

Wheat

12th-17th December, 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: January (Future)

The prices showed a weak undertone in this week as compared to last week however the prices fell at last few days of this week. The prices opened firm but later selling pressure pulled down the prices and settled on slight lower side Saturday. The most of the indicators are indicating to bearish trend however, MACD, Price ROC and stochastic indicator is indicating bullish as it represents a bullish cross over from

down. The open interest as well as the volume of trade is increasing.

Outlook: The wheat futures are likely to remain slight bullish in the coming days, strong as medium term likely to Tuesday or Wednesday.

Advice: Go for long position.



Support and Resistance Levels:

The current resistance levels are at 823 and 820 marks and support levels are at 829 and 832 marks as very short term likely Monday.

Contract	Support Level		Resistance Level	
	1 st	2 nd	1 st	2 nd
January	823	820	829	832

DEMAND, SUPPLY AND PRICES AT IMPORTANT CENTRES

Market Highlights

Delhi:

The wheat prices improved in this week and prevailed on steady side from several days of this weekend as compared to last week. The prices bounced back and hold its strong sentiment at mid of this week but later it fixed at Rs.890-892 per quintal at Lawrence road in Delhi. The FCI sold wheat to Chakki mills therefore the prices remained stable, according to the traders. The daily average arrival of 4500-5000 bags is witnessed in this week. According to the traders, the FCI sold the wheat around Rs.840 per quintal to the mills in Delhi for second times. The less arrival also put some pressure on prices. The prices are expected to remain steady in the coming week, according to the traders.

Ahmedabad:

Strong demand and less stock for wheat kept the wheat prices on higher side in Ahmedabad markets in this week. The strong sentiment was observed at this weekend. The wheat was supplying from Rajasthan and M.P. The less stock at the market yards restricted the price movement on lower side abruptly. The dara mill quality wheat was quoted at the range of Rs. 885-887 per quintal as compared to Rs.860-862 per quintal of last weekend. Arrivals were around 8000-10000 bags. The prices are expected to remain stable in the coming week, according to the traders.

Amritsar:

Sturdy 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.865-870 per quintal at this weekend.

Ludhiana:

The wheat prices maintained its strong sentiment in Ludhiana market in this week also as compared to last week. The demand remained slight strong. The local arrival of 200-250 bags of wheat is witnessed at this weekend. The godown stocks were sold in this market. The wheat was traded at the range of Rs 860-865 per quintal as compared to Rs.850-855 per quintal at last weekend. The crop sowing is going on. At the Jagraon market it remained subdued at Rs 855-860 as compared to Rs.850-855 per quintal at last weekend.

Maharashtra:

The dara wheat variety slipped from its strong position to lower side in Maharashtra market at this weekend. The prices went to Rs.890-895 per quintal at first few days of this week but later it fell down to Rs.870-875 per quintal due to less demand and released stocks by the traders. The sowing progress is proceeding well in this state. The market is likely to remain steady in the coming week.

Haryana:

The wheat prices remained strong in the Haryana market. The less stock and less arrival are one of the factors for price rise. At the Karnal market wheat was quoted at Rs 845-847 per quintal as compared to Rs 837-840 at last weekend. The wheat was quoted at Rs.840-845 per quintal in Hisar, Rs.810-850/qtl in Palwal.

Rajasthan:

The strong demand from Gujarat and strong spot market demand supported wheat prices strong. At the Khairtal and

Alwar market wheat prices were at Rs.790-800 per quintal and Rs.785-790 per quintal. At the Kota market wheat was available at a higher price of Rs 827-830 per quintal at this weekend. The sowing progress is almost completed. The arrival remained 100-150 bags at Khairtal market.

Uttar Pradesh:

The prices hovered in U.P mandis in this week as compared to last week due to good spot demand from mills and less stock at the market yards. The sowing progress is going well and good weather is also a supportive factor. At the Kanpur, Shahjahanpur and Bareilly markets, wheat was traded at the range of Rs.875-877 on higher side, Rs.890-895 (mill quality) on strong and Rs.864-867 per quintal on higher side at this weekend.

