

Wheat

20th January, 2006

MAJOR ACTIVITY HIGHLIGHTS

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

TECHNICAL ANALYSIS

Exchange: NCDEX

Perspective: Very Short Term (Weekly)

Contract: February (Future)

Wheat Futures at the NCDEX reversed back and traded on lower side today amidst technical correction and weak physical market price in Delhi. The physical market price decreased today in Delhi due to slight higher arrival and government's policy. The prices opened strong and remained range bound with slight weak undertone till midday but later spillover selling pressure pulled down the prices and settled on mostly lower side today. The February contract opened up at Rs.914.80 and settled down Rs.5.00 to Rs.909.40. February contract traded at the range of Rs.907-915 today.

Price Change:

Contracts	Closing	Previous	Change
February	909.40	914.40	+5.00

Indicators: Most of the indicators are hinting strong bearish sentiment for wheat prices.

Outlook: The prices are likely to remain bearish in the coming days.

Advice: Go for short position near 911.5 with target near 905.5, next 903.0 and put stop loss near 917.5.

Support and Resistance Levels:

The current resistance levels are expecting at 914.8 and 919.0 marks and support levels are at 900.7 and 895.7 marks as very short term.

Contract	Support Level		Resistance Level	
	1 st	2 nd	1 st	2 nd
January	900.7	895.7	914.8	919.0



DEMAND, SUPPLY AND PRICES AT IMPORTANT CENTRES

DOMESTIC MARKET COMMENTARY

Wheat domestic spot prices remained slight weak in Delhi today due to slight higher arrival. The spot prices for dara wheat mill quality opened at Rs.1035-1036 per quintal and have traded at the range of Rs.1030-1035 per quintal at Lawrence road. The arrival is witnessed between 8000-10000 bags from Madhya Pradesh, Uttar Pradesh and Haryana. The most of the wheat around 3000-4000 bags is arriving from M.P. The demand remained stable due to the FCI's policy. FCI did not released wheat till now and therefore the market sentiment remained quiet. Traders are still now eyeing on FCI 's decision. The wheat prices prevailed at Rs.985-995 per quintal at Narella on steady range and Rs.985-990 per quintal at Najafgarh today.

In Uttar Pradesh market, the wheat prices decreased slightly due to government policy. The government has sold wheat in Maharashtra therefore the demand for wheat

remained slight weak in UP market as the millers are now waiting for FCI's selling in this market. Therefore the wheat prices fell down by Rs.10-20 per quintal in Bareilly, Kanpur and Shahjahanpur market. ITC and Cargill India Ltd are selling 1000-1200 bags daily at this market, according to trade sources. The market remained silent because FCI expected to sell around 8000 tonnes of wheat at the rate of Rs.865 per quintal to the flourmills association, according to the traders. FCI did not sell wheat in this region till now, according to trade sources. At Kasgang, the wheat prices decreased slightly and prevailed at Rs.900-925 per quintal with average arrival of 500-600 quintal. At Etah mandis, the wheat has traded at Rs.935-940 per quintal today with arrival of 250-450 quintal.

In Haryana market, the news that FCI expected to release around 60000 bags of wheat at the rate of Rs.858 per

quintal to the millers, according to the market sources. About 12000 bags are likely to sell within this week. Therefore the prices maintained steady sentiment at most of the mandis. At Hisar market, wheat has increased by Rs.10-20 a quintal and prevailed at Rs.1000-1010 per quintal.

In Punjab market, the wheat prices witnessed steady at most of the market. At Amritsar market, it traded at the range of Rs.1010-1015 per quintal with daily average arrival of 250-350 bags from godown stocks. The market has less stock where as most of the stock are confined to Patiala and Hoshiarpur region. The wheat has quoted at Rs.995-1000 a quintal at Samana and Rs.1040-1050 each quintal at Jalandhar market. FCI is expected to sell around 1000 tonnes of wheat in Punjab market.

In Gujarat market, the wheat prices are increasing brazenly from several days and it traded at Rs.1045-1050 per quintal at Ahmedabad market. The paucity of arrival around 10000 bags and strong demand from the market triggered the prices up again though the market participants are still eyeing on the government's policy. The market is feeding by Madhya Pradesh.

The wheat prices remained mostly steady in Maharashtra market due to policy of FCI. But downward trend is witnessed in Mumbai, Pune etc. where the prices decreased due to FCI sold wheat to the millers and consumers' co-operatives societies at the rate of Rs.922 per quintal. But the stockists are not reluctant to sell wheat at lower price and therefore they are holding the stocks until they fetch a higher price. The arrival from M.P. remained very poor. According to a trader, FCI is likely to sell around 15000 tonnes of wheat in this market to check the prices up. Dara wheat mill quality traded at the range of Rs.1010-1012 per quintal.

However the wheat products like Atta, Maida Suji, and Chakki prices again fell down slightly in Delhi as the domestic demand for wheat products remained stagnant and the people are taking away from the market.

It is anticipated that the wheat price to deal on steady side on Friday at most of the mandis.

