

Wheat

13th 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 bounced back from its recent gains level and settled on mostly lower side today amidst technical correction. The January contract remained mostly strong at the first session but tremendous selling pressure at the mid day pulled down the prices lower. The prices decreased after the mid day at physical market also supported the futures market. The most of the stockist are releasing their stocks due to mostly strong price and worries that FCI will sell wheat at the open market. The January contract opened low at Rs.905 and settled mostly down Rs.14.40 at Rs.892.60. January contract traded at the range of Rs.885-922 today.

Price Change:

Contracts	Closing	Previous	Change
January	892.60	907.00	

Indicators: Most of the indicators like Candlesticks, Price ROC and MA are indicating strong bearish sentiment of wheat futures. RSI and Stochastic is still remained on overbought condition and indicating weak undertone. MACD is remaining at positive zone and indicating bullishness of wheat prices and as medium as well as long term.

Outlook: The prices are anticipated to remain bearish in the coming day.

Advice: Go for short position near 895.0 with target near 885.0, next 878.0 and put stop loss near 910.0.

Support and Resistance Levels:

The current resistance levels are expecting at 914.7 and 926.5 marks and support levels are at 877.7 and 862.9 marks as very short term.

Contract	Support Level		Resistance Level	
	1 st	2 nd	1 st	2 nd
January	877.7	862.9	914.7	926.5



DEMAND, SUPPLY AND PRICES AT IMPORTANT CENTRES

DOMESTIC MARKET COMMENTARY

Wheat spot prices improved further at the domestic market at the morning. Wheat dara mill quality opened at Rs.1050-1055 per quintal at Lawrence road in Delhi with slight higher arrival of 7000-8000 bags from Haryana and U.P. The NCDEX quality wheat is arriving from Khanna. However this amount of arrival can not offset the strong demand therefore the prices are increasing. The demand for wheat products is also increasing. According to a trader, the prices went up to Rs.1060-1065 per quintal at this mandis yesterday. But, the wheat prices fell down after midday due to stagnant demand and released stocks by the traders and therefore the prices went to Rs.1040-1045 per quintal at the last hour of trading. At Narella, the wheat prices also increased to Rs.960-965 per quintal with

average arrival of 300-400 bags. Wheat has been trading at Rs.950-955 per quintal at Najafgarh today.

In Madhya Pradesh market, wheat prices remained slight steady to high and prevailed at Rs.990-1000 per quintal with arrival of 10-15 trucks in Indore market. The demand remained saturated.

In Uttar Pradesh market, the wheat has traded at steady range at Kanpur but it remained strong in Bareilly and Shahjahanpur market. The most of the mandis showed a positive undertone.

In Ahmedabad, the prices again drastically increased at the first hour of trading and has crossed its highest level and

traded at Rs.1045-1050 per quintal due to shortage of arrival and strong demand. But after midday the prices dropped to Rs.1025-1030 per quintal due to millers stopped their purchasing of wheat. The market already reached its highest peak level and therefore no body is not interested to purchase wheat from the market. They are depended on FCI. According to a trader, five international companies are taking the godowns in Gujarat for procurement of wheat in this current year. In Jaipur, wheat traded at Rs.990-1000, dropped from Rs.1025-1030 per quintal due to stagnant demand and stocks are releasing by the stockists. In Kota market the prices increased today and prevailed at Rs.975-980 per quintal. At Khairtal and Alwar market it traded on higher range at Rs.925-930 and Rs.925-930 per quintal.

The wheat prices increased to Rs.995-1000 per quintal but fell down after that and traded at RS.985-990 per quintal due to saturated demand. The millers are staying away from the market due to mostly higher price.

It is witnessed that the wheat prices remained dreadfully hot at most of the trading centre in India at the first hour of trading session but later it fell down and market did not grasped the strong sentiment due to millers are stay away from the market amidst the prices go beyond from the normal level. 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 again. 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.

However the wheat products like Atta, Maida Suji, and Chakki price are going beyond from the normal level and remained very burning at the market. In Delhi market, the wheat products jumped to Rs.45-50 and traded on mostly higher side amidst dearth of arrival and high consumption demand.

