

Wheat

8th 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 has witnessed a sturdy bullish sentiment today at the NCDEX amidst strong buying pressure and strong prices in physical market. Government reduced subsidies on foodgrains and increased issue prices, which also supported the market sentiment. The futures price recovered many folds today though the prices remained far below than that of spot market. The January contract opened above at Rs.825.00 and settled up Rs.16.60 at Rs.839.60. January contract traded at the range of Rs.825.00-848.80 today.

Price Change:

Contracts	Closing	Previous	Change
January	839.60	823.00	+16.60

Indicators: Most of the indicators like Candlesticks, Price ROC and MA are indicating strong bullish sentiment of wheat prices. RSI in overbought region and Stochastic has reached at 83.26 in overbought region and indicating bearish trend. MACD is hinting bullishness of wheat prices as medium as well as long term.

Outlook: The wheat futures are likely to remain bullish on Monday.

Advice: Go for long position near 837.5 with target near 845.5, next 849 and put stop loss near 832.

Support and Resistance Levels:

The current resistance levels are expecting at 845.6 and 848.9 marks and support levels are at 836.5 and 832.0 marks as very short term.

Contract	Support Level		Resistance Level	
	1 st	2 nd	1 st	2 nd
January	836.5	832.0	845.6	848.9



DEMAND, SUPPLY AND PRICES AT IMPORTANT CENTRES

DOMESTIC MARKET COMMENTARY

Wheat prices gradually increased in this week in Delhi as compared to last week. The dara wheat mill quality traded at the range of Rs.942-945 per quintal at Lawrence road on Saturday with average arrival of 8000-9000 bags from Khanna and U.P. The NCDEX quality wheat has reached at the market. The arrival from U.P. remained very weak. The strong demand from flour and roller mills kept the wheat market very strong. The market has very less stock. At Narella, wheat was traded on relatively steady side at Rs.895-900 per quintal with average arrival of 400-500 bags. At Najafgarh the wheat price is prevailing on Rs.890-898 per quintal.

In Haryana mandis, wheat prices remained slight strong today and dara mill quality wheat was quoted at Rs.873-875 per quintal in Karnal market as loose basis. The market

has less stock and demand is very strong from Delhi and other States. According to the trade sources, there was very poor stock at the market yards as well as FCI's godown. The wheat was quoted at Rs.895-900 per quintal in Hisar, Rs.870-875/qlt in Palwal.

The wheat prices showed a sturdy bullish sentiment at Bareilly market and traded at mostly upper side at Rs.940-943 per quintal today as compared to previous day in Uttar Pradesh. The other market in U.P. remained significantly strong. Heavy demand from flour and roller mills and low arrivals will only exacerbate the situation.

The prices have increased further in Ahmedabad market with paucity of arrival from Rajasthan and traded at Rs.970-975 per quintal. In Jaipur the prices has hit its peak level of Rs.970-980 per quintal, which is lifetime high due to very

less stock and scarcity of arrival. In Kota market the prices increased Rs.10-13 per quintal to Rs.898-900 per quintal. At Khairtal and Alwar market it prevailed at steady Rs.845 and Rs.840-845 per quintal. The promising demand from Ahmedabad and other States kept the prices mostly strong in this region.

Wheat prices increased again in Maharashtra market and crossed its highest level. The average arrival is between 8-10 tonnes from M.P. The prices increased Rs.5-7 per quintal with promising demand from flour and roller mills. The demand from Chakki mills is also strong.

In Ludhiana market, the wheat prices have reached its peak level due to dearth of arrival and upward demand. The most of the stock, which had been given by FCI, has already sold. The dara wheat traded at the range of Rs 890-900 per quintal as compared to Rs.855-860 per quintal of last weekend.

The other market showed a positive undertone today and the overall sentiment for wheat is notably strong in India. A reduced amount of stock to the governments likely to 6.5 MMT to the FCI, sturdy demand from the market, building stocks by the optimistic traders and speculators etc. are maddening the situation.

Wheat products like Atta, Maida Suji, and Chakki is continued its strong sentiment due to higher wheat prices.

It is expected that the wheat price to trade on bullish side on Monday at most of the mandis.

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

Markets	06.01.06	7.01.06
Delhi (Lawrence Road)	942-945	942-945
Haryana (Karnal)	870-872	873-875
Ahmedabad	955-960	970-975
Ludhiana	865-870	890-900
Ludhiana (Jagraon)	850-860	870-880
Rajasthan (Kota)	885-887	898-900
Amritsar	870-875	880-885
Uttar Pradesh (Kanpur)	935-940	948-950
Uttar Pradesh (Bareilly)	918-923	940-943
Uttar Pradesh (Shahjahanpur)	950-955	955-960
Maharashtra	940-945	945-950
Madhya Pradesh (Satna)	890-900	890-900
Madhya Pradesh (Indore)	900-930	925-935

PRICES OF WHEAT PRODUCTS IN DELHI (In Rs.)

