

Wheat

12th 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 crossed its peak level of yesterday and touched new peak level today. The futures market dipped drastically at the first session but buying pressure again pushed up the prices to a record new level but did not sustain that level and settled on mostly upper side for January contract. Moderate buying pressure and strong physical market price again pushed up the prices at the futures market. The most of the hopeful traders are holding their stocks amidst strong demand at the physical market. The futures price increased today though the gap between physical and futures market is still increasing. The January contract opened above at Rs.896.60 and closed up Rs.8.60 at Rs.905.00 and went to Rs.916.20, which was lifetime high. January contract traded at the range of Rs.879.20-916.20 today.

Price Change:

Contracts	Closing	Previous	Change
January	905.00	896.40	+8.60

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

Outlook: The prices are expected to remain bullish in the coming day. But trend reversal might be possible after the Midsession.

Advice: Go for long position near 884.5 with target near 910.0, next 915.0 and put stop loss near 865.0.

Support and Resistance Levels:

The current resistance levels are expecting at 921.06 and 930.7 marks and support levels are at 884.06 and 863.13 marks as very short term.

Contract	Support Level		Resistance Level	
	1 st	2 nd	1 st	2 nd
January	884.06	863.13	921.06	930.7



DEMAND, SUPPLY AND PRICES AT IMPORTANT CENTRES

DOMESTIC MARKET COMMENTARY

The market sentiment for wheat showed a dreadfully bullish sentiment today at most of the trading centre in Delhi. Again less arrival and less stock pushed up the markets many folds. Wheat dara mill quality opened at Rs.1025-1027 and traded at Rs.1035-1040 per quintal at Lawrence road in Delhi. The average arrival is remained around 4000-5000 bags from Khanna, Karnal and U.P. The NCDEX quality wheat is arriving from Khanna. The demand from flour, roller and Chakki mills remained awfully strong. The market is continuing keep watchful eyes on FCI's selling, but there was no news to sell wheat in Delhi by FCI. FCI is likely to sell around 2-lakh MT of wheat at spot market in India to check the price, according to a source. At Narella,

the prices increased to Rs.940-945 per quintal with average arrival of 100-200 bags and wheat is quoted at Rs.935-940 per quintal at Najafgarh. The overall sentiment is remaining too strong in Delhi regarding on wheat.

In Madhya Pradesh market, Wheat prices increased to Rs.990-1000 per quintal with 5-10 trucks. The demand remained strong and lees arrival kept the prices very hot in the market.

The wheat prices traded on mostly higher side in Uttar Pradesh market. The most of the mandis showed a positive undertone. At Bareilly market it traded at Rs.970-973 per

quintal on higher side today as compared to previous day in Uttar Pradesh. In Shahjahanpur and Kanpur, the prices increased to Rs.1000-1005 and Rs.988-992 per quintal today. Heavy demand from flour and roller mills and short arrivals will only exacerbate the situation.

In Ahmedabad, the prices again drastically increased and has crossed its highest level and traded at Rs.1025-1030 per quintal due to shortage of arrival and strong demand. In Jaipur, wheat traded at Rs.1010-1020 per quintal due to very less stock and dearth of arrival. In Kota market the prices increased today and prevailed at Rs.943-945 per quintal. At Khairtal and Alwar market it traded on steady range at Rs.855-860 and Rs.850-855 per quintal. The great demand from Ahmedabad and other States kept the prices mainly strong in this region.

Tight demand and very less arrival again pushed up the prices in Amritsar market. Wheat dara mill quality has traded at the range of Rs.940-950 per quintal. The godown stocks were sold in this market but very few. Wheat quoted at Rs.1040-1060 per quintal in Mumbai and Pune market.

The wheat prices remained dreadfully strong in Maharashtra market due to negligible arrival and strong demand. Wheat traded at the range of Rs.985-990 per quintal with 100-150 bags arrival. The exceptional demand from flour and roller mills and also Chakki mills is rolling up the prices.

The wheat prices remained dreadfully hot at most of the trading centre in India. The wheat prices prevailed on its lifetime high position at most of the trading point. If government does not sell wheat at the open market then the prices would be rolling up day by day. Less stock at the market yards as well as FCI, strong demand from flour and roller mills as well as Chakki mills etc. kept the sentiment burning. FCI has decided to release around 2 lakh metric tonnes of wheat in the open market to restrict the price rise. But they did not disclose the market price and place where they will sell wheat.

Wheat products like Atta, Maida Suji, and Chakki jumped Rs.35-45 and traded on mostly higher side I Delhi market amidst dearth of arrival and high consumption demand.

