

WHEAT DAILY

25th MAY, 2006

SPOT MARKETS:

Owing to poor demand from the stockists as well as MNCs, the wheat prices are witnessing bearish trend at the physical market. No demands from the buyers are offsetting the weak arrival at most of the mandis. Therefore wheat mill quality tumbled down to Rs.842-846/qrtl with lower arrival of 10000-12000 bags Wednesday at the Lawrence road while total arrival was around 60000-70000 bags in Delhi. The stockists are also releasing stocks from their godowns as the monsoon are coming early and they don't taking any risk for storing due to storing problem. But the sentiment remains slight strong in Punjab and M.P. mandis as MNCs are showing moderate demand to purchase wheat. The prices are likely to decline further, according to the traders.

FUTURES MARKETS:

Wheat futures at the NCDEX bounced back to firm position today amidst strong support from the other market like sencex and other commodities. The delay in imported wheat also supported the futures to up despite the weak spot market price. Futures market opened firm and speculative buying pushed up the wheat futures to mostly up. The most active July contract moved up Rs.14.00 at Rs.939 following firm opening at Rs.927.80 and traded in between Rs.923.60-944.80 Wednesday.

PRICE DRIVERS:

Bullish:

1. Weakness in arrival
2. Strong support from outside commodities at futures market

Bearish:

1. No demand from the stockists and MNCs as they created sufficient stocks
2. Weak demand for wheat products
3. Releasing stocks by the marginal stockists

WEATHER:

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

TECHNICALS:

Most of the indicators like RSI, MACD and Stochastic are indicating to bearish though Stochastic has reached oversold region while 9-days and 18-days MA are still prevailing upper side of price line which hinting to sharp bearish trend. Candlesticks hinting to upwardness of prices. Volume as well as open interest increased today. Wheat futures are likely to remain bullish following steady to firm opening in the coming days.



SUPPORT / RESISTANCES:

| Month | S1 | S2 | PCP | R1 | R2 |
|-------|-------|-------|-------|-------|-------|
| June | 900.5 | 892.5 | 903.0 | 913.1 | 920.9 |
| July | 927.9 | 935.1 | 939.0 | 947.9 | 955.0 |

TRADE RECOMMENDATION:

Buy July contract between 936-940, **Target** towards 950.0 next 955.2, and put **Stop Loss** at 929.

SPOT MARKET PRICE FOR WHEAT (Rs./Quintal)

| Markets | Variety | 23.05.06 | 24.05.06 | Change |
|--------------------------|--------------------|----------|----------|--------|
| Delhi (Lawrence Road) | Wheat Mill quality | 848-853 | 842-846 | -6.00 |
| Haryana (Karnal) | Wheat Mill quality | 855-860 | 845-850 | -10.00 |
| Punjab (Khanna) | Wheat Mill quality | 825-830 | 830-835 | +5.00 |
| Gujarat (Ahmedabad) | Wheat Mill quality | 935-940 | 930-935 | -5.00 |
| Rajasthan (Kota) | Wheat Mill quality | 960-965 | 960-965 | - |
| Uttar Pradesh (Kanpur) | Wheat Mill quality | 895-900 | 895-900 | - |
| Madhya Pradesh (Indore) | Wheat Mill quality | 955-960 | 965-970 | +10.00 |
| Uttar Pradesh (Bareilly) | Wheat Mill quality | 840-845 | 825-830 | -15.00 |

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