

WHEAT

10th MAY, 2006

MAJOR ACTIVITY HIGHLIGHTS

- Wheat Prices Remains Mixed at the Spot Market
- STC Floated Tender Of 30 Lakh Tonnes Of Wheat on Monday

TECHNICAL ANALYSIS

Exchange: NCDEX

Perspective: Very Short Term (Daily)

Contract: JUNE (Futures)

NCDEX Wheat futures continued to trade range bound following weak opening due to moderate selling activity. The steady spot market price also supported the futures market. The June contract settled marginally down by Rs.3.20 to Rs.920 following weak opening at Rs.920.20 and traded in between Rs.915.40-924.00 today.

Price Change: June Contract

Contracts	Closing	Previous	Change
June	920.00	923.20	-3.20

Indicators: Most of the indicators are hinting to strong sentiment while Candlesticks and MACD hinting to steady ness. Volume has decreased but open interest remained steady today.

Outlook: Wheat futures are expected to continue this range bound with slight weak trend following steady to weak opening in the coming day.

Advice: Sell near 924.5, **Target** towards 916.5 next 914.5, and **Stop Loss** at 930.00.

Support and Resistance Levels: JUNE Contracts

Support Levels		Resistance Levels	
S1	S2	R1	R2
914.06	908.30	925.00	930.00



DOMESTIC MARKET COMMENTARY:

MARKET FUNDAMENTALS

Wheat domestic prices remained almost steady today in Ahmedabad, Rajkot Delhi market due to slight weak arrival and significant demand. The average arrival of 15000-17000 bags from Haryana is witnessed at the Lawrence road. The prices remained firm in Uttar Pradesh; therefore the arrival from U.P. in Delhi remained negligible. The uptrend in domestic wheat prices in Madhya Pradesh, Rajasthan, Uttar Pradesh and Gujarat is due to large-scale hoarding by traders and multinationals. This is due to the removal of restrictions on stocking. The government should re-impose stocking limits to check market manipulations. They are paying more to the farmers taking advantage of the low minimum support price fixed the government. But the sentiment remained moderately weak at Punjab mandis due to slight weak buying activity from the private buyers like Cargill. The STC floated tender for 30 lakh Mt of wheat on Monday, which is likely to curb down the prices temporarily. On the other hand the government is likely to cut the import duty to 10-15% for direct users. The final decision is expected to take soon. But it is expected that these news will have limited impact on ongoing wheat prices.

SPOT MARKET PRICE FOR WHEAT (Rs./Quintal)

Markets	8.05.06	9.05.06
Delhi (Lawrence Road)	830-835	830-835
Haryana (Karnal)	835-840	835-840
Punjab (Khanna)	837-872	830-835
Punjab (Sunam)	725-730	720-725
Ludhiana (Jagraon)	735-740	720-725
Ahmedabad	925-930	925-930
Rajkot	865-875	860-870
Rajasthan (Kota)	965-970	975-980
Uttar Pradesh (Kanpur)	880-885	895-900
Uttar Pradesh (Bareilly)	845-850	840-845
Madhya Pradesh (Indore)	950-975	960-980
Madhya Pradesh (Bhopal)	860-900	860-900

SALIENT FEATURES OF THE MARKET:

1. CBOT wheat climbed on India wheat tender
2. Marriage season in most part of the country inducing weak arrival
3. Government's procurement down by 4.5 MMT as of last year same period
4. India likely to cut wheat import duty to 10-15%
5. Farmers groups oppose wheat import
6. STC floated tender of 30 lakh tonnes of wheat on Monday
7. Uttar Pradesh farmers being harassed for stocking wheat

RATES OF WHEAT PRODUCTS IN DELHI (In Rs.)

Wheat Products	8.05.06	9.05.06
Atta (90kg)	866	875
Maida Grade 1 (90kg)	1040	1049
Suji (50kg)	573	578
Chokar (50 kg)	308	311
Chokar (35 kg)	188	191
Chakki Atta (90kg)	810	795

WEATHER OUTLOOK:

Scattered rainfall /thundershowers activity over Northeastern States likely to continue.

Winter wheat in harvest stage across north India will benefit from a recent turn to drier and warmer weather. Around 90-95% crop has been harvested.

PORT WATCH:

Tuticorin Port is loading 41,000 MT of wheat on the vessel 'Equinoxdown'. St.John agents are handling the vessel.

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

FOREX (As on 9th May, 2006):

Foreign Currency	Rs. per unit
1 US \$	44.96
1 Euro	57.00
100 Yen	40.22
1 British £	83.42

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