

WHEAT

29th April, 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 moved down further at the second session today amidst news of cut in import duty of wheat. The futures market traded slightly weak following strong opening but fell down abruptly on strong selling pressure at late hour. The near-month May contract dipped by Rs.20.40 to Rs.868.80. The May contract traded in the range of Rs 864.20-891.80.

Price Change: May Contract

Contracts	Closing	Previous	Change
May	868.80	889.20	-20.40

Indicators: The all of the indicators are indicating to bearish sentiment of wheat prices. Open interest as well as volume has increased today.

Outlook: The wheat futures are expected to trade bearish following steady to slight strong opening.

Advice: Sell near 875.5, **Target** towards 860.5, next 855.2 and **Stop Loss** at 883.0.

DOMESTIC MARKET:

MARKET FUNDAMENTALS

The sentiment for wheat market is witnessing steady today at most of the market except Uttar Pradesh and some parts in Punjab where the prices declined today due to higher arrival. The main governing factor for price stability was short of arrival as the farmers are hoarding their stocks and strong buying demand from the stockists as well as private buyers. Wheat dara mill quality wheat is quoting at Rs.840-845/qrtl with 10000-15000 bags of arrival at the Lawrence road in Delhi. The totalled arrival was 20000-25000 bags at the Narella and Najafgarh mandis and wheat has traded steady at Rs.805-810/qrtl. Alipur mandis fetched 50000-55000 bags of wheat. 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 (Currently it is at 50% import duty). Apart from this, the government would float an import tender for 30 lakh of wheat within a week. This is likely to impact negatively at the spot market as well as futures market. The second consignment of 41,000 tonne of wheat is expected to reach on 1st May.

Support and Resistance Levels:

Contracts	Support Levels		Resistance Levels	
	S1	S2	R1	R2
May	849.0	842.5	882.7	871.1



SPOT MARKET PRICE FOR WHEAT (Rs./Quintal)

Markets	27.04.06	28.04.06
Delhi (Lawrence Road)	845-850	845-850
Haryana (Karnal)	825-830	825-830
Punjab (Khanna)	850-855	850-855
Ahmedabad	920-925	920-925
Ludhiana	750-755	725-730
Rajasthan (Kota)	920-925	925-930
Amritsar	720-725	715-725
Uttar Pradesh (Kanpur)	865-870	860-865
Uttar Pradesh (Bareilly)	815-820	810-815
Uttar Pradesh (Shahjahanpur)	860-865	865-870
Maharashtra (Jalgaon)	950-955	950-955

INTERNATIONAL MARKET:

CBOT Wheat Settled Lower on Weather Concerns

The Chicago Board of Trade (CBOT) wheat futures extended previous losses further on Thursday following weakness in hard red winter (HRW) wheat futures at the Kansas City Board of Trade (KCBT). The market remained underpinned by the forecasts from good rains during the weekend at the major HRW wheat producing areas of Kansas. The CBOT July contract finished 6 points lower at \$3.55 $\frac{3}{4}$ per bushel, while the May contract finished 6 points lower at \$3.42 $\frac{1}{2}$ per bushel on Thursday. At the physical markets, the USDA reported weekly U.S. wheat export sales at 255900 metric tons, at the lower side of traders' expectations. The net sales of 164200 metric tons were 22 percent below the previous week and 47 percent under the prior 4-week average. Japan is reported to have purchased 103400 tons of wheat including 63400 tons of U.S. wheat. Meanwhile, the International Grains Council (IGC) has revised upwards its projections for the 2006-07 world wheat crop at 598 million tons, up 4 million from last month's projections.

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.

IGC Projected 2006-07 Global Wheat Output at 598 Mt

The International Grains Council (IGC) in a latest report has revised upwards its global wheat production at 598 million tons for 2006, up by 4 million tons from the last month's projections. However, it remains 21 million tons lower than the 2005 as a result of much smaller crops in Russia and Ukraine. The prospects remain favourable in

most of Europe, although flooding affected parts of Bulgaria and Romania. Spring plantings in Canada (except for durum) are expected to increase. Crop conditions in southern US hard winter wheat areas remain poor despite recent rains, while spring wheat plantings, now likely to cover a smaller area, were slowed by wet weather. Good rains helped China's crop and conditions improved in Pakistan, and Morocco. In the southern hemisphere low prices and high expenses may deter sowings in Argentina and more rain is needed in parts of Australia. World wheat consumption in 2006-07 is forecasted at 614 million tons, 3 million tons more than last month but 9 million tons lower from 2005-06. World wheat trade is projected at 112 million tons, 2 million tons up on 2005-06, due to increased purchases by China and India. Supplies in the exporting countries are expected to be adequate to meet world import needs. World stocks at end 2006-07 are forecast to fall by 16 million tons to 119 million tons.

WEATHER OUTLOOK:

Isolated to scattered rain/thundershowers likely over Western Himalayas.

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 28th April, 2006):

Foreign Currency	Rs. per unit
1 US \$	44.97
1 Euro	56.41
100 Yen	39.39
1 British £	81.04

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