a week ago, 90% a year ago and 89% for the five-year average. Emergence is complete in Colorado, Michigan and Nebraska. The crop is rated 55% good to excellent, down 1% from the previous week. 33% is rated fair and 12% is called poor to very poor. 77% of the cotton crop has been harvested, up 4% from the week ending November 13, 2005, 8% more than a year ago and 1% above average. Harvest has wrapped in Arkansas, Louisiana, Mississippi and Missouri.

India Unlikely to Import Wheat Shortly

According to a top official, India is not to import wheat in the coming weeks because the country has sufficient stock at that time. But according to the traders, the stock is limited. The world market is keeping watchful eyes on the India's policy. According to DP Singh, chairman of the All India Grain Exporters' Association of India, the government is not anticipated to take a decision before December. He also included that the situation is not alarming on the stocks front. The government has so far maintained that wheat and rice stocks are comfortable and discarded predictions that the country could turn to imports for the first time since 1999. It is unviable for private traders to import wheat due to India's levies of 60% customs duty on wheat and the industry has been speculating the government might ease the tariffs.

FCI Introduces Third Party Food Grain Quality Audit

To reduce its storage losses and eliminate complaints regarding supply of substandard rice and wheat the Food Corporation of India has introduced third-party foodgrain quality audit and certification. The quality analysis will be conducted by the National Collateral Management Services (NCMSL), a company floated by the National Commodities and Derivatives Exchange of India (NCDEX). The FCI has already signed a memorandum of understanding with the NCDEX for this purpose. This audit will be besides the arrangement the FCI already has for quality testing of its stocks by some state agricultural universities and non-governmental organisations. The NCDEX and its associated company has been involved for this purpose because they have experience in this field and qualified staff to undertake this job. To begin with, this experiment would be tried out on a pilot project basis in Chhattisgarh, Orissa, Madhya Pradesh and West Bengal. According to NCMSL, its quality audit would ensure that foodgrains not meeting the laid down quality norms were not procured at all. Besides, it would prevent the dispatch of sub-standard foodgrains from food-surplus states where these were procured to consumption centres in food-deficient states. The stocks identified as substandard would be disposed of at the earliest to curb further damage. Third-party quality audit by a neutral agency (not involved in foodgrain procurement and distribution) would, thus, help cut down the FCI's financial losses arising out of procurement of grains not conforming to the specifications.

NO Need For India to Import Wheat: FCI

The food corporation of India said on Monday that there is no need to import wheat as there is sufficient stock with the country and prices are also stable. Traders have been expecting India, a wheat exporter in recent years, to import for the first time in six years because of lower procurement by grain agencies. government agencies had 8.1 million tonne of wheat and 11.6 million tonnes of rice on Nov. 18. India is expected to harvest a good wheat crop next year because of ample soil moisture after widespread monsoon rains in September. Sowing has started and wheat output will be good because we will benefit from the delayed rains in September. India's wheat crop is sown in November and December and harvesting begins in April in the main northern growing states of Punjab and Haryana. Harvesting for the early grown varieties in Madhya Pradesh begins in February. Asia's biggest food procurement and distribution agency, is hoping to buy about 19 million tonnes of wheat next year, up from about 15 million tonnes it bought this year an tonnes. The agency supplies about three million tonnes of grains a month to needy states. It buys about a quarter of India's total wheat production, while farmers retain half the output for consumption, re-sowing and trading in exchange of other commodities. The remainder is sold in the open market. The farm ministry has pegged 2005 wheat production at 72.1 million tonnes, close to the output a year ago but lower than initial estimates of 75 million tonnes, following some crop damage caused by untimely rains and storms. compared with an annual average of 16 to 17 million.

Wheat Sowing is Higher

Latest government data released says that sowing of wheat is higher as compared to previous year. Wheat sowing began on November 1, is at 5.1 million hectares. The sowing of wheat has started in all the states and a total of 5.1 million hectares have been brought under cultivation thus far. Higher coverage has been reported from Haryana and Rajasthan, while sowing is lagging in Punjab. However, maize sowing is lower at 241,000 hectares compared with 269,000 hectares a year ago. Sowing of rabi rice is higher at 142,000 hectares, up 7.5 per cent from a year earlier. Tamil Nadu has reported higher rice acreage at 50,000 hectares. Oilseed sowing, with total area under cultivation at 7.59 million hectares, is up 3.9 per cent from a year earlier.

USDA: Latest Report on Wheat Ending Stocks

INTERNATIONAL WHEAT PRICES

Latest Australian wheat board exports cash prices indicative basis quotes over US futures

Contract	ASW 10%		AH 13%		APH 13%		APH 14%	
	10-Nov	9-Nov	10-Nov	9-Nov	10-Nov	9-Nov	10-Nov	9-Nov
Nov-05	203	201	193	195	197	199	221	223
Dec-05	186	184	189	189	193	192	217	217
Jan-05	186	187	189	189	193	193	218	217

No changes are made to U.S. 2005/06 supply and demand

forecasts, leaving ending stocks at 530 million bushels, which is down just 10 million from the previous year. Relative to last month, Hard Red Winter (HRW) exports are up 10 million bushels, while Soft Red Winter (SRW) and Durum exports are each down 5 million. Ending stocks of HRW fall to 175 million bushels and SRW and Durum stocks each rise 5 million.

