

Wheat

19th-24th 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)

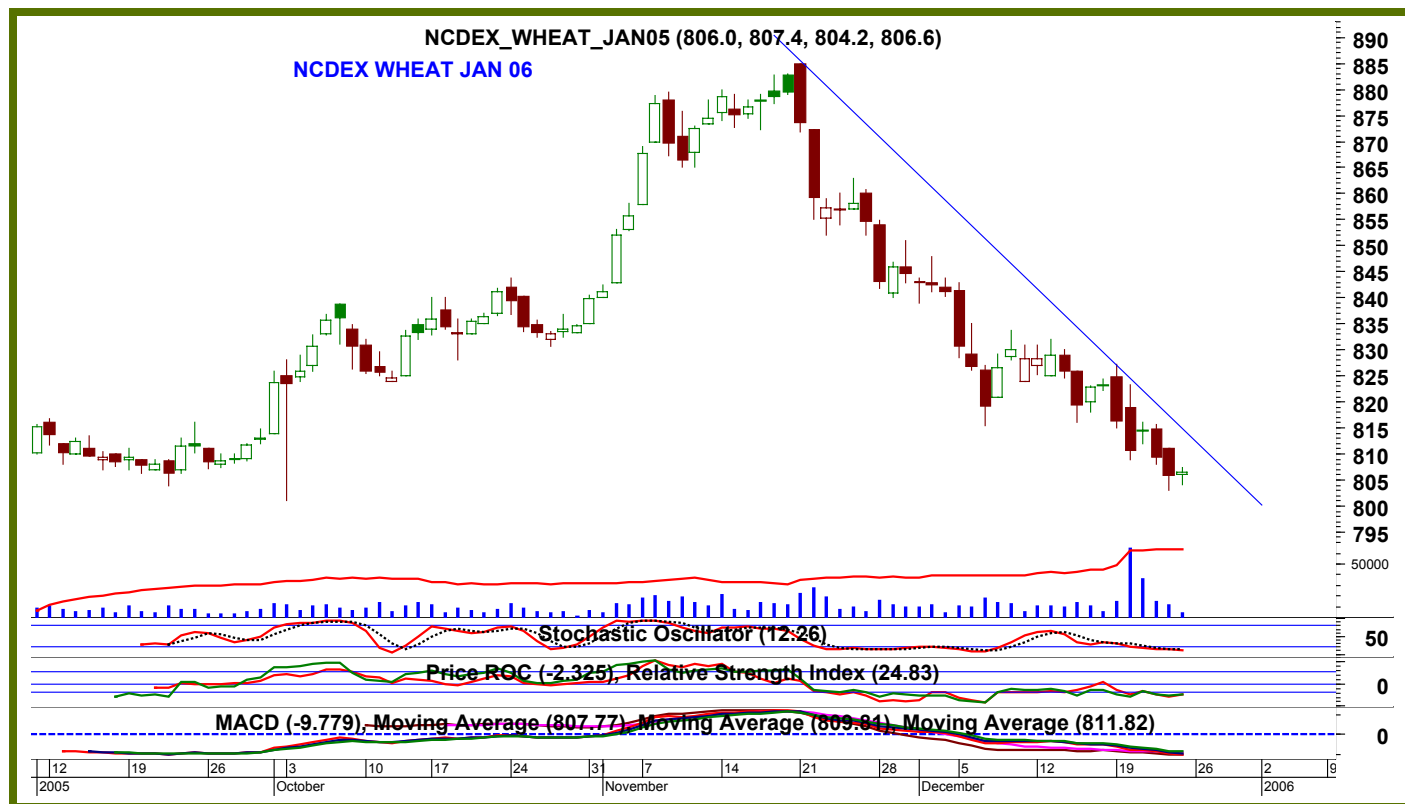
Contract: January (Future)

The prices decreased gradually in this week as compared to last week. Where as the prices opened steady on Saturday and slight buying pressure pushed up the prices and settled on slight higher side. The most of the indicators are indicating to bullish trend however, MACD and MA is hinting bearish sentiment where as Stochastic is indicating trend reversal. The open interest is increasing where as volume is

decreasing therefore it is indicating the futures market did not support the market trend.

