

WHEAT DAILY

20th JUNE, 2006

SPOT MARKETS:

The wheat prices witnessed constant at previous level on Monday amidst stable demand supply scenario at most of the pockets. Wheat dara mill quality gets fixed at Rs.864-865/mtl with steady arrival of 7000-8000 bags at the Lawrence road in Delhi while the market slightly recovered at Bareilly and Madhya Pradesh mandis due to weakness in arrival and significant demand from the South India and Maharashtra. The demand from the flourmills remained moderate. The stockists are still holding their stocks as monsoon gets week. They are unlikely to sell wheat at the spot market until the monsoon get strong, said traders. The final award of the 22-lakh tonnes of wheat tender is likely to take place over the next 7-10 days and the dispute between India and Australia about 5 lakh tonnes of wheat import is close to resolving. This factors kept pressure on prices. On the other hand lower carry-over stocks and lower procurement provided underlying support to the spot market.

FUTURES MARKETS:

NCDEX wheat futures continued to trade bearish on strong selling pressure and almost steady spot prices. The futures market opened strong but fell down after that and settled on lower side Monday. The speculators are not eager to buy wheat contracts at that level as speculation of stocks release by the stockists in near future. The news of substitute wheat with coarse cereals to reduce the import also supported the futures market to down. Most active July contracts slipped by Rs.4.00 at Rs.872.20 following strong opening at Rs.879.00 and traded in between Rs.872.00-879.40 Monday.

PRICE DRIVERS:

Bullish:

1. Strong demand from the South India and Maharashtra
2. Holding stocks by the stockists and MNCs

Bearish:

1. Final Award of Wheat Import Tender Coming Soon
2. Poor demand from the MNCs, flourmills and stockists
3. Dispute of 5-Lt Wheat Import Likely to Resolve Soon

WEATHER:

The present weak monsoon is unexpected to hinder on the arrival for next one to two days but monsoon is likely to strong within two to three days in South India, Maharashtra, and North Eastern states.

TECHNICALS:

Black body candlestick is indicating to weakness of wheat prices for the next day while %K line is going to down following made a bearish crossover with its %D line from up in almost neutral region. Prices settled far below than the 9-days and 18-days EMA, indicating to further downward price movement. MACD remained weak in negative zone. Open interest and volume increased. The prices are likely volatile following weak opening in the coming trading day.



SUPPORT / RESISTANCES:

Month	S1	S2	PCP	R1	R2
July	867.6	863.4	872.2	881.1	888.4
August	892.4	896.5	896.0	908.5	915.4

TRADE RECOMMENDATION: (Intraday)

Sell July between 873-876 with target towards 867. Second target 863. Put stop loss at 879.

SPOT MARKET PRICE FOR WHEAT (Rs./Quintal)

Markets	Variety	17.06.06	19.06.06	Change
Delhi (Lawrence Road)	Wheat Mill quality	864-865	864-865	-
Haryana (Karnal)	Wheat Mill quality	850-852	845-850	-5.00
Punjab (Khanna)	Wheat Mill quality	825-830	825-830	-
Gujarat (Ahmedabad)	Wheat Mill quality	947-950	947-952	-
Rajasthan (Kota)	Wheat Mill quality	980-985	980-985	-
Uttar Pradesh (Kanpur)	Wheat Mill quality	900-903	900-903	-
Madhya Pradesh (Indore)	Wheat Mill quality	950-960	955-965	+5.00
Uttar Pradesh (Bareilly)	Wheat Mill quality	850-855	860-862	+10.00

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