

Wheat

5th 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: January (Future)

NCDEX wheat futures opened strong and traded on mostly higher side today. January contract opened firm at Rs.809.80 where as it closed at Rs.808.60 yesterday. January contract settled up Rs.2.60 at Rs.811.20. The strong buying pressure kept the prices bullish. At the spot market in Delhi, the prices increased Rs.10-15 per quintal at the Lawrence road, which is also supported the futures market. Besides this government reported that there is no need to import wheat in this year.

Price Change:

Contracts	Closing	Previous	Change
January	811.20	808.60	+2.60

Indicators: All of the indicators are indicating strong ness of wheat prices.

Outlook: The wheat futures are expected to remain slight bullish on Thursday.

Advice: Go for long position.

Support and Resistance Levels:

The current resistance levels are at 815.2 and 817.0 marks and support levels are at 811.3 and 808.8 marks as very short term.

Contract	Support Level		Resistance Level	
	1 st	2 nd	1 st	2 nd
January	815.2	817.5	811.3	808.8



DEMAND, SUPPLY AND PRICES AT IMPORTANT CENTRES

DOMESTIC MARKET COMMENTARY

Wheat spot prices increased more than Rs.10-12 per quintal in Delhi today due to very less arrival from Haryana and U.P. The less stock in Haryana and U.P. kept the prices mostly strong in Delhi mandis. Wheat dara mill quality opened on mostly upper side at Rs.930 per quintal and has been trading at Rs.930-940 per quintal at Lawrence road in Delhi with average arrival of 3000-4000 bags. This amount is very less to offset the demand. The traders are speculating that FCI is likely to sell wheat in Delhi. The government is ruling out that there is no need to wheat import. Reported delay by the FCI in issuing fresh release orders to flour mills too aided the sentiment. The very less stock at most of the markets are pushing up the prices. At Narella, the dara wheat prevailed at Rs.880-890 per quintal with average arrival of 300-400 bags. Wheat

traded at Najafgarh mandis at Rs.885-895 per quintal today.

The wheat spot market in Uttar Pradesh also increased by Rs.15-20 per quintal at most of the trading centre due to brisk demand from mills and less stock at the market yards.

In Maharashtra market, wheat traded on mostly higher side today due to very less arrival of 5-7 trucks where as the demand was very high. The market has less stock. The most of the wheat is coming from M.P. According to trade sources, FCI is selling wheat to the millers in this State around Rs.890-900 per quintal.

The other markets also showed a positive sentiment today. In M.P., the freight rate has increased therefore the loading of wheat is now stopped. In Ahmedabad market, the arrival

remained poor at 2500-3000 bags therefore the prices increased to Rs.945-950 per quintal. The prices are likely to increase in the coming days, according to trade sources.

Wheat flour, Maida and Suji is also jumped up by Rs. 10 per bag on paucity of supplies today.

The wheat prices are expected to trade on bullish side on Thursday at most of the mandis.

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

Markets	03.01.06	04.01.06
Delhi (Lawrence Road)	918-920	935-940
Haryana (Karnal)	860-865	865-867
Ahmedabad	930-935	945-950
Ludhiana	840-850	850-855
Ludhiana (Jagraon)	830-835	835-840
Rajasthan (Kota)	868-870	885-890
Amritsar	865-870	870-875
Uttar Pradesh (Kanpur)	907-910	910-915
Uttar Pradesh (Bareilly)	893-895	904-907
Uttar Pradesh (Shahjahanpur)	927-930	940-945
Maharashtra	910-915	930-935
Madhya Pradesh (Satna)	870-875	870-875
Madhya Pradesh (Indore)	900-930	900-930

PRICES OF WHEAT PRODUCTS IN DELHI (in Rs.)

Wheat Products	03.01.06	04.01.06
Atta (90kg)	936	945
Maida Grade 1(90kg)	1030	1039
Suji (50kg)	568	573
Chokar (50 kg)	353	351
Chokar (35 kg)	241	239
Chakki Atta (90kg)	872-873	890

INTERNATIONAL MARKET:

CBOT Wheat Mostly Strong amidst Fund Buying

Chicago Board of Trade (CBOT) wheat futures remained strong and settled higher Tuesday amidst fund buying, with nearby Kansas City Board of Trade and Minneapolis Grain Exchange futures setting 2.5 month highs in spite of disappointing weekly U.S. wheat export inspections. The other factors were strength in the other grains, continued dryness in the southern plains and ideas that fund buyers will be active early this year helped support the early gains. CBOT March wheat settled up 6.75 cents at \$3.46, just below last week's 2.5-month high of \$3.47. May finished up 6.75 cents at \$3.555 per bushel. March wheat support comes in at 3.42 and 3.395 with 3.47 and 3.518 as next resistance. Spot cash U.S. soft red winter wheat basis bids remained mostly steady.

NEWS ANALYSIS:

India: Wheat Planting Increasing amidst Tight Supply

India's wheat plantings touched 24.3 million hectares in the 1st Nov- 2nd Jan periods, as against of 24.1 million hectares in the year-earlier period, according to the ministry of agriculture. India's wheat plantings are increasing this year due to tight supplies, farmers fetched good return and the possibility of imports in the near term. It was speculated by the U.S. wheat traders in early December that India would need to import wheat before March, however the Indian government has consistently denied that rumor. India's wheat production had hit a record of 76.4 million tons in 1999-2000 but has since seen a steady decline. The country produced only 72 million tons against a target of 79.5 million tons in 2004-05.

Wheat Import Not Feasible in India

According to the Agriculture Minister, there is no need to import wheat, as there is no shortage of the grain. According to Pawar, they are monitoring that the wheat prices on a regular basis, and he did not think that they have gone up. In the last two days, wheat mill delivery prices in Jaipur have increased by over Rs.30 per quintal. On Tuesday, the prices were in the range of Rs.930-935 per quintal. But traders are speculating that the wheat prices will go up by Rs.20-30 per quintal in the next few days. Where as according to the chief executive of ITC International Business Division (ITC-IBD), wheat imports could pull down prices and affect farmers' prospects. On the other hand, traders have been seeking wheat imports to hold rise in prices and protect the interest of consumers.

Argentina to Harvest around 12 MMT of Wheat

The Buenos Aires Cereals Exchange forecasted that Argentina should harvest 11.6 million metric tons of wheat in 2005-06. This forecast was based on better than expected yields in southeastern Buenos Aires Province, which is up from 11.4 million tons previously. The USDA, which has forecast the average yield this season at 2.39 tons/hectare, sees final Argentine wheat output totaling 12.1 million tons.

WEATHER OUTLOOK:

Isolated light rainfall/snowfall is likely over higher reaches of Jammu & Kashmir, Himachal Pradesh and Uttaranchal. Weather will be mainly dry over the rest of North region. Weather will be mainly dry over the East region. Rain/thundershowers are likely at a few places over Andaman & Nicobar Islands and Coastal Tamil Nadu & Pondicherry and isolated over rest Tamil Nadu, Kerala and Lakshadweep. Weather will be mainly dry in the rest region. The rainfall would be beneficial for wheat crop because the irrigation is necessary in tillering stage. At most part of the country, the crop is now in tillering stage and some are in sowing stage. But fog is not congenial for wheat crop if it persists in Morning also due to photosynthesis decreases.

FOREX (As on 4th January, 2006):

Foreign Currency	Rs. per unit
1 US \$	44.85
1 Euro	54.09
100 Yen	38.46
1 British £	78.46

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