Wheat Products	06.01.06	07.01.06
Atta (90kg)	959	959
Maida Grade 1(90kg)	1050	1059
Suji (50kg)	579	584
Chokar (50 kg)	355	355
Chokar (35 kg)	243	243
Chakki Atta (90kg)	900	900

INTERNATIONAL MARKET:

CBOT Wheat Settles Down on Speculative Selling

Chicago Board of Trade (CBOT) wheat futures remained bearish Friday. CBOT March wheat closed down 9 cents at \$3.308, while May slipped 8.5 cents at \$3.408 per bushel. Strength in soybeans and talk of a slight oversold condition after Thursday's break supported to the early bounce but slow export sales news coming just one day after the Egypt tender in which the US received none of the business helped trigger speculative selling. March wheat support comes in at 3.27 with 3.323 and 3.34 as next resistance. Weekly US export sales for wheat came in at 239,100 metric tonnes as against of trade expectations between 250,000-450,000 MT. The Iraqi grain board ruled out wheat import from U.S. in this week. This is also contributed the prices down.

NEWS ANALYSIS:

Wheat: Global Exporters Eyeing on India's Situation

The wheat exporters in the global markets are speculating that India is likely to import wheat as paucity of supply and less stock to the governments, according to a source. India's decision to cut sales of subsidized grain should increase internal stocks and ease import needs, analysts said. The actual issue price for wheat for APL stands at Rs.705 per quintal and for rice it is Rs.915 a quintal. The economic cost of rice in 2000 was ruling at Rs.1130 and that of wheat was Rs.830 a quintal. The decision results in an increase of 85 paise and 95 paise per kg for rice and wheat in the central issue prices in relation to supplies for APL households. Therefore the market is speculating that the government has less stock so they reduced the subsidy. Consequently the futures market has increased many folds. The Indian government has denied its need to import wheat, speculation of which circulated in U.S. wheat markets late last year.

Wheat: USDA Weekly Export Sales Highlights

According to latest weekly sales report of USDA, the net sales of 224,600 metric tons (MT)--a marketing-year low--were 37 percent below the previous week and 56 percent under the prior 4-week average. Major increases were reported for Nigeria (98,300 MT, including 22,500 MT switched from unknown destinations), Yemen (41,100 MT), the Dominican Republic (29,900 MT), South Korea (21,700 MT), Mexico (13,500 MT), and Colombia (10,000 MT). Sales of 14,500 MT for delivery in 2006/07 were for the Philippines. Exports of 331,000 MT were 48 percent below the week earlier and 41 percent under the prior 4-week average. The main destinations were Japan (119,400 MT), Nigeria (71,000 MT), Egypt (59,000 MT), Mexico (33,500 MT), and the Dominican Republic (21,500 MT). (This summary is based on reports from exporters for the period December 23-29, 2005)

WEATHER OUTLOOK:

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

- Hilly regions of NW India viz. J&K and Himachal Pradesh are likely to receive scattered to fairly widespread snowfall/rains during next 24 hours and reduce thereafter.
- Under the influence of another W.D. scattered to fairly wide spread snowfall/rains is likely over J&K, H.P. and Uttaranchal and isolated to scattered rainfall over adjoining

Punjab, Haryana, Delhi and west U.P. during 9-10 January 2006.

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

- Mainly dry weather may prevail over the region during next 4-5 days.

CENTRAL INDIA [MP, CHATTISGARH, VIDARBHA]

- Region is likely to experience mainly dry weather condition. There may be fall in night temperatures by about 2 deg C over the region during next 2 days and subsequently rise by same magnitude.

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

- Scattered rainfall are likely over Andaman & Nicobar Islands, Tamilnadu, Kerala and Lakshadweep during next 2-3 days.

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

- Mainly dry weather is expected to prevail except over north Rajasthan where isolated to scattered rainfall may occur during 9-10 January 2006.

WARNING

- Prevailing cold wave to severe cold wave conditions over J&K, Punjab, Haryana, Rajasthan and Uttar Pradesh are likely to continue and cover some more parts of north India up to Bihar during next 2 days. Thereafter the night temperatures over northwest India are likely to increase, with the approach of the western disturbance around 9th January 06.

- Frost is likely to continue over most parts of Punjab, Haryana, Rajasthan and Uttar Pradesh and cover more parts of Indogangetic plains during next 24-48 Hrs.

Recommendation: The over all weather condition is very congenial for wheat crop and production is likely to go up in this year.

FOREX (As on 7th January, 2006):

Foreign Currency	Rs. per unit
1 US \$	44.66
1 Euro	54.24
100 Yen	39.01
1 British £	79.07

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