

WHEAT

1st MAY, 2006

MAJOR ACTIVITY HIGHLIGHTS

- Wheat Traded with Stable Sentiment in Delhi Market
- USDA Anticipates India Wheat Import to be Massive

TECHNICAL ANALYSIS

Exchange: NCDEX

Perspective: Very Short Term (Daily)

Contract: May (Futures)

NCDEX wheat futures settled moderately down today following very weak opening amidst weak physical market price and news of cut on import duty of wheat. The futures market recovered early on slight strong buying pressure due to some profit booking but fell down at late hour. The near-month May contract settled down by Rs.3.60 to Rs.866 following weak opening of Rs.862. The May contract traded in the range of Rs 861.00-876.80.

Price Change: May Contract

Contracts	Closing	Previous	Change
May	866.00	869.60	-3.60

Indicators: All of the indicators are hinting to downward sentiment of wheat prices. Open interest as well as volume remained almost steady today.

Outlook: The wheat futures are likely to move down further following steady to weak opening in the coming week.

Advice: Sell near 870.0, **Target** towards 855.5, next 849.5 and **Stop Loss** at 878.5.

Support and Resistance Levels:

Contracts	Support Levels		Resistance Levels	
	S1	S2	R1	R2
May	849.5	839.2	870.1	881.5



DOMESTIC MARKET:

MARKET FUNDAMENTALS

Wheat prices moved down today at the domestic spot market due to higher arrival as the government is considering cut in wheat import duty for private buyers. Therefore the stockists as well as private buyers are keeping distance from the market and reduced their buying activity, according to the traders. The farmers are also selling their product. The most of the market in Punjab, Haryana, Rajasthan, Madhya Pradesh and Delhi showed a bearish trend for wheat prices and wheat prices moved down by Rs.25-30/qlt at these centres. The wheat dara mill quality slipped by Rs.20-25/qlt to Rs.820-825/qlt at the Lawrence road in Delhi with average arrival of 20000-25000 bags. The totalled arrival was around 25000-30000 bags at Narella and Najafgarh mandis and wheat prices dropped to Rs.780-785/qlt. Where as the sentiment remained steady in Uttar Pradesh where the prices quoted steady today amidst good buying demand despite slight

higher arrival. According to the traders the prices are likely to continue the bearish trend in the coming trading days also. The second consignment of 41,000 tonne of wheat is expected to reach on 1st May.

PRICES OF WHEAT PRODUCTS IN DELHI

(In Rs.)

Wheat Products	28.04.06	29.04.06
Atta (90kg)	906	906
Maida Grade 1 (90kg)	1071	1071
Suji (50kg)	590	590
Chokar (50 kg)	301	301
Chokar (35 kg)	187	187
Chakki Atta (90kg)	810	810

SPOT MARKET PRICE FOR WHEAT (Rs./Quintal)

Markets	28.04.06	29.04.06
Delhi (Lawrence Road)	845-850	820-825
Haryana (Karnal)	825-830	805-810
Punjab (Khanna)	850-855	830-835
Ahmedabad	920-925	900-905
Ludhiana	725-730	700-705
Rajasthan (Kota)	925-930	895-900
Amritsar	715-725	700-705
Uttar Pradesh (Kanpur)	860-865	860-865
Uttar Pradesh (Bareilly)	810-815	810-815
Uttar Pradesh (Shahjahanpur)	865-870	870-873
Maharashtra (Jalgaon)	950-955	935-940

INTERNATIONAL MARKET:

CBOT Wheat Rebounds to Up on Speculative Buying

Wheat futures traded on upper side at the Chicago Board of Trade (CBOT) on Friday amidst speculative buying and midday weather forecasts in western Kansas's hard red winter wheat belt. A surge higher in metals and soybeans supported the early gains but the market quickly fell down due to selling pressure when Kansas City wheat pushed moderately lower on the day. Kansas is the leading state for wheat production; and its hard red winter wheat crop is affected negatively due to drought this year. Chicago Board of Trade July wheat increased 2.75 cents at \$3.585 while May soared 3.75 cents at \$3.463 per bushel. The Canadian Wheat Board increased prices of wheat sold in the 2006-07-crop year by C\$1.00 per metric ton on most classes due to volatile currency and commodity markets.

NEWS ANALYSIS:

Govt. Considering Cut in Wheat Import Duties

The Government is considering a cut in wheat import duty by allowing user-industries to directly import wheat under the Open General Licence (OGL) scheme, according to the agriculture ministry. The main objective is to improve the domestic availability of the foodgrain, which is falling short of the procurement target this year due to high market price. The actual users like biscuit and bread manufacturers and flour millers would be considered under the OGL, said Agriculture Minister Sharad Pawar. But the government has not decided on duty free import of wheat, Pawar said. The wheat procurement by the government has fallen by

2.5 million tonnes compared to last year despite the bonus on wheat MSP.

USDA Reported Lower Net Sales of Wheat

According to latest export sales report by the USDA based on reports from exporters for the period April 14-20, 2006, the net sales of 164200 metric tons (MT) were 22 percent below the previous week and 47 percent under the prior 4-week average. Major increases were reported for Japan (51200 MT), Nigeria (30000 MT), Morocco (22000 MT), unknown destinations (18000 MT), Cameroon (16000 MT), and Taiwan (12000 MT). It is reported that the sales of 91700 MT for delivery in 2006-07 were primarily for Taiwan (40000 MT), the Philippines (22700 MT), and Japan (21000 MT). Exports of 517400 MT were two and one-third times the week earlier and 56 percent over the prior 4-week average. The main destinations were Iraq (98500 MT), the Philippines (48000 MT), South Korea (46300 MT), Taiwan (43900 MT), Nigeria (43400 MT), and Morocco (41500 MT, including 22700 MT late reporting).

Source: FAS, USDA

WEATHER OUTLOOK:

Scattered rainfall /thundershowers activity over likely over Northeastern States.

Winter wheat in maturation to harvest across north India will benefit from a recent turn to drier and warmer weather.

PORT WATCH:

Loading of 50,855 MT of wheat is continuing at Chennai Port on the vessel 'Furness Australia'. Seaways agents is handling the vessel.

Kandla Port is expecting 'Aristagoras' to load 30,000 MT of wheat to Ulsan. DBC agents will be handling the vessel.

Tuticorin Port is expecting 'Equinoxdown' to discharge 41,000 MT of wheat. St.John agents will be handling the vessel.

FOREX (As on 29th April, 2006):

Foreign Currency	Rs. per unit
1 US \$	44.97
1 Euro	56.81
100 Yen	39.51
1 British £	82.10

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