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

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

Markets	10.01.06	11.01.06
Delhi (Lawrence Road)	978-980	1035-1040
Haryana (Karnal)	925-930	925-930
Ahmedabad	1010-1015	1025-1030
Ludhiana	930-935	940-945
Ludhiana (Jagraon)	875-885	885-890
Rajasthan (Kota)	910-915	943-945
Amritsar	890-895	940-950
Uttar Pradesh (Kanpur)	973-975	988-992
Uttar Pradesh (Bareilly)	955-957	970-973
Uttar Pradesh (Shahjahanpur)	995-1000	1000-1005
Maharashtra	960-965	985-990
Madhya Pradesh (Satna)	925-930	950-970

Madhya Pradesh (Indore)	940-945	990-1000
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PRICES OF WHEAT PRODUCTS IN DELHI (In Rs.)

Wheat Products	10.01.06	11.01.06
Atta (90kg)	984	1020
Maida Grade 1(90kg)	1091	1136
Suji (50kg)	602	627
Chokar (50 kg)	358	367
Chokar (35 kg)	248	252
Chakki Atta (90kg)	960	1000

INTERNATIONAL MARKET:

CBOT Wheat Mostly Strong amidst Index Fund Buying

Chicago Board of Trade (CBOT) wheat futures witnessed bullish undertone and finished mostly higher Tuesday amidst late index fund buying, a slight technical rebound after recent losses and late gains in CBOT corn futures. Weakness in soybeans also supported the market into the mid-session after the higher opening with technical traders turning more aggressive sellers after the weak action of the past several days. On the other hand, Kansas City Board of Trade hard red winter wheat futures also remained high. The estimates that the U.S. Department of Agriculture will report Thursday tighter HRW stocks and only a 3% increase in 2006 U.S. HRW winter wheat seedings, which was also supported the market. As well, grain analysts forecast the USDA would report Thursday a 5.6% gain in U.S. winter wheat acres, a 19% gain in U.S. soft red winter wheat acreage, and a 5.2% boost in white wheat plantings. CBOT March wheat closed up 2.75 cents at \$3.293; while May finished up 2.5 cents at \$3.395 per bushel.

NEWS ANALYSIS:

FCI Likely to Release Wheat to Check Prices

According to Agriculture Ministry Sharad Pawar, India will put on hold its decision to cut grain subsidies for the poor and will release additional wheat to check the price rise. The current stock position to the FCI was at 6.2 million tonnes as on January 1 this year and would decrease further down to mere 1.5 million tonnes by April 1, which will be below the buffer norm of 4 million tonnes for April. Mr. Pawar reported that centre had also decided to release 1.5 lakh tonnes of wheat in the open market every month to keep the prices in check. The FCI currently holds around 8 million tonnes of buffer stock.

Global Wheat Outlook

In U.S. wheat export news, Japan required 61,000 tons of U.S. wheat in an overall tender for 146,000 tons. The French state grains board, Office National Interprofessionnel des Cereals, or ONIC, on Tuesday projected 2005-06 French soft wheat output at 35.714 million metric tons, which is just lower the December forecast of 35.697 million tons, but a little above the 35.569 million tons estimated a year ago. In global wheat news, Morocco is tendering to import 350,000 metric tons of European Union wheat, according to a source. Syria delayed a tender to sell 100,000 metric tons of Syrian wheat until Jan. 16, and Taiwan imported 30,000 tons of Australian wheat. The managing director of Food

Corporation of India, imports were not necessary or expected ahead of the country's harvest in March.

WEATHER OUTLOOK:

Cold wave conditions prevailed over isolated pockets of Kashmir division, Uttaranchal, East Uttar Pradesh, West Rajasthan, Bihar, Orissa and Gangetic West Bengal. The lowest minimum temperature of -0.8° C was recorded at Adampur (Punjab). The western disturbance as an upper air system over Jammu & Kashmir and adjoining North Pakistan has moved away north-eastwards. The upper air cyclonic circulation over Southwest Bay of Bengal persists and extends up to 2.1 km a.s.l.

FORECAST:

Ground frost is likely over some parts of Punjab, Haryana, North Rajasthan, Uttar Pradesh and Bihar during next 1-2 nights.

NORTH: Weather will be mainly dry over the region.

EAST: Weather will be mainly dry over the region.

SOUTH: Isolated Rain/thundershowers are likely over Andaman & Nicobar Islands, Tamil Nadu & Pondicherry,

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Lakshadweep and Kerala. Weather will be **mainly dry** in the rest region.

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

Source: IMD

Recommendation: The severe cold temperature in North India, sufficient sunshine and absence of fog is congenial for the crop because it enhances the photosynthesis. Bright sunshine and low temperatures offer an ideal climate for the wheat crop, and therefore the outlook for wheat yield is positive.

FOREX (As on 11th January, 2006):

Foreign Currency	Rs. per unit
1 US \$	44.04
1 Euro	53.06
100 Yen	38.38
1 British £	77.25