

Wheat

10th 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)

Wheat Futures market showed a dreadfully bullish sentiment today at the NCDEX. Strong buying pressure and strong physical market price again pushed up the prices at the futures market. Government reduced subsidies on foodgrains and increased issue prices, which also supported the market sentiment. The most of the optimistic traders are holding their stocks due to less stock at the market yards. The futures price increased many folds today though the prices still remained far below than that of spot market. The January contract opened far above at Rs.840 and closed mostly up Rs.21.40 at Rs.859.40. January contract traded at the range of Rs.840-860 today.

Price Change:

Contracts	Closing	Previous	Change
January	859.40	838.00	+21.40

Indicators: Most of the indicators like Candlesticks, Price ROC and MA are hinting strong bullish sentiment of wheat prices. RSI and Stochastic is still present on overbought condition and indicating trend reversal. MACD is hinting bullishness of wheat prices as medium as well as long term.

Outlook: The prices are expected to remain bullish in the coming day.

Advice: Go for long position near 861.5 with target near 868.5, next 871.5 and put stop loss near 856.5.

Support and Resistance Levels:

The current resistance levels are expecting at 867.9 and 870.1 marks and support levels are at 859.5 and 856.5 marks as very short term.

Contract	Support Level		Resistance Level	
	1 st	2 nd	1 st	2 nd
January	859.5	856.5	867.9	870.1



DEMAND, SUPPLY AND PRICES AT IMPORTANT CENTRES

DOMESTIC MARKET COMMENTARY

Wheat spot prices climbed in Delhi today. The wheat market is continuing improve at most of the mandis in Delhi due to scarcity of arrival and very strong demand from mills and Chakki mills. Wheat dara mill quality opened at Rs.958-960 per quintal at Lawrence road in Delhi. The arrival remained moderate around 7000-8000 bags at Lawrence road today. NCDEX quality wheat is coming from Khanna. The arrival from U.P. remained poor. At Narella, the prices increased Rs.10-15 to Rs.910-915 per quintal with paucity of arrival and dara mill quality traded at Rs.915-920 per quintal at Najafgarh. Less arrival and strong demand from mills is aggravating the situation. The government intervention programme is also contributing on the prices up.

The wheat prices showed an awfully bullish sentiment in Uttar Pradesh market. Kanpur and Shahjahanpur market witnessed dreadfully price movement and traded on mostly upper side due to less stock and strong demand. At Bareilly market it traded at Rs.947-950 per quintal on higher side today as compared to previous day in Uttar Pradesh. In Shahjahanpur and Kanpur, the prices increased to Rs.965-967 and Rs.995-997 per quintal today. Heavy demand from flour and roller mills and short arrivals will only exacerbate the situation.

The prices touched its peak level in Ahmedabad market and hit Rs.1000 per quintal due to small number of arrival and awfully demand. The wheat prices remained at the range of Rs.995-1000 per quintal with average arrival of 700-800 bags. In Jaipur, the prices has again hit its peak

level to Rs.985-990 per quintal, which is lifetime high due to very less stock and paucity of arrival. In Kota market the prices further increased Rs.10-13 per quintal to Rs.910-915 per quintal. At Khairtal and Alwar market it traded on mostly upper side at Rs.855 and Rs.850-855 per quintal. The hopeful demand from Ahmedabad and other States kept the prices predominantly sturdy in this region.

Wheat prices are rising gradually in Maharashtra market about Rs.5-10 and touched to Rs.950-955 per quintal and have crossed its highest level. The average arrival is between 200-400 bags from M.P and local. The gifted demand from flour and roller mills and also Chakki mills is pushing up the prices.

In Ludhiana market, the wheat traded on upper side of Rs.920-925 per quintal with less arrival. At Jagraon, dara wheat traded at the range of Rs.875-880 per quintal.

The most of the market showed a bullish sentiment about wheat prices today and the overall sentiment for wheat is remarkably tough in India. A reduced amount of stock to the governments likely to 6-6.5 MMT to the FCI, great demand from the market, building stocks by the optimistic traders and speculators etc. are exacerbating the situation.

Wheat products like Atta, Maida Suji, and Chakki increased further due to dearth of arrival and high consumption demand.

