

Wheat

21st -28th 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 during last week. The most of the indicators are indicating the trend to continue however, stochastic indicator is running in oversold zone and %K line is about to make bullish crossover with %D line, making wheat vulnerable to correction during mid week. 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, it is expected to witness reversal in trend during midweek.

Advice: Reversal in trend is nearing , one should wait for clear signal before taking long position.



Support and Resistance Levels:

Contract Month	Support Level		Resistance Level	
	1 st	2 nd	1 st	2 nd
December	826.4	823.0	842.8	848.4

DEMAND, SUPPLY AND PRICES AT IMPORTANT CENTRES

Market Highlights

(On 28th Nov.)

Delhi:

The wheat prices lost its steam during the last week at the domestic spot as well as futures market. The main reason being comfortable supplies positions at the spot market and some bearish news in comfortable stock position with government and expected stock release from the same. The wheat prices fell manifolds at the Lawrence road in Delhi due to good arrival and comfortable stock at the market yards although the market has been reached at oversold condition. The dara wheat mill quality increased further and traded on Rs. 860-865 per quintal on Monday as compared to Rs.890-900 per quintal in previous week at the Lawrence road in Delhi. The arrival are at comfortable position near 10000 bags.

Ahmedabad:

The wheat was traded in the Ahmedabad markets on mostly on lower side due to good arrival and comfortable stock at the market yards. The dara mill quality wheat was quoted at the range of Rs. 865-870 per quintal as compared to Rs.890-895 per quintal last weekend. Arrivals were around 5000-7000 bags.

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.840-845 per quintal at this weekend.

Ludhiana:

Ludhiana market showed slight fall in prices during this week. The normal arrival was also a negative factor for price to fall. The godown stocks were sold in this market. The wheat was traded at the range of Rs 815-820 per quintal as compared to Rs.825-830 per quintal at last weekend. The crop sowing is going on. At the Jagraon market it remained subdued at Rs 815-820 as compared to Rs.825-830 per quintal at last weekend.

Maharashtra:

The dara wheat variety shed Rs 20 in the Maharashtra market during this week. The wheat was traded in Maharashtra on lower side at Rs.870-875 per quintal. The stockists are probably releasing their stocks after the news that government is going to release its stocks.

Haryana:

The wheat prices remained subdued in the Haryana market. Good sowing position is one of the reasons of fall in prices along with good arrivals caused prices to fall. At the Karnal market wheat was quoted at Rs 800-820 per quintal as compared to Rs 920-925 at last weekend.

Rajasthan:

The strong demand from Gujarat and strong spot market demand supported wheat prices from sharp fall, however the prices fell slightly during this on good arrivals. At the Khairtal and Alwar market wheat prices were slightly stable at lower levels. At the Kota market wheat was available at a lower price of Rs 815-820 per quintal at this weekend. The sowing progress is going well.

Uttar Pradesh:

U.P mandis remained weak due to good sowing position and comfortable supplies position. In most of the market the prices remained on lower side. At the Kanpur, Shahjahanpur and Bareilly markets, wheat was traded at the range of Rs.835-840, Rs.860-865 (mill quality) and Rs.855-860 per quintal at this weekend.

Vyada Bazaar:

At the futures market, the wheat got severe hitting during the last week on some bearish news in increased sowing of sowing this year and good stock positions with the govt., which it is going to release soon. The December future price at NCDEX touched as low as Rs 830.40 on Monday (28th). The market was heated up and the correction was due. The prices kept falling during this week on some bearish news. 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. Further, market fell on the talks that government is going to release its stock shortly. However, we think that the market has already factored in all these bearish news in prices and it is not much likely to fall further in a big way. We expect wheat prices to bounce during mid of the coming week.

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

Markets	28.11.05	19.11.05
Delhi (Lawrence Road)	860-865	890-900
Haryana (Karnal)	800-820	920-925
Ahmedabad	865-870	890-895
Ludhiana	815-820	825-830
Ludhiana (Jagraon)	815-820	825-830
Rajasthan (Kota)	800-815	820-830
Amritsar	840-845	800-815
Uttar Pradesh (Kanpur)	835-840	865-870
Uttar Pradesh (Bareilly)	855-860	855-865
Uttar Pradesh (Shahjahanpur)	860-865	880-890
Maharashtra	870-875	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 weak prices for wheat during last week. The positive negative factor was good arrival at the market yards. Recently 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 during this period. We don't see any sharp downward movement further. Bounce back in prices are likely during midweek.

