

## WHEAT DAILY

7<sup>th</sup> JUNE, 2006

### SPOT MARKETS:

Wheat observed a substantial increase at the domestic market in Delhi, MP, Maharashtra and UP Tuesday on weakness in arrival. Government is considering a cut in the quota of PDS wheat and augments the subsidy prices of PDS wheat, bolstering the prices to up. The current time being auspicious for wedlock, the farmers are busy socializing, thus in turn making the arrivals to go down in MP mandis. Wheat data corrected by Rs.9-10/qrtl to Rs.860-862/qrtl with meager arrival of 5000-6000 bags at the Lawrence road in Delhi. The stable demand supply scenario kept the prices on steady side at other mandis. Few MNCs have showed interest to buy wheat. Where as the wheat prices got down at Khanna and Kota mandis on slow demand. The government is likely to float additional wheat tender of 22 lakh tonnes within two to three weeks, which might be kept the prices on down side initially. The weakness in monsoon is also encouraging the small and marginal stockists to hold their stocks.

### FUTURES MARKETS:

NCDEX wheat futures witnessed volatile on Tuesday. The futures market opened strong and went to higher but selling pressure pulled down the prices to low at mid hour and recovered at the end hour. The strong physical market prices also supported the futures. Most active July contracts settled up by Rs.3.20 at Rs.913 following strong opening at Rs.911 and fluctuated in between Rs.906-915.

### PRICE DRIVERS:

#### Bullish:

1. Govt Considering a Hike in PDS Wheat Prices
2. Wheat Import Might Be Decrease by Cut in Subsidized Sales
3. Delay of Wheat Import
4. Weakness in Monsoon Inducing Hoarding the Stocks

#### Bearish:

1. STC Resolve Quality Issue of Imported Wheat with AWB
2. Wheat Import Tender Likely to Float in 1-2 Weeks

### WEATHER:

The arrival is unlikely to hamper on arrival as the monsoon is expected to weak at the producing region.

### TECHNICALS:

Small white candlestick body with large lower shadow is hinting to bullish sentiment. Prices closed slight below both the 9-days and 18-days EMA indicating to slight downward price movement. MACD is going to positive from negative zone. %K line is running above %D line and remained in neutral region. Open interest increased but volume decreased. Markets are likely to trade bullish following strong opening in the coming days.



### SUPPORT / RESISTANCES:

| Month | S1    | S2    | PCP   | R1    | R2    |
|-------|-------|-------|-------|-------|-------|
| June  | 870.3 | 865.8 | 876.0 | 880.2 | 884.5 |
| July  | 909.4 | 905.9 | 913.0 | 921.5 | 925.5 |

### TRADE RECOMMENDATION:

**Buy July** between 910-913 with target towards 917.7. Second target 921.5. Put stop loss at 906.

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

| Markets                  | Variety            | 5.06.06 | 6.06.06 | Change |
|--------------------------|--------------------|---------|---------|--------|
| Delhi (Lawrence Road)    | Wheat Mill quality | 851-853 | 860-862 | +9.00  |
| Haryana (Karnal)         | Wheat Mill quality | 850-852 | 850-852 | -      |
| Punjab (Khanna)          | Wheat Mill quality | 830-835 | 825-830 | -5.00  |
| Gujarat (Ahmedabad)      | Wheat Mill quality | 945-950 | 945-950 | -      |
| Rajasthan (Kota)         | Wheat Mill quality | 980-985 | 972-977 | -8.00  |
| Uttar Pradesh (Kanpur)   | Wheat Mill quality | 897-902 | 897-902 | -      |
| Madhya Pradesh (Indore)  | Wheat Mill quality | 945-950 | 960-970 | +15.00 |
| Uttar Pradesh (Bareilly) | Wheat Mill quality | 845-850 | 850-855 | +5.00  |

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