

Wheat

29th November- 3rd 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: December (Future)

NCDEX December contract

The prices cut down sharply in this week as compared to last week. The most of the indicators are indicating to bearish trend however, stochastic indicator is running in oversold zone and %K line is about to make bearish crossover with %D line. The RSI is also in oversold condition. 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; therefore one should wait for clear signal before taking long position.



Support and Resistance Levels:

The current resistance levels are at 826.27 and 830.12 marks and support levels are at 822.4 and 819.5 marks as very short term.

Contract Month	Support Level		Resistance Level	
	1 st	2 nd	1 st	2 nd
December	822.4	819.5	826.27	830.12

DEMAND, SUPPLY AND PRICES AT IMPORTANT CENTRES

Market Highlights

Delhi:

The wheat prices remained on stable position in this week but it lost its steam at the domestic spot as well as futures market. Although the prices went up in this week as compared to last week. The rumour that FCI sold the wheat to flourmills and roller mills, which is restricted the prices to upward. According to the traders, the FCI sold the wheat at Rs.840 per quintal to the mills in Delhi. The wheat prices did not move at the last few days of this weekend. The moderate arrival around 5000-7000 gunny bags also put some pressure on prices. The dara wheat mill quality increased and traded on Rs. 870-872 per quintal on Saturday as compared to Rs.860-865 per quintal in previous week at the Lawrence road in Delhi.

Ahmedabad:

Moderate demand for wheat kept the wheat prices on stable range in Ahmedabad markets. The dara mill quality wheat was quoted at the range of Rs. 865-870 per quintal as compared to Rs.865-870 per quintal last weekend. Arrivals were around 5000-7000 bags.

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.850-855 per quintal at this weekend.

Ludhiana:

Ludhiana market showed strong sentiment for wheat prices as strong demand and less local arrival kept the prices firm in this weekend. The godown stocks were sold in this market. The wheat was traded at the range of Rs 835-840 per quintal as compared to Rs.815-820 per quintal at last weekend. The crop sowing is going on. At the Jagraon market it remained subdued at Rs 820-825 as compared to Rs.815-820 per quintal at last weekend.

Maharashtra:

The dara wheat variety showed relatively strong position in Maharashtra market although the prices went to Rs.890 per quintal in this market but later it fell down and traded at Rs.885-887 per quintal at this weekend. The stockists are probably releasing their stocks after the news that government is going to release its stocks.

Haryana:

The wheat prices remained strong in the Haryana market. The less stock and less arrival are one of the factors for price up. At the Karnal market wheat was quoted at Rs 835-837 per quintal as compared to Rs 800-820 at last weekend.

Rajasthan:

The strong demand from Gujarat and strong spot market demand supported wheat prices strong, however the prices fell slightly during this on good arrivals. At the Khairtal and Alwar market wheat prices were at Rs.775-780 per quintal. At the Kota market wheat was available at a higher price of Rs 825-827 per quintal at this weekend. The sowing progress is almost complete.

Uttar Pradesh:

U.P mandis showed range bound with stable range in this weekend. The sowing progress is going well. In most of the market the prices remained on stable range except Kanpur where the prices were going up. At the Kanpur, Shahjahanpur and Bareilly markets, wheat was traded at the range of Rs.850-855, Rs.865-867 (mill quality) and Rs.855-857 per quintal at this weekend.

Vyada Bazaar:

At the futures market, the wheat prices went down several times and maintained a stable range at last few days of this week. The main governing factor were good sowing progress, releasing stock by the governments and less stock at the market yards. The market was heated up and the correction was due. Although the market has been already reached at oversold condition so the trend reversal might be possible. 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. It is expected that the wheat prices would bounce back on its strong position during mid of the coming week.

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

Markets	28.11.05	3.12.05
Delhi (Lawrence Road)	860-865	870-872
Haryana (Karnal)	800-820	835-837
Ahmedabad	865-870	865-870
Ludhiana	815-820	835-840
Ludhiana (Jagraon)	815-820	820-825
Rajasthan (Kota)	800-815	825-827
Amritsar	840-845	850-855
Uttar Pradesh (Kanpur)	835-840	850-855
Uttar Pradesh (Bareilly)	855-860	855-857
Uttar Pradesh (Shahjahanpur)	860-865	865-867
Maharashtra	870-875	885-887

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

Wheat Products	28.11.05	3.12.05
Atta (90kg)	845	903
Maida Grade 1(90kg)	982	1014
Suji (50kg)	551	560
Chokar (50 kg)	325	332
Chokar (35 kg)	225	230
Chakki Atta (90kg)	825	830

CONCLUSION

The most of the mandis witnessed strong prices for wheat during last week as compared to last week. 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. Bounces back in prices are likely during midweek.