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

Advice: Go for long position.



Support and Resistance Levels:

The current resistance levels are at 811.5 and 814.7 marks and support levels are at 804.2 and 800.8 marks as very short term likely Monday.

Contract	Support Level		Resistance Level	
	1 st	2 nd	1 st	2 nd
January	804.2	800.8	811.5	814.7

DEMAND, SUPPLY AND PRICES AT IMPORTANT CENTRES

Market Highlights

NEW MARKET COVERAGE ON M.P.

Delhi:

Delhi market showed positive trend of wheat prices in this week as compared to last week. The prices had increased in the ahead of this week to Rs.904-905 per quintal and remained steady for few days and later it hovered to Rs.908-910/quintal at this weekend. The wheat dara mill quality has traded at Rs.908-910/quintal at Lawrence road in Delhi on Saturday. The daily arrival was 5000-7000 bags from Haryana (2500-3500 bags) and U.P (2500-3500 bags). The strong demand from flour and roller mills kept the wheat market hot. The market had very less stock. The less arrival also put some pressure on prices. The prices are expected to remain bullish in the coming week, according to the traders.

Ahmedabad:

This market continued its strong sentiment and traded on higher side in this week as compared to last week. Strong demand and less stock for wheat pushed up the wheat prices further in this week. The wheat prices were gradually increasing in this week. The demand from mills remained weak due to less consumption of wheat products. Only domestic demand remained bullish. 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. 915-920 per quintal as compared to Rs.885-887 per quintal of last weekend. Daily arrivals were around 7000-8000 bags. The prices are expected to remain stable in the coming week, according to the traders.

Amritsar:

Amritsar market moved on slight weaker side due to no stock and inferior quality of wheat in this week. The wheat prices fell down from Rs.865-870 to Rs.8540-860 per quintal at this weekend. The Rabi wheat sowing is going well in this State. The godown stocks were sold in this market. The new crop is likely to hit the market in April. The market did not expect to change price abruptly.

Ludhiana:

Ludhiana market showed a negative direction in this week as compared to last week. The demand remained stable and arrival also remained stable. 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 840-850 per quintal as compared to Rs.860-865 per quintal at last weekend. The crop sowing is going on. At the Jagraon market it remained down at Rs.830-835 as compared to Rs.855-860 per quintal at last weekend.

Maharashtra:

The dara wheat variety recovered at this weekend in Maharashtra market. The market was maintained its old price till Friday. But the prices bounced back at this weekend due to strong demand from mills and local demand. The prices increased from Rs.870-875 per quintal to Rs.885-890/qlt. The stockists released their stocks. But the quality was not so good, according to the traders. The arrival from M.P. remained weak due to higher price in M.P. The sowing progress is proceeding well in this state. Good

weather is supportive factor for superior production. The market is likely to remain steady in the coming week.

Haryana:

The wheat prices have increased at most of the mandis in this week as compared to last week due to strong demand from Delhi and other states and also domestic demand. The less stock and less arrival are one of the factors for price rise. At the Karnal market wheat was quoted at Rs 851-855 per quintal as compared to Rs 845-847 at last weekend. The wheat was quoted at Rs.830-840 per quintal in Hisar, Rs.810-850/qlt in Palwal.

Rajasthan:

The strong demand from Gujarat and strong spot market demand is continuing to push up the prices. Therefore the prices increased from Rs.827-830 to Rs.840-843 per quintal in Kota market. At the Khairtal and Alwar market wheat prices were at Rs.800-805 per quintal and Rs.790-795 per quintal. The sowing progress is almost completed. The arrival remained 100-150 bags at Khairtal market.

Uttar Pradesh:

Strong demand from Delhi and other states and also domestic demand pushed up the wheat prices in U.P. mandis. The market had very less stock. Therefore the prices went up in this week as compared to last week. The sowing progress is progressing well and good weather is also a supportive factor. Therefore the market is expecting that the production will go up. At the Kanpur, Shahjahanpur and Bareilly markets, wheat was quoted at the range of Rs.890-892 on mostly higher side, Rs.895-897 (mill quality) on slight strong and Rs.882-885 per quintal on mostly higher side at this weekend.

