

Wheat

18th 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 maintained its slight strong sentiment and traded on slight higher side today. The slight strong physical market sentiment bolstered the futures market slight up although the market has accomplished to mostly strong position but after midday the slight strong selling pressure pulled down the prices and settled on slight higher side. The February contract settled slightly up today. This contract touched Rs.917 but it did not sustained and fell down. The February contract opened firm at Rs.909.80 and settled slightly up Rs.2.60 at Rs.911.40. February contract traded at the range of Rs.908-917 today.

Price Change:

Contracts	Closing	Previous	Change
February	911.40	908.80	+2.60

Indicators: Most of the indicators are indicating slight bullish sentiment of wheat futures where as PROC and Stochastic is hinting bearishness of wheat prices.

Outlook: The prices are anticipated to remain slight bullish but trend reversal might be possible in the coming days.

Advice: Go for long position near 912.0 with target near 917.0, next 919.5 and put stop loss near 905.0.

The current resistance levels are expecting at 919.0 and 924.2 marks and support levels are at 906.2 and 900.0 marks as very short term.

Contract	Support Level		Resistance Level	
	1 st	2 nd	1 st	2 nd
January	906.2	900.0	919.0	924.2



Support and Resistance Levels:

DEMAND, SUPPLY AND PRICES AT IMPORTANT CENTRES

DOMESTIC MARKET COMMENTARY

Wheat spot prices improved at the domestic market in Delhi today. Though the prices is moving within the range of Rs.1030-1040 per quintal from two days due to the government policy. The news that FCI is likely to sell 1.50 lakh bags of wheat to the millers, therefore the millers and traders are now waiting for confirmation. The news is expected to confirm in this week. At the Lawrence road, wheat dara mill quality opened today at Rs.1030-1031 per quintal and traded at the range of Rs.1030-1035 per quintal, which has increased about Rs.5-10 per quintal as compared to yesterday. The arrival remained stable at 8000-9000 bags from Haryana, M.P. and U.P. The demand is relatively quite high but the millers are now keep watchful eye on the FCI's decision. Therefore they are now some

what stay away from the market and did not pull heavy amount of wheat from the market. At Narella mandis, wheat has quoted at the rate of Rs.985-990 per quintal with 350-450 bags of arrival. Wheat has traded at Rs.980-985 per quintal at Najafgarh market today.

In Uttar Pradesh market, the wheat prices remained stable today due to stable demand-supply scenario except Bareilly market where the prices fell slightly. 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. According to the traders, if FCI does not sell wheat then the prices would hit Rs.1450-1500 per quintal. 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 quoted at the range of Rs.910-915 per quintal with arrival of 1200-1500 quintal on steady range.

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. About 12000 bags are likely to sell within this week. Therefore the prices remained almost stable at most of the mandis.

In Amritsar market, the wheat prices remained slight strong at Rs.1005-1010 per quintal with weak arrival of 6000-8000 bags. The market activity remained slight poor in Amritsar and Ludhiana market due to rain.

The wheat prices increased by Rs.5-10 per quintal in Maharashtra market due to paucity of arrival and good demand from the mills. 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 wheat in this market to check the prices up. Dara wheat mill quality traded at the range of Rs.1015-1020 per quintal.

However the wheat products like Atta, Maida Suji, and Chakki prices are steady due to the speculation that FCI is likely to sell wheat to the millers. In Delhi market, the wheat products remained almost steady for this ground.

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

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

Markets	16.01.06	17.01.06
Delhi (Lawrence Road)	1025-1030	1030-1035
Haryana (Karnal)	970-975	970-975
Haryana (Khanna)	995-997	997-1000
Ahmedabad	1000-1005	1007-1010
Ludhiana	950-960	955-960
Ludhiana (Jagraon)	950-960	955-960
Rajasthan (Kota)	944-946	952-957
Amritsar	1000-1005	1005-1010
Uttar Pradesh (Kanpur)	1000-1005	1000-1005
Uttar Pradesh (Bareilly)	1000-1003	990-995
Uttar Pradesh (Shahjahanpur)	987-992	987-992
Maharashtra	1010-1015	1015-1020
Madhya Pradesh (Satna)	920-925	920-925
Madhya Pradesh (Indore)	985-990	990-1000

PRICES OF WHEAT PRODUCTS IN DELHI (in Rs.)