Global wheat production in 2005/06 is up nearly 3 million tons from last month; consumption, exports, and imports are little changed, but ending stocks are up 2 million tons. Foreign production is larger due primarily to bigger crops in EU-25, Saudi Arabia, Australia, Turkey, and Argentina; partially offset by smaller crops in Russia and Brazil.

Wheat: USDA Latest Weekly Export Sales Report

According to the latest weekly export sales data of USDA, the net sales of 1,397,300 metric tons (MT) of U.S. wheat in this marketing year remained 3.25 times higher from the previous week and 3.6 times from the prior 4-week average. An increase is witnessed for Iraq (800,000 MT), Japan (107,800 MT), Taiwan (94,300 MT), Cuba (75,000 MT), Egypt (60,000 MT), Yemen (55,000 MT), Spain (54,000 MT), including 24,000 MT switched from unknown destinations), Venezuela (47,600 MT), Italy (43,300 MT), and Mexico (37,300 MT) were partially make up for decreases for unknown destinations (47,600 MT). Sales of 25,000 MT for 2006/07 deliveries were reported for Cuba. Where as exports of 447,300 MT were 18 percent below the week earlier and 28 percent under the prior 4-week average. The main destinations were Japan (66,800 MT), Taiwan (60,100 MT), Spain (51,000 MT), the Philippines (47,400 MT), Nigeria (45,500 MT), Mexico (34,900 MT), and Venezuela (22,800 MT). (This summary is based on reports from exporters for the period October 28 - November 3, 2005.)

the same as last year. Mexico is fourth at 1.5 MMT, which is 8 percent behind this point in 2004.

IGC WORLD WHEAT ESTIMATES (27.10.05)

(Million tons)

	2002-03	2003-04	2004-05	2005-06 (Forecast)	
				28.09	26.10
Production	566	555	623	609	09
Trade	106	103	106	109	109
Consumption	600	593	613	615	616
Stocks	165	127	138	132	130
Year-Year Change	-34	-38	+11	-5	-7
5 Major Exporters [#]	43	40	52	49	46

[#] Argentina, Australia, Canada, EC, United States

Source: International Grains Council

Feb-05	186	187	189	189	193	193	218	217
Mar-05	178	178	195	194	199	198	224	222
Apr-05	179	179	195	195	199	199	223	223

PORT WATCH

No latest vessel position is reported at this weekend.

WEATHER WATCH (As on 19th November 2005)

ALL INDIA WEATHER FORECAST BULLETIN VALID FOR NEXT 5-DAYS

Weather Outlook

- Yesterday's upper air cyclonic circulation over southwest Bay of Bengal off south Tamil Nadu-Sri Lanka has become less marked and is now seen as a northeast-southwest shear zone over central Bay of Bengal. The other cyclonic circulation over southeast Arabian Sea also persists and extends upto 2.1 km a.s.l..

- Model predictions continue to indicate weakening of NE monsoon circulation pattern.

Under this scenario, only scattered light to moderate rainfall is likely over Tamil Nadu,

- The western disturbance as an upper air system over north Pakistan and neighbourhood persists. Under its influence, light to moderate rainfall /snowfall is likely at many places in Jammu & Kashmir and Himachal Pradesh. The system is likely to move away by 13th.

- Another Western disturbance is expected to approach NW India by 16th November, 2005 and cause isolated to scattered rains/snow in J&K beginning from 16th.

Zone-wise weather forecast for next 5-Days

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

- Isolated to scattered snow/rains are expected over J & K and Himachal Pradesh during next 24 hours. Mainly dry weather may prevail over plains of NW India.

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

- Mainly dry weather may prevail over the region.

CENTRA CENTRAL INDIA L [MP, CHATTISGARH, VIDARBHA]

- Mainly dry weather is likely to prevail over the region during next 5 days.

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

Scattered rains are likely over Tamil Nadu & Pondicherry, South Coastal Andhra Pradesh, Kerala, Andaman & Nicobar Islands and Lakshadeep for next 2-3 days. The overall rainfall activity is expected to decrease further.

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

- Mainly dry weather is likely to prevail over the region.

Source: NCMRWF

FOREX (As on 22nd November, 2005):

Foreign Currency	Rs. per unit
1 US \$	45.77
1 Euro	53.51
100 Yen	38.90
1 British £	79.74

Disclaimer

The information and opinions contained in the document have been compiled from sources believed to be reliable. The company does not warrant its accuracy, completeness and correctness. Use of data and information contained in this report is at your own risk. This document is not, and should not be construed as, an offer to sell or solicitation to buy any commodities. This document may not be reproduced, distributed or published, in whole or in part, by any recipient hereof for any purpose without prior permission from the Company. IASL and its affiliates and/or their officers, directors and employees may have positions in any commodities mentioned in this document (or in any related investment) and may from time to time add to or dispose of any such commodities (or investment). Please see the detailed disclaimer at <http://www.agriwatch.com/Disclaimer.asp>

© 2005 Indian Agribusiness Systems Pvt Ltd.