INTERNATIONAL AND DOMESTIC NEWS:

Global Wheat Summary on Tuesday

The Australian Bureau of Agricultural & Resource Economics forecast the 2005-06 Australian wheat crop Tuesday at 24.1 million metric tons, up 18% from actual output of 20.4 million tons last crop year ended March 31. The forecast is also sharply above the September projection of 19.7 million tons, largely reflecting the impact of good spring rains and mild temperatures. Still, wheat brokers noted Argentina this week lowered its wheat crop forecast to 11.1 million tons, below the USDA's last estimate of 12.1 million. In other news, China's eastern Shandong province plans to auction 75,000 metric tons of local wheat reserves Wednesday; and Russia bought 46,710 metric tons of domestic milling grain at the intervention trading session held Tuesday in Moscow, including 43,200 tons of third-grade soft milling wheat, 2,700 tons of fourth-grade wheat, according to trade sources.

India: Import of Wheat is Not Feasible

According to the Minister of State for Agriculture, Food and Consumer Affairs Akhilesh Prasad Singh, there was no need to import wheat at that moment as foodgrain stocks is comfortable and it is adequate to meet demand under the Public Distribution System. Singh made it clear that the existing foodgrain stock for both rice and wheat was sufficient to fulfill the government's social commitment under various programmes. The minister reported wheat sowing during the ongoing Rabi was progressing well as acreage till last week was 13% higher than a year-ago period. The stock of wheat in the central pool as on September 1, 2005 stood at 11.6 million tonnes.

CBOT Traders Eyeing on Indian Wheat Import

In overnight U.S. wheat export news on Wednesday, Iraq imported 200,000 tons of 2005-06 U.S. hard red winter wheat, according to USDA. In global wheat news, India Wednesday ruled out imports of wheat in the coming months, citing adequate domestic stocks to meet local demand. There is no question of imports, as we will be left with some of our own carry-forward stocks at the end of the marketing year, after meeting the domestic requirements, according to the Minister of State for Food, Akhilesh Prasad Singh. CBOT traders have speculated that India would import wheat since early fall for the first time in six years, when India began trading CBOT soft red winter wheat futures for the first time. Traders said Wednesday the news was bearish for CBOT wheat.

USDA: Private Exporters to Deliver Wheat to Iraq

Export sales of 200,000 metric tons of hard red winter wheat for delivery to Iraq during the 2005-2006 marketing year; and Cancellations of 200,000 MT of corn for delivery to Egypt during the 2005/06 marketing year.

Farm Minister: FCI Made Profit by Trading Wheat on CBOT

According to the Agriculture Minister Sharad Pawar, an Indian government agency has initiated trading wheat futures on the Chicago Board of Trade (CBOT) for the first time. He also reported that a proposal is made to allow trading on commodities bourses overseas via other government agencies will be placed before the Cabinet. Food Corporation of India (FCI) has already made a small profit by trading on CBOT. According to his view, they want to make this a permanent feature. But at the same time

want to ensure that both farmers and consumers benefit from the exercise.

Minister: Wheat Production Likely to Go Up

According to the agriculture minister that the Rabi sowing season is succeeding well and wheat acreage has increased and brightening the production prospect for wheat in the coming year. They also reported that the wheat production is likely to hover next year as compared to last year. India fetched 72.11 million tonne wheat production last year. The bullish factor for higher production are good rainfall this year, healthy water reservoirs situation along with good soil moisture content, which have led to increase in wheat acreage under Rabi this year, according to Pawar.

Domestic Wheat Prices Remains Stable

The domestic wheat prices opened on stable position at Lawrence road in Delhi today and traded on stable range. The wheat dara mill quality was quoted at Rs.870-872 per quintal with an average arrival of 6000-7000 gunny bags. The market demand remained almost stable. The wheat was traded in Ahmedabad, Ludhiana and Maharashtra at Rs.870-875, Rs.835-840 and Rs.885-890 on stable side. The rumor that FCI is likely to sell wheat to roller mills, which is restricted the wheat prices at domestic spot as well as futures market. The December and January contract opened low and settled on lower side at the NCDEX today. The December and January futures were traded at the range of Rs.826.40-830.80 and Rs.839.00-843.80 today. The wheat prices likely to stable at spot market and may be slight weak at the futures market in the coming day.

Global Wheat Summary on Friday

U.S. wheat export business was quiet Friday. Global wheat news was also relatively quiet, while wheat traders continued to watch harvest reports from key Southern Hemisphere exporters Argentina and Australia. Argentine farmers had collected 15% of the country's 2005-06 wheat harvest by Thursday, down from last year's 26%, the Agriculture Secretariat reported Friday. The average yield last week was 1.67 tons per hectare, up from 1.32 tons the previous week, according to the Exchange. The U.S. Department of Agriculture, which has forecast the average yield this season at 2.39 tons/hectare, estimates final output at 12.1 million metric tons.