Madhya Pradesh:

The M.P. market witnessed strong sentiment in this week due to less stock at the market yards and strong demand from Orissa, Maharashtra, South and other states. According to the traders, the stock in the Satna is likely to remain 4-5 racks. The wheat dara mill quality traded at Rs.850-860/qlt as bilty price in Satna market. The wheat Lok-1, Sharbati and General variety traded at Rs.778-790, Rs.947-960 and Rs.798-810 per quintal in M.P. mandis. If FCI does not sell wheat in this market then the prices is likely to go beyond the prevailing range, according to the traders. The sowing area is lagging behind from previous year, but the prevailing weather is supporting the sowing progress.

Vyada Bazaar:

The disparity between wheat's futures markets and spot has been increasing from several days. Currently, the spot prices are far above the futures prices. At the futures market, the wheat prices was decreasing gradually from the beginning of this week to end and continuing this trend. The futures market does not support the physically and technically. 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 7.8% as compared to the corresponding period of the previous year. The prices are expected to remain steady in the coming week likely Monday and expected to remain steady position during mid of the coming week.

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

Markets	17.12.05	24.12.05
Delhi (Lawrence Road)	890-892	908-910
Haryana (Karnal)	845-847	851-855
Ahmedabad	885-887	915-920
Ludhiana	860-865	840-850
Ludhiana (Jagraon)	855-860	830-835
Rajasthan (Kota)	827-830	840-843
Amritsar	865-870	850-860
Uttar Pradesh (Kanpur)	875-877	890-892
Uttar Pradesh (Bareilly)	864-867	882-885
Uttar Pradesh (Shahjahanpur)	890-895	895-897
Maharashtra	870-875	885-890
Madhya Pradesh (Satna)	-	850-860

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

Wheat Products	17.12.05	24.12.05
Atta (90kg)	914	918
Maida Grade 1(90kg)	1015	1015
Suji (50kg)	560	560
Chokar (50 kg)	332	354
Chokar (35 kg)	232	245
Chakki Atta (90kg)	918	865-870

RABI WHEAT CROP ACERAGE STATISTICS (In Lakh Hectares)

Normal Area	Area Coverage (19.12.05)			Area Difference In Absolute %Age Over Last Year
	This Year	Last Year	Diff	
263	207.09	192.11	+14.98	Ass (-0.6, -82.1), Bih (-1.1, -7.9), Guj (+2.2, +47.4), Har (-0.3, -1.4), HP(-0.8, -27.7), Kar (-0.5, -21.5), MP(-0.7, -2.2), Maha (+2.0, +34.8), Raj(+3.5, +30.7), UP(+11.4, +19.8)

Source: Department of Agriculture, Government of India

CONCLUSION

The most of the mandis witnessed strong prices for wheat during this 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:

Wheat: Latest Coverage of Sowing Area

According to latest data showed that wheat acreage has augmented by nearly 4 lakh ha to 18.065 million ha. The area has increased in Bihar, Gujarat, Rajasthan, Uttar Pradesh and Punjab, where as sowing has lagged behind from previous year in Madhya Pradesh, Himachal Pradesh and Haryana.

Wheat Production Likely to Go Up in Australia

The production for wheat is likely to increase in Australia, according to a source. Australia's current crop production is estimated at 25.0 million metric tons (MMT), which is higher than 20.4 MMT of last year, according to a report on Australian Broadcasting Corporation. Where as the Australian Bureau of Agricultural and Resource forecasted its current new wheat crop of 24.1 MMT, which remains around the midpoint of wheat exporter AWB Ltd.'s (AWB.AU) current forecast range. The USDA estimated the 2005-06 Australian wheat crop at 24 MMT. The domestic demand for wheat is around 5.5 MMT in Australia and the balance is offered for export.

China Likely to Harvest Higher Wheat Crop

According to Chinese agricultural experts, the wheat crop had not been harmed by recent cold weather in China. According to USDA estimation on Dec. 9, the Chinese wheat crop is expected to be 96 million metric tons, which is 1 million higher from its November forecast.