Vyada Bazaar:

At the futures market, the wheat prices remained down in this week as compared to last week. In this week, the prices remained strong at first few days but later it bounced back and holds its weak sentiment for two days but settled on slight steady side at this weekend Saturday at the NCDEX. The main governing factors were good sowing progress, releasing stock by the governments and selling pressure at the futures market. Some bearishness came from the report that the wheat sowing area has increased by around 19.3% as compared to the corresponding period of the previous year. The prices are expected to remain bullish in the coming week likely Monday and expected to remain strong position during mid of the coming week.

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

Markets	10.12.05	17.12.05
Delhi (Lawrence Road)	884-885	890-892
Haryana (Karnal)	837-840	845-847
Ahmedabad	860-862	885-887
Ludhiana	850-855	860-865
Ludhiana (Jagraon)	850-855	855-860
Rajasthan (Kota)	819-822	827-830
Amritsar	860-862	865-870
Uttar Pradesh (Kanpur)	840-842	875-877
Uttar Pradesh (Bareilly)	846-848	864-867
Uttar Pradesh (Shahjahanpur)	865-867	890-895
Maharashtra	890-895	870-875

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

Wheat Products	10.12.05	17.12.05
Atta (90kg)	898	914
Maida Grade 1(90kg)	1003	1015
Suji (50kg)	554	560
Chokar (50 kg)	332	332
Chokar (35 kg)	228	232
Chakki Atta (90kg)	900	918

RABI WHEAT CROP ACERAGE STATISTICS (In Lakh Hectares)

Normal Area	Area Coverage (12.12.05)			Area Difference In Absolute %Age Over Last Year
	This Year	Last Year	Diff	
263	180.65	176.68	+3.97	Bih (+4.8, +263.5), Guj (+1.8, +43.6), Har (-0.5, -2.4), HP (-0.8, -27.7), Kar (-0.6, -27.5), MP (-5.9, -18.6),

Source: Department of Agriculture, Government of India

CONCLUSION

The most of the mandis witnessed strong prices for wheat during last week as compared to last week. But the trading activity confined in range bound position at the last few days of this weekend. The positive factor was less 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. We don't see any sharp downward movement further.

INTERNATIONAL AND DOMESTIC NEWS:

India Likely To Fetch Record Wheat Crop

A record wheat crop is likely to achieve in India in the current year. According to the Agriculture Ministry, the area under wheat has increased to 14.205 million hectares as compared to 11.59 million of previous year. Good rainfall boost up the wheat area in Gujarat. According to the latest news, the area under wheat in Gujarat increases by 1.3 lakh ha. An interesting feature of the sowing trend is that the area is down in traditional States such as Punjab (-3.7 lakh ha) and Haryana (-50,000 ha). Uttaranchal (50,000 ha), Uttar Pradesh (20 lakh) and Madhya Pradesh (90,000 ha) are the other States where the wheat crop is appear to be making gains.

Good Prices Boosts Up The Wheat Area

According to the experts, a good price in the open market currently encourages the farmers in the North India and they have gone in for wheat on a large scale. During this weekend, wheat (dara) fetched at Rs. 884-885 per quintal in Delhi open market. During the same time last year, the prices were around Rs.760-765 per quintal and the year before, it was around Rs.740-745. The spot market prices are well above the minimum support price (MSP) of Rs. 650 per quintal fixed by the Centre for the current Rabi season.

Wheat Productivity Likely to Hover in Punjab

The rabi wheat productivity is expected to increase to 45 quintals per hectare (ha) in 2005-06 due to effective dissemination of crop production technology for wheat. The productivity was remained on 42.2 quintals per ha in the last year. According to S. Sukhjinder Singh Randhawa, Parliamentary Secretary, Agriculture, during the last Rabi season wheat crop had been sown in an area of 34.82 lakh hectares and the productivity and production were 42.2 qtls/ha and 146.98 lakh MT respectively. During Rabi 2005-06 the Agriculture Department had planned to diversify some area from wheat to other crops such as gram, barley

pulses and oilseeds. Although the area has been decreased till date to 3.7 lakh ha. He also reported that the Punjab Government on the recommendations of Punjab State Varietal Approval Committee has released two new varieties of wheat. One variety is PBW-527, which is particularly suitable for non-irrigated areas of the State. Another variety PDW-291 is of durum wheat. Two new varieties of wheat i.e. PBW-502 and PBW-509 varieties were released for cultivation in the state during the last Rabi season.