USDA Weekly Export Sales Highlights on Wheat

Net sales of 250,700 metric tons (MT)--a marketing-year low--were 42 percent below the previous week and 64 percent under the prior 4-week average. Major increases were reported for South Korea (67,600 MT), Mexico (55,900 MT), South Africa (22,000 MT), El Salvador (19,700 MT), Israel (17,900 MT), Venezuela (15,200 MT), Guatemala (14,700 MT), and Colombia (13,800 MT). Exports of 546,700 MT were 21 percent above the week earlier and the prior 4-week average. The main destinations were Japan (123,600 MT), Egypt (57,700 MT), Iraq (54,700 MT), the Philippines (54,200 MT), Mexico (51,800 MT), South Korea (41,200 MT), Taiwan (39,700 MT), Nigeria (31,100 MT), Cuba (25,800 MT), and South Africa (22,000 MT). Note: Accumulated exports for South Africa were adjusted down by 22,000 MT. (This summary is based on reports from exporters for the period November 18-24, 2005.)

Rabi Wheat Cultivation Area touch 101 Lakh ha

According to the Union Agriculture Minister, the wheat sowing area has increased in this current year and it is witnessed that area under wheat cultivation has hovered to 101-lakh hectare in the current season as compared to 79-lakh hectare sown by this time in the previous year. This area coverage includes an increase of 13-lakh hectare in Madhya Pradesh, 19-lakh hectare

increase in Uttar Pradesh and 2-lakh hectare increase in Rajasthan. Therefore the government has pegged the production target for wheat in the current year at 76 MMT as against a production of 72 MMT in the last year. The wheat sowing is still in progress and if the rising trend in area coverage continues along with favourable weather conditions, the wheat production in the current year is expected to cross the target.

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%	
	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 1st December 2005)

ALL INDIA WEATHER FORECAST BULLETIN VALID FOR NEXT 5-DAYS

Weather Outlook

• The cyclonic storm BAAZ over southwest Bay of Bengal moved very slowly in northwestward direction in the last 24hrs and lay centred at 1130 hrs. IST of today at around lat. 12.9°N and long. 83.8°E about 300- 350 km east of Chennai with an estimated central pressure of about 991hPa and with about 80Km/hr strong wind field around it. The organized cloud convection band-periphery is found to have started extending over coastal sectors of north Tamilnadu and coastal Andhra Pradesh. The system is likely to move very slowly in a west-northwesterly direction and south Andhra Pradesh coasts to the south of Machilipatnam approximately around night of 2 December, 2005/early 3 December, 2005. Under its influence fairly widespread rainfall with isolated heavy to very heavy falls are likely over coastal Andhra Pradesh and fairly widespread rains over north Tamilnadu during next 48 hours. Gale winds with speed reaching 35-40 kmph are likely to commence along north coastline of Andhra Pradesh from today itself that is likely to increase gradually in coming days as the system moves close to the coastline in west-northwesterly direction. Subsequently, fairly widespread rainfall activity is likely to extend over the interior parts of Andhra Pradesh and north Tamilnadu.

• The existing low pressure area over central parts of south Arabian Sea has slowly found to have moved in a northeasterly direction in last 24hrs under the influence of the mid-latitude westerly trough and the convective cloud bands associated with this low pressure area have extended in northeasterly direction over Konkan coast, Madhya Maharashtra, Vidarbha, south Gujarat and Madhya Pradesh currently. Under the scenario, isolated to scattered rainfall activity is expected over Konkan coast, Madhya Maharashtra, Vidarbha, south Gujarat and Madhya Pradesh during next 48hrs.

• The western disturbance as an upper air system over Jammu & Kashmir and neighborhood now lies over Jammu & Kashmir and adjoining Himachal Pradesh and is expected to move eastward slowly. Under the scenario, isolated to scattered rainfall/snowfall is expected over Himachal and Uttaranchal in next 48hrs. Subsequently, isolated rains could possibly be expected over adjoining plains of north India as well.

ZONE-WISE WEATHER FORECAST FOR NEXT 5-DAYS

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

• Isolated to Scattered rains/snow are expected over J & K, Himachal , Uttaranchal and Uttaranchal for next 48Hrs. Night temperature is likely to fall by 2-3oC all over the north and NW 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]

- Isolated and scattered rains are expected over Vidarbha and Madhya Pradesh during next 48 hours and subsequently might extend over Chattisgarh as well.

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

- Widespread with isolated heavy to very heavy rains are expected over north coastal A.P. and widespread rains over north Tamilnadu during next 48 hrs. Subsequently, the rainfall belt may shift towards interior parts of Tamilnadu and Andhra Pradesh. Scattered rains are also expected over Karanataka, Kerala and Lakshadeep islands.

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

- Isolated and scattered rains are expected over Konkan coast, Madhya Maharashtra, south Gujarat etc.during next 48hrs. Mainly dry weather is expected to prevail over rest of the region.

Source: NCMRWF

FOREX (As on 3rd December, 2005):

Foreign Currency	Rs. per unit
1 US \$	46.12
1 Euro	54.08
100 Yen	38.25
1 British £	79.79

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