INTERNATIONAL AND DOMESTIC NEWS:

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 in 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 as compared with an annual average of 16 to 17 million.

Higher Wheat Sowing This Year

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.

Australia Increases Forecast for Wheat Harvest by 22% After Rain

Australia, Increases forecast for wheat harvest by 22% as increased rainfall improved the prospects of wheat crop. According to Australian Bureau of Agricultural & Resource Economics the October to January harvest may produce 24.1 million metric tons of wheat as compared to the September's

forecast of 20.4 million tons last year. In the same line the prices fell to lower levels because there's plenty of supply around, but prices further out are actually already higher. A larger crop from Australia may help narrow the gap between global supply and demand. Global production in 2005-2006 is forecast at 611 million tons, and demand at 620 million tons, the U.S. Department of Agriculture said Nov. 11. Australia supplies about 15 percent of the \$18 billion global wheat trade. A bigger harvest will allow AWB to increase sales abroad. The nation's wheat harvest may produce between 23 million tons and 25 million tons of wheat.

Bumper Winter Grain Harvest Expected in Australia

Australia is going to see its biggest winter grain harvest of the decade amid near perfect weather conditions. A wet winter and spring is likely to help the crop in recovering from the drought-induced doldrums forecast six months ago. According to the forecast of Australian Bureau of Agriculture and Resource Economics (ABARE), a national winter crop is expected near 37.8 million tonnes for 2005-06 - up 20% on last year. Despite the lateness of planting of many crops, the seasonal conditions that have prevailed since June have provided an ideal finish to crops in many regions. The forecaster was tipping a drought-ravaged crop six months ago after a dry autumn delayed planting. But much of drought-stricken south eastern Australia has been soaked with rain since then, forcing a turnaround in ABARE's latest quarterly crop report. Nationally, wheat production is tipped to increase to 24.1 million tonnes from 20.4 million last year and the barley harvest will be up 31 per cent to 8.4 million tonnes. Winter crop production is forecast to increase in all states, with Victoria up 38%, South Australia 35%, Western Australia 20% and Queensland 14%. With soil moisture and water storage replenished, ABARE has also increased its forecast for summer crop production to 4.4 million tonnes for 2005-06 - up 24 per cent on last year.

Wheat Sowing Area Decreases by 16% in Pakistan

Wheat sowing in Pakistan is running at a slower pace and the total area sown has dropped by 16%. The total area sown so far is 3118 thousand hectares, which is lower as compared to 3,661 thousand hectares in the same period of the previous season. According to officials, due to slow pace of sowing the

production target of 22 million tons of wheat for the current financial would be difficult to meet. Last year's target was 21.5 million tons which was achieved successfully. The reason for slower pace is late sowing of cotton crop, causing delayed maturity of the crop and consequent late sowing in wheat. Also lack of rains has delayed sowing in some areas. In Punjab the targeted area was 6,403 thousand hectares where 2,486 thousand hectares have been sown this season against 2,904 thousand hectares in the previous season, showing a decrease of 14 percent. With a target of 900 thousand hectares in Sindh, an area of 218 thousand hectares has been sown against 332 thousand hectares in the previous season, showing a decline of 34 percent. The official said a total area of 8,415 thousand hectares was targeted for wheat sowing this season. The total area sown so far stood at 3,118 thousand hectares this season against 3,661 thousand hectares sown in the same period of the previous Rabi season.

Winter Wheat Crop Has Emerged 94%

According to U.S.D.A. reports as of November 27, 2005, 94% of the winter wheat crop has emerged. That's compared to 91% the previous week, 93% a year ago and 92% for the five-year average. The winter wheat crops in Colorado, Indiana, Michigan, Missouri, Nebraska, Ohio and South Dakota have completely emerged. 52% of the crop is rated good to excellent, a 3% decline from the week prior and 24% lower than a year ago. 33% is called fair and 15% is rated poor to very poor.

