

Wheat

15th 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 at the NCDEX remained slight weak today. The steady market sentiment at the physical market also put some pressure on the futures market. The January contract remained slightly weak. This contract touched Rs.901 but it did not sustained and fell down due to slight selling pressure. The January contract opened slight low at Rs.898 and settled slightly low Rs.2.00 at Rs.896.40. January contract traded at the range of Rs.893.00-901.00 today.

Price Change:

Contracts	Closing	Previous	Change
January	896.40	898.40	-2.00

Indicators: Most of the indicators are indicating slight bearish sentiment of wheat futures where as Candlesticks and MA is hinting slight upward ness.

Outlook: The prices are anticipated to remain slight strong in the coming week.

Advice: Go for long position near 896.5 with target near 902.0, next 906.7 and put stop loss near 890.0.

Support and Resistance Levels:

The current resistance levels are expecting at 901.1 and 906.7 marks and support levels are at 885.4 and 879.8 marks as very short term.

Contract	Support Level		Resistance Level	
	1 st	2 nd	1 st	2 nd
January	885.4	879.8	901.1	906.7



DEMAND, SUPPLY AND PRICES AT IMPORTANT CENTRES

DOMESTIC MARKET COMMENTARY

The wheat prices witnessed steady sentiment in Delhi today ahead of the weekend. The dara wheat mill quality opened at Rs.1017-1020 per quintal and traded at the range of Rs.1020-1025 per quintal at the Lawrence road in Delhi due to stable demand. The arrival remained at around 8000-10000 bags from U.P., Haryana and M.P. at this mandis. The news that FCI is likely to sell wheat to the millers in the coming week kept the prices restricted and therefore the demand from mills remained stable. FCI is likely to sell wheat around 1.5 lakhs bags at the price of Rs.844 per quintal in the coming week, according to trade sources. At Narella mandis, wheat has traded at Rs.975-980 per quintal on lower side with 500-600 bags arrival and

it prevailed at Rs.970-975 per quintal on lower side at Najafgarh today.

In Madhya Pradesh market, wheat prices remained slight weak due to stagnant demand and prevailed at Rs.975-980 per quintal. The market activity remained poor due to the holiday for Makar Sankranti.

In Uttar Pradesh market, the wheat prices remained stable today due to stable demand-supply scenario. The rumour that FCI would sell wheat in this market restricted the prices up. FCI did not sell wheat in the region, according to trade sources. They also noted that the States has stock around 1-2 lakh quintal. It is not sufficient to meet the demand until

March. At Kasgang, the wheat has traded at the range of Rs.910-915 per quintal with arrival of 1200-1500 quintal on steady range. Bareilly, Shahjahanpur and Kanpur market witnessed steady undertone today.

In Haryana market, FCI is expected to sell around 60000 bags of wheat at the rate of Rs.858 per quintal to the millers, according to the market sources. Therefore the prices decreased at most of the mandis. Despite FCI's selling the prices continued to rise due to the very strong demand and this amount of wheat is not sufficient to meet the domestic demand.

The most of the mandis in Ahmedabad, Rajasthan, M.P., Punjab and Maharashtra remained closed due to Makar Sankranti. Therefore the trading activity remained very poor in this market.

However the wheat products like Atta, Maida Suji, and Chakki prices are steady and FCI sold wheat to the millers. In Delhi market, the wheat products remained almost steady.

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

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

Markets	13.01.06	14.01.06
Delhi (Lawrence Road)	1020-1025	1020-1025
Haryana (Karnal)	975-980	965-967
Haryana (Khanna)	985-990	985-990
Ahmedabad	990-1000	Closed
Ludhiana	945-950	Closed
Ludhiana (Jagraon)	885-890	Closed
Rajasthan (Kota)	955-960	Closed
Amritsar	940-945	Closed
Uttar Pradesh (Kanpur)	1005-1010	1005-1007
Uttar Pradesh (Bareilly)	998-1003	1000-1003
Uttar Pradesh (Shahjahanpur)	1108-1010	1007-1010
Maharashtra	985-990	Closed
Madhya Pradesh (Satna)	920-925	915-920
Madhya Pradesh (Indore)	990-1000	975-980

PRICES OF WHEAT PRODUCTS IN DELHI (In Rs.)