Disparity Between Wheat Spot & Futures Increasing

The disparity between wheat's futures markets and spot has been increasing from several days. Currently, the spot prices are far above the futures prices. At present the spot prices are prevailing between Rs.904-905/qlt at Lawrence road in Delhi, where as all of the wheat contract are remaining far below than spot. The disparity is nearly Rs.90-100/qlt. According to trade sources, the difference between spot and futures is expected to continue till the end of February contract. Spot prices are increasing because of a dip in supplies and depleting government stock. The contract witnessed volatility following huge open interest (62,470 tonne) a day prior contract expiry and huge difference between prices prevailing in spot and futures markets. December open interest of 62470 on Monday was moderately high when compared to NCDEX wheat stocks, that stands at 16,354 tonne (as per the week-ended December 10). In case of delivery ex-Khanna (in Punjab), prices are at a premium of Rs 43 per quintal higher than market rates. This has supported selling interest to gain ground in futures. Selling pressure was emphasized with government acreage estimates showing good sowing figures for wheat.

Overnight U.S. Wheat Export Summary

Overnight U.S. wheat export sales were quiet; while traders forecast the USDA would report Thursday weekly U.S. wheat export sales totalled 400,000 to 600,000 metric tons. Japan required 45,000 tons of U.S. wheat in an overall tender for 85,000 tons of wheat that will conclude Thursday. Colombia bought 20,000-25,000 tonnes of US hard red wheat for January/February shipment.

Global Wheat Summary on Wednesday

According to the Agriculture Secretariat of Argentina that the farmers will harvest 12 MMT of wheat in 2005-06. Brazil's wheat imports will rise to roughly 5.8 MMT in 2006, which is one million, more than Brazil has imported in 2005, according to the Brazilian Wheat Industry Association. According to Ukraine's agriculture ministry, the country's grain stocks would be sufficient to last until the beginning of the next marketing year, July 1. The ministry forecast that 8.9 MMT of grain harvested in

2005 will be left over when the 2006-2007 marketing year begins. Russia's 2005 grain harvest in 2005 was 78.1 MMT in clean weight, about the same amount as in 2004, final figures released by the federal statistics service Wednesday showed.

FCI: No Need to Wheat Import

According to FCI, the country had enough stocks of wheat until May and there was no need for any imports. V.K. Malhotra, chairman of the FCI had stated that the new wheat crop was likely to go beyond last year's level of 72 million tonnes. He also included that there was no need to import to wheat. Where as traders have been expecting India to import for the first time in six years because of lower levels of procurement by grain agencies. According to Malhotra, the country will likely to remain about 6.6 MMT of wheat on Jan. 1, 2006, enough to meet requirements under various welfare schemes and that of needy states. The monthly consumption of wheat is 1.2-1.4 MMT. He predicted that FCI would have 1.5 to 2.0 MMT on hand as on April 1. The harvests of the early variety would have started in Madhya Pradesh and Gujarat in February. FCI is hoping that they likely to procure about 19 MMT of wheat next year, up from about 15 million tonnes this year and compared with an annual average of 16 million to 17 million tonnes. The agency procures about a quarter of India's total wheat production, as farmers retain half the output for consumption, re-sowing and trading in exchange of other commodities. The remainder is sold in the open market.

Wheat: USDA Weekly Export Sales Highlights

According to latest report of USDA weekly export sales highlights on wheat, the net sales of 522,700 metric tons (MT) were 27 percent below the previous week, but 14 percent over the prior 4-week average. Major increases were reported for Nigeria (85,900 MT), Japan (82,600 MT), China (55,600 MT), Mexico (50,700 MT), Thailand (50,600 MT), and Venezuela (46,400 MT). Exports of 425,300 MT were 39 percent under the week earlier and 22 percent below the prior 4-week average. The main destinations were Italy (69,400 MT), Mexico (59,600 MT), Pakistan (50,000 MT), Thailand (49,800 MT), Nigeria (48,400 MT), and South Korea (44,700 MT). (This summary is based on reports from exporters for the period December 9-15, 2005.)

