

WHEAT DAILY

26th MAY, 2006

SPOT MARKETS:

Weakness in arrival coupled with moderate demand from the stockists, flourmills and MNCs pushed up the wheat prices at the physical market Thursday. Wheat dara mill quality surged to Rs.850-852/qrtl with arrival of 8000-10000 bags at the Lawrence road in Delhi while the total arrival was around 50000-60000 bags from Haryana and Mathura where the prices also remained firm. The MNCs were purchased wheat at Punjab, Rajasthan and M.P mandis at higher rate than spot. The flourmills were active in U.P. The most of the mandis showed strong sentiment about wheat. The traders are expecting the prices are likely to restrict at that level and they do not see any further increase.

FUTURES MARKETS:

The futures market for wheat fell down today on speculative selling on Thursday though the prices settled mostly up on Wednesday on rumour that wheat import from Australia has cancelled therefore the prices moved up, according to the source. But the news was not confirmed and the prices rebounded to down today. The prices opened firm and went to up at the early hour but fell down despite the upward ness of physical market price. The most active July contract moved down Rs.7.40 at Rs.930.20 following firm opening at Rs.840 and traded in between Rs.929.20-942.80 Wednesday.

PRICE DRIVERS:

Bullish:

1. Reduce arrival
2. Moderate buying activity by the MNCs and flourmills
3. Rumour of cancellation of wheat import contract of Australia

Bearish:

1. Weak demand for wheat products
2. Speculative selling at futures

WEATHER:

Current weather has no impact on the crops and its arrival at the market.

TECHNICALS:

All of the indicators like Candlesticks, RSI, MACD and Stochastic are hinting to weakness of wheat prices though the Stochastic remained on oversold region, indicating technical reversal while 9-days and 18-days MA are still prevailing upper side of price line which hinting to sharp bearish trend. Volume decreased but open interest steady today. Wheat futures are expected to prevail on bearish side following steady to strong opening in the coming days.



SUPPORT / RESISTANCES:

Month	S1	S2	PCP	R1	R2
June	885.2	875.5	893.0	898.5	902.3
July	925.3	914.5	930.2	936.0	943.9

TRADE RECOMMENDATION:

Sell July contract between 933-936, **Target** towards 923.0 next 920.0, and put **Stop Loss** at 940.

SPOT MARKET PRICE FOR WHEAT (Rs./Quintal)

Markets	Variety	24.05.06	25.05.06	Change
Delhi (Lawrence Road)	Wheat Mill quality	842-846	850-855	+8.00
Haryana (Karnal)	Wheat Mill quality	845-850	850-855	+5.00
Punjab (Khanna)	Wheat Mill quality	830-835	835-840	+5.00
Gujarat (Ahmedabad)	Wheat Mill quality	930-935	933-937	+3.00
Rajasthan (Kota)	Wheat Mill quality	960-965	980-982	+20.00
Uttar Pradesh (Kanpur)	Wheat Mill quality	895-900	890-895	-5.00
Madhya Pradesh (Indore)	Wheat Mill quality	965-970	960-965	-5.00
Uttar Pradesh (Bareilly)	Wheat Mill quality	825-830	830-835	+5.00

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