SPOT MARKET PRICE FOR WHEAT (In Rs./Quintal)

Markets	18.01.06	19.01.06
Delhi (Lawrence Road)	1037-1040	1030-1035
Haryana (Karnal)	970-975	970-975
Haryana (Khanna)	1010-1015	1015-1017
Ahmedabad	1035-1040	1045-1050
Ludhiana	960-965	960-965
Ludhiana (Jagraon)	960-965	960-965
Rajasthan (Kota)	961-965	970-975
Amritsar	1000-1005	1000-1010
Uttar Pradesh (Kanpur)	1000-1005	985-990
Uttar Pradesh (Bareilly)	994-996	980-985
Uttar Pradesh (Shahjahanpur)	987-992	990-995
Maharashtra	1015-1020	1010-1012
Madhya Pradesh (Satna)	925-930	925-930
Madhya Pradesh (Indore)	995-1005	980-990

PRICES OF WHEAT PRODUCTS IN DELHI (In Rs.)

Wheat Products	18.01.06	19.01.06
Atta (90kg)	1047	1036
Maida Grade 1(90kg)	1172	1163
Suji (50kg)	647	642
Chokar (50 kg)	357	357
Chokar (35 kg)	251	251
Chakki Atta (90kg)	985	980

INTERNATIONAL MARKET:

CBOT Wheat Remains Bearish amidst Technical Sales

Chicago board of Trade (CBOT) wheat futures traded on bearish side and settled on lower side Wednesday due to follow-through selling and losses in soybean and corn futures. Follow-through technical selling after the collapse yesterday along with continued export demand concerns and weakness in the other grains helped trigger the early selling pressures and first decisive move under the 40-day moving average since December 19th. The lack of new interest from index funds added to the bearish tone. CBOT March wheat closed lower 6.25 cents at \$3.225, below its 50-day moving average of \$3.253, while May finished down 5.25 cents at \$3.335 per bushel. March wheat support comes in at \$3.223 and \$3.15 with resistance at \$3.265 and \$3.325. Overnight US wheat export news, South Korea imported 20,000 tonnes of US wheat but other export news was slow. The dry climate for central and southern plains with the exception of a possible 0.25-inch rain in Kansas and Colorado has helped provide some underlying support. The weekly crop progress report out of Texas witnessed the winter wheat crop rated at 83% poor to very poor condition. Midday Gulf spot cash soft red winter wheat basis bids remained stable while cash interior basis bids remained mostly stable.

NEWS ANALYSIS:

Maharashtra Requires More Wheat from FCI

Shiv Sena MLC and conspirator of party's cell on essential commodities Kanhyalal Gidwani urged that the state government should demand for increase in the quota of wheat allocated to Maharashtra by the Food Corporation of India (FCI). The reason is hike up of bread prices, which have augmented by 25% in the recent. And also the prices are likely to rise further if wheat availability is not increase. FCI has fixed a quota of 15,000 tonne per month to Maharashtra, however it is too short than the actual demand of 1 lakh tonne. They have also demanded that 50,000 tonne of wheat should be ensured to the members of Maharashtra Bakers Association at a price below Rs.855 per quintal.

FCI Released Wheat in Maharashtra on Tuesday

The wheat prices have been increasing since several weeks but the prices now declined on Wednesday due to release of fresh stocks by the Maharashtra Government. The mill quality dara wheat decreased from a record Rs.1110-1120/quintal to Rs.1055-1065. According to a source, the arrivals from local markets have also enhanced to 800-1000 tonnes daily at APMC market this week. FCI has allotted 15,000 tonnes for January in Maharashtra. FCI released on Tuesday about 350 tonnes to local flourmills

and another 150 tonnes to consumers' co-operatives societies at the rate of Rs.922 per quintal. The Government has augmented its open market sale price by Rs.22 a quintal over the previous level. According to a trader, the prices are likely to be stable for some days though the amount is too low as compared with local domestic demand. The wheat prices had increased due to reports that stocks with traders in Navi Mumbai had declined to 50,000 bags.

ITGI Introduces Weather Insurance for Wheat Farmers

IFFCO-Tokio General Insurance Co. Ltd. (ITGI) is likely to launch of a unique weather insurance policy for the wheat farmers in India. The insurance offers cover against potential loss in the yield of wheat due to frost, heat stress as adverse temperatures during the Rabi season (Nov-March). The insurance will provide on the basis of frost during the month of January based on the daily minimum temperature and heat stress for the month of March against excessive heat. The policy will also cover possible damages to the crop caused by unseasonal rainfall occurring in maturity stages during the month of March - April. Wheat is cultivated mainly in Uttar Pradesh, Madhya Pradesh and Rajasthan where the policy will be available to farmers.

WEATHER OUTLOOK:

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NORTH: Isolated rain /Snow is likely over Jammu & Kashmir, Himachal Pradesh and Uttaranchal. Weather will be mainly dry over the rest region.

EAST: Isolated rain/thundershowers likely over northeast Assam and Arunachal Pradesh Weather will be mainly dry over the rest region.

SOUTH: Isolated rain/thundershowers are likely over Nicobar Islands. Weather will be **mainly dry** in the rest region.

WEST: Weather will be **mainly dry** over the region.

The prevailing weather condition is congenial for wheat crop but increasing in temperature might be adversely affected the coming wheat crop.

FOREX (As on 19th January, 2006):

Foreign Currency	Rs. per unit
1 US \$	44.36
1 Euro	53.70
100 Yen	38.52
1 British £	78.17