No Chances of Wheat Shortage In Pakistan

Federal Commissioner for Agricultural Development of Pakistan has denied any possibility of wheat shortage in the country, as over 5,00,000 tons of wheat stock at this time too exists. According to him, despite 6,00,000 tons of wheat supplies to Afghanistan, the availability of wheat in the country presently was more than the requirements. He told that the wheat produced in Mirpurkhas, Sanghar, Rahimyar Khan and Bhawalpur contained maximum quantum of gluten as compared to the wheat world over.

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.

USDA: Latest Report on Wheat Ending Stocks

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.

USDA: Weekly Export Sales of Wheat

A brief summary is based on USDA weekly export sales reports (November 11-17, 2005) According to USDA report net sales of wheat 454,600 MT, were 19% below the previous week and 34% under the prior 4-week average. Major buyers were Japan 73,300 MT, Nigeria 64,100 MT, Pakistan 50,000 MT, Venezuela 42,500 MT, Spain 41,000 MT, Mexico 33,300 MT, China 31,500 MT, Italy 24,600 MT, South Africa 24,000 MT, and the Dominican Republic 22,000 MT were partially offset by decreases for unknown destinations 56,900 MT. Exports were 473,600 MT, 26% above the week earlier, but 8% under the

prior 4-week average. The main destinations were Nigeria 73,000 MT, Japan 71,400 MT, Iraq 51,000 MT, South Korea 46,300 MT, Spain 41,000 MT, Mexico 33,500 MT, Taiwan 27,000 MT, South Africa 24,000 MT, and El Salvador 23,200 MT.

IGC WORLD WHEAT ESTIMATES (27.10.05)

(Million tons)

	2002-03	2003-04	2004-05	2005-06 (Forecast)	2005-06 (Actual)
				28.09	26.19

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

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%	
	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
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 29th November 2005)

ALL INDIA WEATHER FORECAST BULLETIN VALID FOR NEXT 5-DAYS

Weather Outlook

Yesterdays's depression has further intensified into Cyclonic Storm and now lies with its center close to lat. 11.5°N/long. 86.0°E about 700 km east-southeast of Chennai.

The system is likely to intensify further and move in a westnorthwesterly direction. Under its influence Scattered rainfall activity is likely to commence over Coastal Tamil Nadu & Pondicherry and south Coastal Andhra Pradesh from today evening. Subsequently, the rainfall activity over south peninsula is likely to increase fairly widespread to widespread with heavy to very heavy falls at a few places.

- The low pressure area over central parts of south Arabian Sea persist. Associated upper air cyclonic circulation extends upto mid tropospheric level. The prediction suggests its continued persistence but westward movement during next 2 days. It is expected that both these systems may remain part of an east-west shear zone which is likely to remain active for another 4-5 days. Nonetheless, the rainfall activity over Lakshadeep islands may decrease after 48 hours, due westward movement of the low pressure area over South Arabian Sea.

- A western disturbance is currently affecting parts of western Himalayas. Scattered rains/snow are likely to continue over the region for next 24 Hrs.

Zone-wise weather forecast for next 5-Days

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

- Scattered to fairly widespread rains/snow are expected over J & K, Himachal, Uttaranchal for

next 24 Hrs. Slight fall in night temperature is likely over North-West India.

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

- Mainly dry weather may prevail over the region.

CENTRAL INDIA [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]

- With the movement of Cyclonic Storm in west-north-westwards direction, the rainfall activity

over South Peninsular India especially Coastal Andhra Pradesh and Tamilnadu may enhance

beginning from 30 November, 2005. Fairly widespread to widespread with isolated heavy to very

heavy rains are expected over Tamilnadu, Rayalseema and Coastal A.P. during next 3 days.

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

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

Source: NCMRWF

FOREX (As on 29 November, 2005):

1 US \$	45.77
1 Euro	53.98
100 Yen	38.39
1 British £	74.84

Foreign Currency	Rs. per unit
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