Decision of Wheat Import Coming Soon in India

The current news is that the wheat industry in India has a simple message for its policy makers, if they desire to wheat import for minimizing the shortfall of wheat stock they need to move quickly, according to Government officials. But New Delhi is struggling to make up its mind. But the government is worrying that allowing imports could upset farmers who agonize about declining prices. On the other hand, local wheat prices are rising on fewer stocks. Government officials have been determined in ruling out imports since several days. However the trade officials articulated that any shipments from overseas should match with the start of the local harvest in February to ensure prices remain under check. It is expected that the new wheat crop will hit the market in Gujarat in February. Therefore, the decision to wheat import should be taken as soon as possible.

Global Wheat Outlook on Wednesday

Overnight U.S. wheat export sales were quiet on Wednesday, while Cuban officials to buy 500,000 metric tons of U.S. wheat during the 2006 calendar year, according to a source. The French state grains board, Office National Interprofessionnel des Cereales, or ONIC, Wednesday projected 2005-06 French soft wheat output at 35.69 MMT, little changed from the November forecast of 35.60 MMT and up slightly from last year's 35.58 MMT. In the meantime, U.K. wheat ending stocks for 2005-2006 are projected at 2.058 MMT, remained same from previous estimates made in October and up 2% on the year, the Department for Environment, Food and Rural Affairs said Wednesday. On the other hand, Syria issued a tender to sell 50,000 tonnes of soft wheat and 50,000 tonnes of hard durum wheat.

Wheat Sowing & Stock Position in India

According to Farm ministry, wheat has been sown on 18.7 million hectares at present, which is compared to 17.7 million hectares a year ago. The position of wheat stocks on December 1 was estimated at about 7.8 MMT (Million Metric Tonnes), down from about 10.6 MMT at the same time a year ago. However it is sufficient to meet the domestic demand to last until April, when the next crop comes into the market, according to the agriculture government. The government needs about 1.5 MMT a month for its public distribution.

Wheat Output Likely to Go Up in M.P.

The mill dara wheat traded at Rs.825-830 per quintal at Satna mandis of Madhya Pradesh on stable range. The stable demand kept prices steady in this mandis. The daily average arrival witnessed at 1500-1700 bags at this mandis. The sowing area has increased by 10% in M.P., according to the traders. The weather is good for wheat crop in this area. The crop is at early stage condition. The sowing is likely to complete within a week. The present stock position is very poor in M.P. The production of Rabi wheat is likely to go up in M.P.

Wheat: USDA Weekly Export Sales Highlights

According to the latest USDA export sales highlights on wheat; the net sales of 712,700 metric tons (MT) were 65 percent above the previous week and 70 percent over the prior 4-week average. Major increases were reported for Egypt (111,500

MT), Taiwan (89,800 MT), the Philippines (81,200 MT), Mexico (71,900 MT), Colombia (61,500 MT), Japan (53,200 MT), and Yemen (42,000 MT). Exports of 695,800 MT were 47 percent above the week earlier and 51 percent over the prior 4-week average. The main destinations were Egypt (116,500 MT), Japan (73,100 MT), the Philippines (67,200 MT), Venezuela (64,100 MT), Italy (55,900 MT), and Colombia (50,500 MT). Accumulated exports for Spain were adjusted down by 18,000 MT. (This summary is based on reports from exporters for the period December 2-8, 2005.)

Rice: USDA Weekly Export Sales Highlights

According to the latest USDA export sales highlights on rice, the net sales of 67,900 MT were 21 percent below the previous week and 7 percent under the prior 4-week average. Major increases for Taiwan (34,500 MT), Japan (26,000 MT), Mexico (23,600 MT), and Honduras (7,700 MT) were partially offset by decreases for Iraq (24,300 MT) and Saudi Arabia (15,000 MT). Exports of 71,500 MT were 20 percent above the previous week, but 14 percent under the prior 4-week average. The main destinations were Mexico (24,800 MT), Haiti (18,900 MT), Taiwan (7,300 MT), and El Salvador (5,800 MT). Accumulated exports for Saudi Arabia were adjusted down by 7,100 MT. (This summary is based on reports from exporters for the period December 2-8, 2005.)