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

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

Markets	11.01.06	12.01.06
Delhi (Lawrence Road)	1035-1040	1040-1045
Haryana (Karnal)	925-930	945-950
Ahmedabad	1025-1030	1025-1030
Ludhiana	940-945	945-950
Ludhiana (Jagraon)	885-890	885-890
Rajasthan (Kota)	943-945	975-980
Amritsar	940-950	940-950
Uttar Pradesh (Kanpur)	988-992	987-990
Uttar Pradesh (Bareilly)	970-973	986-990
Uttar Pradesh (Shahjahanpur)	1000-1005	1007-1012
Maharashtra	985-990	985-990
Madhya Pradesh (Satna)	950-970	950-970
Madhya Pradesh (Indore)	990-1000	990-1000

PRICES OF WHEAT PRODUCTS IN DELHI (in Rs.)

Wheat Products	11.01.06	12.01.06
Atta (90kg)	1020	1065
Maida Grade 1(90kg)	1136	1181
Suji (50kg)	627	652
Chokar (50 kg)	367	382
Chokar (35 kg)	252	262
Chakki Atta (90kg)	1000	1000

INTERNATIONAL MARKET:

CBOT Wheat Strong amidst Late Speculative Buying

Chicago Board of Trade (CBOT) wheat futures traded on bullish side and finished up Wednesday amidst late speculative buying. A lack of new export news and the higher-protein hard wheats leading in front of the U.S. Department of Agriculture's seedings and quarterly stocks data, which will be released on Thursday helped to pressure the market early in the session with traders looking for a jump of near 5% in winter wheat planted acreage. Apart from this, the extended weather maps witnessed a few chances of rain for the southern plains for next week and after weeks of dryness, any rain in the region of Oklahoma and Texas should be recommended a negative impact on crop. CBOT March wheat finished up 1.25 cents at \$3.305; while May settled up 1.75 cents at \$3.413 per bushel. March wheat support comes in at 3.27 and 3.245 with resistance at 3.325 and 3.353.

NEWS ANALYSIS:

Wheat: Cold Wave Likely to Affect Crop Yield

The running cold wave in Northern India might be affecting on the wheat crop yield. It is also supported the futures market to boost up. According to agricultural experts, if the cold wave, together with fog, carries on for one more week, it can hit yield of the crop in Punjab. A moment ago, the wheat crop in Punjab, Uttar Pradesh, Haryana and Rajasthan has gained in yield following this cold wave. At present, the prices are expecting to remain high at the spot market due to fresh demand as a tight demand-supply scenario. The prices would be softening only when new crop arrivals begin late March. Futures prices, however, continue to maintain lower than the spot by about Rs.140-145 per quintal for a month now and are likely to continue this trend for another two months, till the new crop hits in the market. This is following high premiums that delivery centres (like Khanna and Karnal) command. For example, in case of ex-Khanna (in Punjab) delivery, prices are at a premium of Rs.45 per quintal over market rates.

U.S. Wheat Outlook

According to forecast of Grain analysts of US, the USDA will report Thursday that tight HRW stocks and only a 3% increase in 2006 U.S. HRW winter wheat seedings to 30.8 million acres. They also projected that the USDA would report Thursday a 5.6% gain in U.S. winter wheat seedings to 42.6 million acres, a 19% gain in U.S. soft red winter wheat plantings to 7.30 million acres, and a 5.2% boost in white wheat plantings to 4.47 million acres. The USDA was anticipated to report a Dec. 1 periodical U.S. wheat stock at 1.418 billion bushels, below last year's 1.430 billion, they noted. And grain analysts forecast the USDA would estimate 2005-06 U.S. wheat ending stocks at 522 million

bushels, below its December forecast of 530 million and below last year's 540 million. The USDA will release its report on Thursday.

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 valid for next 72 hours

NORTH: Weather will be mainly dry over the over region.

EAST: Weather will be mainly dry over the region.

SOUTH: Rain/thundershowers are likely at a few places over southern parts of Tamil Nadu and Kerala. Isolated

rain/thundershowers likely over rest Tamil Nadu & Pondicherry, Kerala, Andaman & Nicobar Islands and Lakshadweep. Weather will be mainly dry in the rest region.

WEST: Weather will be mainly dry over the region.

Low Temperature warning:

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

FOREX (As on 12th January, 2006):

Foreign Currency	Rs. per unit
1 US \$	44.15
1 Euro	53.63
100 Yen	38.75
1 British £	77.98

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