Wheat Products	13.01.06	14.01.06
Atta (90kg)	1065	1065
Maida Grade 1(90kg)	1181	1181
Suji (50kg)	652	652
Chokar (50 kg)	382	382
Chokar (35 kg)	262	262
Chakki Atta (90kg)	1000	1000

INTERNATIONAL MARKET:

CBOT Wheat Strong Encouraged by KCBT

Chicago Board of trade (CBOT) wheat futures witnessed bullish undertone Friday, bolstered by again Kansas City

Board of Trade hard red winter wheat futures on concerns about higher protein U.S. hard wheat supplies. CBOT March wheat settled up 1.5 cents at \$3.348; while May gained 1.25 cents at \$3.453 per bushel. The market opened firm due to lack of new selling interest though the market was called to open lower. A lack of new buying interest pushed futures slightly lower on the day shortly after the opening. Strength in Kansas City wheat because of lower than anticipated sowing acreage for hard red winter wheat along with a continued mostly dry and warm outlook for the southern plains helped to support. Export news is slow and cash markets stable which limited the support from the weather. March wheat support comes in at \$3.308 and \$3.285 with resistance at \$3.353 and \$3.38.

NEWS ANALYSIS:

U.S. Wheat Plantings Remaining Down

The U.S. Department of Agriculture said Thursday 2006 U.S. HRW wheat plantings totalled only 29.9 million acres, which is below analysts' estimates and below about 1% from last year's seedings. The acreage drop reflected sharp winter wheat acreage reductions in Northern Plains states, where bullish estimates of a possible reduction in spring wheat plantings are alongside emerging on news of a 23-cent drop in county loan rates in key hard red spring wheat grower North Dakota. Moreover, North Dakota sources noted the recent expansion of pea, sunflower and corn acreage at the expense of wheat - particularly after last year's wheat disease troubles - could predominate this year.

Wheat Market Remained too Hot in India

The most of the mandis remained very strong on Thursday but news that FCI is likely to sell wheat at the open market pulled down the prices slightly though the current position is too above as compared to last week as well as last year. FCI is expected to sell around 1.5-2 lakh MT of wheat at the coming week at the open market. The government has decided to sell wheat in the open market due to paucity of stocks and therefore they will be sold wheat in the States that face a shortage. Prices of wheat in India's open market have jumped in recent weeks on tight supplies and fears of a shortage; however both government and industry officials have denied the need for imports ahead of the spring harvest. The positive factor was less arrival at the market yards. Recently the prices were quite heated up. We don't see any sharp downward movement further. The wheat products like atta, maida, suji and Chakki atta were mostly heated up in the country due to the higher prices of mill quality wheat and strong demand of wheat products. Indian wheat sources said the country's crop could reach 74 million to 76 million metric tons this year depending on upcoming weather. India produced 72 million tons of wheat last year.

WEATHER OUTLOOK:

Cold wave conditions have been lifted by the impending passage of a western disturbance approaching the J&K and adjoining parts of NW India. Under its influence, scattered to fairly widespread snowfall over hilly region of NW India and isolated rains over adjoining plains of NW India is expected in coming days. The existing upper air cyclonic circulation over the south west Bay of Bengal has got organized in to a low pressure area during the last 24-hrs. It is likely to move in predominant westerly direction in coming days and cause scattered to fairly widespread rains over south Tamilnadu, Kerala and Lakshadweep in coming

days. It is expected that this system might emerge in to eastern Arabian Sea and continue to persist as well.

ZONE-WISE WEATHER FORECAST FOR NEXT 5-DAYS

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

Scattered to fairly widespread snowfall/rains is likely over J&K, H.P. and Uttaranchal and isolated rains over adjoining Punjab and Haryana in coming days.

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

The region is likely to experience mainly dry weather with fog in morning and late evenings particularly over parts of east U.P. and Bihar.

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 isolated to fairly widespread rainfall in coming days.

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

Mainly dry weather is expected to prevail.

Source: NCMRWF

FOREX (As on 14th January, 2006):

Foreign Currency	Rs. per unit
1 US \$	44.90
1 Euro	53.46
100 Yen	39.28
1 British £	79.68

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