ICCI Urged to Exempt Duty on Wheat flour in Pakistan

Islamabad Chamber of Commerce and Industry (ICCI) President Abdul Rauf has urged to exempt wheat flour from regulatory duty as there is absolutely no shortage of wheat or wheat flour in the country. According to a news, the government had allowed the private sector to buy wheat directly from the farmers during the last season. The mill owners were having their own wheat stocks and not shortage of flour was reported in any part of the country.

The government stock was still safe. The government had imposed 15% regulatory duty on the export of atta due to which export was stopped to Afghanistan and the neighboring countries. The flour industry of the NWFP is also facing problems as the Afghan market has been captured by India and some other states.

Global Wheat Outlook on Friday

The USDA's Commodity Credit Corporation said late Thursday it purchased 30,730 metric tons of U.S. hard red winter wheat for Kenya. In global wheat news, Argentina said 45% of its 2005-06-wheat harvest had been gathered by Thursday.

Argentina: Wheat Export Increasing

Argentina's wheat export is rising in this current year. It is witnessed that around 11-11.30 million metric tons of 2004-05 wheat had been exported by Argentina as of Dec. 16, the Agriculture Secretariat accounted Friday. Where as Argentina had exported around 9-9.75 MMT of wheat at the same time of last year.

IGC WORLD WHEAT ESTIMATES (24.11.05)

(Million tons)

	2002-	2003-04	2004-05	2005-06 (Forecast)	
				26.10	23.11
Production	566	555	623	609	611
Trade	106	103	106	109	109
Consumption	600	593	613	616	616
Stocks	165	127	138	130	131
Year-Year Change	-34	-38	+11	-7	-5
5 Major Exporters [#]	43	40	52	46	47

[#] 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%	
	14-Dec	13-Dec	14-Dec	13-Dec	14-Dec	13-Dec	14-Dec	13-Dec
Dec-05	185	189	187	187	191	191	215	215
Jan-06	185	189	187	187	191	191	215	215
Feb-06	185	189	187	187	191	191	215	215
Mar-06	176	179	194	195	198	198	223	223
Apr-06	179	183	202	202	206	206	230	230
May-06	166	171	202	204	206	208	230	232

PORT WATCH

No latest vessel position is reported at this weekend.

WEATHER WATCH (As on 16th December 2005)

ALL INDIA WEATHER FORECAST BULLETIN VALID FOR NEXT 5-DAYS

WEATHER OUTLOOK

- Yesterday's depression centered near lat. 8.0°N/long. 87.0°E at 1730 hrs. moved westward and today lies over southwest Bay of Bengal with center around lat. 8.0°N/long. 85.0°E about 650 km southeast of Nagapattinam. As per

model prediction analysis indicates that the area is under moderate vertical wind shear with increase in vorticity at 850 hPa.

- Predictions suggest that the system is likely to further intensify and move in westnorthwest ward direction during next 2 days. Under its influence, Tamilnadu, Kerala, and Pondicherry are likely to receive fairly widespread to wide spread rainfall with isolated heavy to very heavy rains over

coastal Tamilnadu & Pondicherry, Kerala and Lakshadweep during next 3 days.

- Cold wave conditions prevail over Punjab, parts of Rajasthan and Orissa. Model prediction suggests that the minimum temperatures over the areas are likely to rise by about 2-3 degree C during 18-19 December.
- A western disturbance is likely to affect J&K, H.P. and adjoining areas of Punjab, Haryana and Uttranchal during 18-19 December. Under its influence, these area may receive isolated to scattered rainfall with snowfall over hilly regions during 18-20 December.

ZONE-WISE WEATHER FORECAST FOR NEXT 5-DAYS

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

- Isolated to scattered snowfall/rainfall over J&K, H.P. and Uttranchal and isolated rainfall over Punjab and Haryana during 18-20 December.

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 expected over the region.

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

- Fairly widespread to wide spread rains are expected over Tamilnadu & Pondicherry, Kerala, and Lakshadweep, during next 3 days. Isolated to scattered rains are expected over Rayalaseema, south Coastal Andhra Pradesh and South Interior Karnataka during next 2-3 days. Isolated rains are likely in the rest areas of Karnataka and mainly dry weather over rest areas of the region.

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

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

Source: NCMRWF

FOREX (As on 11th December, 2005):

Foreign Currency	Rs. per unit
1 US \$	45.38
1 Euro	54.29
100 Yen	39.20
1 British £	80.11

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