Wheat Products	16.01.06	17.01.06
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 remained closed on Monday.

NEWS ANALYSIS:

Wheat Consumption Likely to Hit 21.5 MMT in Pakistan

In Pakistan, the domestic wheat consumption is likely to hit a record of 21.5 million tons at the end of the current financial year against the consumption of 20.9 MMT in the previous fiscal, according to a source. In spite of the imposition of regulatory duty of 15% on wheat flour, which had depressed the flour exports for the past several months, the domestic consumption had gone very high this fiscal. The country is likely to prolong to import wheat in the next fiscal if the production target of 22 MMT was missed this fiscal. The sufficient water is available for irrigation and this will play an important role in increasing wheat production that stood at 21.6 million tons in the previous fiscal. The official said consumption could further increase, as the withdrawal of regulatory duty on wheat flour would encourage flour export, especially to Afghanistan. But the wheat consumption is gradually increasing. Therefore, the yield per acre must be increased and the government was taking all-necessary measures to increase per acre yield to 12 quintal against the present average yield 10 quintal an acre.

China: Wheat Production Likely to Up by 6%

The world's biggest wheat consumer China was likely to produce 6% more wheat in previous year, with harvests helped by favourable weather, according to Shang Qiangmin, head of the China National Grain and Oils Information Center. China most likely produced 97.5 MMT of wheat in 2005, over 92 MMT in 2004. Therefore the wheat export will hurt the world's largest wheat exporters, namely the U.S., Canada, Australia and Argentina. Wheat imports to China might drop to 2 million tons in the year ending May 31 from about 8.2 million tons in the preceding 12 months, according to the China National Grains & Oils Information Center.

Australia Expected to Harvest 23-25 MMT Wheat

According to Australian agribusiness AWB Ltd. (AWB.AU), the current wheat production is forecasted within the range of 23-25 million metric tonnes (MMT) with the harvest about 95% complete. The quality of the crop is reported to good as no significant weather damage to grain noted. Harvesting of late-planted crops is still in progress in southern growing areas. After domestic demand of about 5.5 MMT is met, the balance of production is available for export, making Australia an important supplier for the global market, and suggesting that almost 20 MMT could be available for export from the new crop. Last week, the U.S. Department of Agriculture forecasted for Australia's new crop wheat at 24.0 million tons. USDA estimated actual production was at 22.6 million tons in the last year.

WEATHER OUTLOOK:

As per the earlier assessment, the western disturbance is affecting J&K and adjoining hilly parts of NW India and the same conditions are to continue over NW India till 18th January 2006. Under its influence, scattered to fairly widespread snowfall over hilly regions of NW India (J & K, Himachal and Uttaranchal) and isolated to scattered rains over adjoining plains of NW India (Punjab, Haryana-including Chandigarh and Delhi, Western Uttar Pradesh, Rajasthan) is expected in coming days except for a short

duration of 19-20 January, 2006, where appreciable fall of night temperatures could be seen. **Starting from 21st January 2006, a fresh western disturbance is likely form over NW Indian hills.** Scattered to fairly widespread rains have been realized over Kerala, Lakshadweep, NE States, J &K, Himachal, Uttaranchal, Punjab, NW Rajasthan for the last 24-hrs. Yesterday's low-pressure area lies now over the Arabian Sea. It is likely to move in predominant west-north-westerly direction and dissipate gradually.

The prevailing weather condition is congenial for wheat crop and if this weather continues then production is likely to go up.

FOREX (As on 17th January, 2006):

Foreign Currency	Rs. per unit
1 US \$	44.31
1 Euro	53.73
100 Yen	38.53
1 British £	78.30

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