Wheat Production Pegged at 75 MMT in 2005-06

Ministry of Agriculture of India is currently estimating an increase of about 7.8% in wheat planting area this year, about 20.7 million hectare compared to 19.2 million hectare last year. The 2005/06 wheat productions are pegged at 75

million metric ton (MMT) as against of 72.4 MMT last year, owing to good weather conditions. Stock levels, as of December 1, are projected at around 7.8 MMT over 10.6 MMT at the same time in 2004. By January 1, wheat experts Mr. Kapoor says, stocks will be expected to around 6.7 MMT, against the buffer stock requirement of 8.2 MMT. He also anticipated that another 2 MMT would be needed to bring stocks to more reliable stock levels. However the government is facing some political pressure and is not likely to make any decision for wheat import soon.

AWB Ltd. Likely to Remain Long Term Exporter to Iraq

According to a company spokesman of AWB Ltd., they expects to remain a long-term wheat exporter to Iraq and will bid for the next tender, in spite of losing out to the U.S. for some tenders recently. On the other hand South Korea was imported 21,400 tonnes of US wheat.

Pakistan Evaluates Regulatory Duty on Wheat Flour

Ministry of Food, Agriculture and Livestock is anticipated to remove 15% regulatory duty on wheat flour export to Afghanistan and the matter will be taken up in the next meeting of Economic Coordination Committee (ECC), according to sources. Sources said that the duty was imposed on wheat flour export to Afghanistan to avoid the wheat shortage in the country on Jan 3, for the one year and its date was going to be over in Jan 3, 2006. The government had imposed 15 per cent regulatory duty on the export of flour due to which the export had been stopped to Afghanistan and other neighbouring countries. The flour industry is facing problems as the Afghan market has been captured by India and some other states.

IGC WORLD WHEAT ESTIMATES (24.11.05)

(Million tons)

	2002-03	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%	
	22-Dec	21-Dec	22-Dec	21-Dec	22-Dec	21-Dec	22-Dec	21-Dec
Dec-05	184	188	187	187	191	191	215	215
Jan-06	184	188	187	187	191	191	215	215
Feb-06	184	188	187	187	191	191	215	215
Mar-06	174	179	194	196	197	199	222	224
Apr-06	183	183	204	204	208	208	232	232
May-06	172	174	208	207	211	211	236	235

PORT WATCH

No latest vessel position is reported at this weekend.

WEATHER WATCH (As on 23rd December 2005)

ALL INDIA WEATHER FORECAST BULLETIN VALID FOR NEXT 5-DAYS

WEATHER OUTLOOK

- Yesterday's well marked low pressure area over the east-central Bay of Bengal had weakened in to a low pressure area over the last 24hrs. It is likely to move in a northeasterly direction towards NE states and weaken further in coming days. Under its influence scattered rainfall is likely over coastal Orissa, West Bengal and northeastern States during next 2 days.
- Under the influence of a passing western disturbance, isolated to scattered snowfall/rainfall is likely over hills of J&K, Himachal Pradesh, Uttranchal, and east U.P. during next 24 hours. Subsequently, the minimum temperature over northwest India is likely to fall by about 2-3 degree C leading to setting up of cold wave conditions and prevalence of foggy conditions in the morning over parts of NW Indian plains and eastern UP region.
- Conditions are continue to be favourable for the formation of a fresh cyclonic circulation over southeast Bay of Bengal around 25-26 December 2005.

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 snowfall/rainfall over hills of J&K, H.P., Uttaranchal, and east U.P. during next 24 hours. Subsequently, foggy conditions with a fall of night temperatures is expected to prevail over the plains of NW India, Haryana, West UP.

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

- Scattered rainfall is likely over coastal Orissa, West Bengal and northeastern States during next 2 days.

CENTRAL INDIA [MP, CHHATTISGARH, VIDARBHA]

- Isolated to scattered rains are expected over Vidarbha, east MP and Chhattisgarh in next 24 hours only and subsequently, the region is likely to experience mainly dry weather.

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

- Isolated to scattered rains are likely over Telangana, Andaman & Nicobar Islands and isolated rainfall over coastal Tamilnadu & Pondicherry during next 1-2 days. Subsequently, dry weather

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

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

Source: NCMRWF

FOREX (As on 24th December, 2005):

Foreign Currency	Rs. per unit
1 US \$	45.14
1 Euro	53.57
100 Yen	38.85
1 British £	78.22

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.