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

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

Markets	07.01.06	09.01.06
Delhi (Lawrence Road)	942-945	958-960
Haryana (Karnal)	873-875	870-875
Ahmedabad	970-975	995-1000
Ludhiana	890-900	920-925
Ludhiana (Jagraon)	870-880	875-880
Rajasthan (Kota)	898-900	910-915
Amritsar	880-885	885-890
Uttar Pradesh (Kanpur)	948-950	965-967
Uttar Pradesh (Bareilly)	940-943	947-950
Uttar Pradesh (Shahjahanpur)	955-960	995-997
Maharashtra	945-950	950-955
Madhya Pradesh (Satna)	890-900	920-925
Madhya Pradesh (Indore)	925-935	940-945

PRICES OF WHEAT PRODUCTS IN DELHI (In Rs.)

Wheat Products	07.01.06	09.01.06
Atta (90kg)	959	966
Maida Grade 1(90kg)	1059	1073
Suji (50kg)	584	592
Chokar (50 kg)	355	357
Chokar (35 kg)	243	244
Chakki Atta (90kg)	900	930

INTERNATIONAL MARKET:

CBOT remained closed on Saturday.

NEWS ANALYSIS:

Indian Wheat Export Loosing Its Significance

According to the Agriculture and Processed Food products Export Development Authority (APEDA), high prices of Indian wheat is loosing its significance in the cereal group. This is due to its higher prices as compared to other wheat exporters Ukraine, Australia, Argentina and US. Besides this the wheat production is stagnant from several years but the consumption is still increasing therefore the wheat exports have gone crashing down by 52% and continuing its recent trend.

US Wheat Markets Stable Despite Bearish Export Report

U.S wheat futures managed its strong sentiment in last Tuesday, posting two-month highs on the first trading day of 2006 despite bearish reports of U.S. wheat exports. In fact, analysts observed that bearish fundamentals have been largely ignored as of late, resulting in a surge in U.S. wheat prices for December. Such soft reactions to bearish news could be illustrated again after the Jan. 12 release of the USDA report, because traders anticipate low figures for winter wheat plantings and final 2005-06 productions. In other global news, U.S. traders are confident that India shortly will need to import U.S. wheat since India's crop output has fallen steadily since 2000. But the Indian government, ruled out such that circumstances. Mixed results in Wednesday's trade revealed some of the tension felt in the markets, and it finally took hold Thursday as wheat futures fell across the board. Traders looked to next week's official report to weigh in on the bearish outlooks.

WEATHER OUTLOOK:

Prevailing cold wave to severe cold wave conditions over most parts of J&K, Punjab, Haryana, Rajasthan; Uttar Pradesh and parts of Bihar are likely to continue during next 24Hrs. Thereafter the night temperatures over northwest India are likely to increase by about 3 degree C during 11-12 January. Frost may continue over parts of Punjab, Haryana, Rajasthan and Uttar Pradesh during next 24 Hrs. A weak western disturbance is likely to affect J&K in next 24 Hrs. and move in east-north-eastward direction across hilly regions of J&K & H.P. Under its influence hilly regions of NW India viz. J&K, H.P. and Uttranchal likely to experience scattered snowfall during 10-12. Under the influence of an easterly wave, scattered rainfall activity is expected over southern Peninsular India during next 2-3 days.

ZONE-WISE WEATHER FORECAST FOR NEXT 5-DAYS

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

Scattered snowfall is likely over J&K, H.P. and Uttaranchal during next 3 days. Isolated rain may occur over adjoining parts of Punjab and Haryana.

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

The region is likely to experience mainly dry weather during next 5 days.

CENTRAL INDIA [MP, CHATTISGARH, VIDARBHA]

Mainly dry weather is likely.

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

South Tamilnadu, Kerala and Lakshadweep are likely to receive scattered rainfall during next 2-3 days.

Source: NCMRWF

Recommendation: The severe cold wave will help crops like wheat. The over all weather condition is very congenial for wheat crop and production is likely to go up in this year.

FOREX (As on 9th January, 2006):

Foreign Currency	Rs. per unit
1 US \$	44.28
1 Euro	53.77
100 Yen	38.87
1 British £	78.42

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