

## WHEAT DAILY

24<sup>th</sup> MAY, 2006

### SPOT MARKETS:

The wheat prices extended earlier weakness at the domestic spot market today amidst rising in arrival and weak buying activity by the private buyers. Only flourmills and Chakki mills are covering for their requirement. The rumours that government could reduce the duty to zero percent on wheat import slowed the demand from the buyers as they already created sufficient stocks; therefore they are not eager to create further stocks. The small and marginal stockists as well as farmers are now releasing the stocks as the monsoons are coming now. Wheat dara mill quality traded lower side at Rs.850-853/mtl with higher arrival of 18000-12000 bags at the Lawrence road today. The traders are anticipating that the prices would decline further in the coming days also.

### FUTURES MARKETS:

Wheat futures at the NCDEX tumbled down today on strong speculative selling amidst rumour of duty free wheat import by the private buyers. The weakness in physical market also supported the futures market. The futures market opened almost steady to weak and traded bearish throughout the trading period. The most active July contract slipped further to Rs.9.00 following firm opening at Rs.935 and traded in between Rs.935-924.20 today.

### PRICE DRIVERS:

#### Bullish:

1. Almost stable demand from flour mills and Chakki mills

#### Bearish:

1. Weak buying activity by MNCs as they created sufficient stocks
2. Arrival soaring coupled with weak demand for wheat products
3. Rumour of duty free wheat import by the end users

### WEATHER:

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

### TECHNICALS:

Candlesticks, RSI, MACD and Stochastic are continuing to indicate bearish trend of wheat price and 9-days and 18-days MA are prevailing upper side of price line which hinting to sharp bearish trend. Volume decreased while open interest remained steady today. Wheat futures are expected to trade bearish following steady to weak opening in the coming days also.



### SUPPORT / RESISTANCES:

Month	S1	S2	PCP	R1	R2
June	875.3	866.5	889.6	893.5	900.5
July	915.6	906.5	925.0	930.2	937.2

### TRADE RECOMMENDATION:

**Sell July** contract between 927-930, **Target** towards 915.2 next 911.5, and put **Stop Loss** at 936.5.

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

Markets	Variety	22.05.06	23.05.06	Change
Delhi (Lawrence Road)	Wheat Mill quality	860-865	848-853	-12.00
Haryana (Karnal)	Wheat Mill quality	860-865	855-860	-5.00
Punjab (Khanna)	Wheat Mill quality	825-830	825-830	-
Gujarat (Ahmedabad)	Wheat Mill quality	940-945	935-940	-5.00
Rajasthan (Kota)	Wheat Mill quality	970-975	960-965	-10.00
Uttar Pradesh (Kanpur)	Wheat Mill quality	890-895	895-900	+5.00
Madhya Pradesh (Indore)	Wheat Mill quality	970-975	955-960	-15.00
Uttar Pradesh (Bareilly)	Wheat Mill quality	855-860	840-845	-15.00

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