

WHEAT DAILY

24th JUNE, 2006

SPOT MARKETS:

Wheat prices are scaled down mostly Friday at most of the spot market on news that government has allowed private traders to import wheat at zero duty. This news reduced the demand. Wheat dara mill quality stumbled down to Rs.855-860/qlt from previous gains at the Lawrence road with average inflow of 8000-10000 bags. Traders did not see any large reduction on wheat prices as the global wheat prices is too firm and quality of wheat did not match with the Indian quality. But according to the experts, the wheat prices might be falling down as the expectation of stocks release by the stockists in near future due to this news. The demand from the South India is expected to get down in Gujarat, Delhi, Rajasthan and Haryana. The spot prices are much more than the imported wheat in South India. The prevailing market rate for mill quality is remaining between Rs.1100-1200/qlt in South India while the imported cost of wheat might be around Rs.1000/qlt including all charges.

FUTURES MARKETS:

NCDEX wheat futures turned red as the government is allowing private traders to import wheat at zero duty and rumours of stock limit to the private stockists. Therefore the futures market opened weak and traded mostly down due to strong speculative selling. The weakness in spot market also supported the market to down. Most active July contract opened weak at Rs.863 and settled at Rs.826.80, down by Rs.39.40 and traded within the range of Rs.814.80-863.00 and made new contract low at Rs.814.80 on Friday.

PRICE DRIVERS:

Bullish:

1. Regular Demand from South India

Bearish:

1. Govt Shortlists Four Bids of Wheat Import Tender
2. Govt Allows Private Traders to Import Wheat as Duty Free
3. Expectation of Stocks Releasing by the Stockists and Marginal Farmers
4. Rumour of Stock Limit to the Private Stockists

WEATHER:

The revival of monsoon is expected to hinder on the arrival for next one to two days as monsoon is improving in South India, Maharashtra, Gujarat, and North Eastern states.

TECHNICALS:

Long black candlestick with short lower shadow is hinting to downward prices for the next day and %K line made bearish cross over with its %D line from up in almost neutral region. Prices closed below the 9-days and 18-days EMA, indicating to further downward price movement while MACD is sharply going to down following made a bearish cross over from up in negative territory. Open interest decreased and volume increased. The sentiment is expected to prevail weak initially following strong opening in the coming trading day.



SUPPORT / RESISTANCES:

Month	S1	S2	PCP	R1	R2
July	815.6	806.5	826.8	843.5	854.5
August	834.0	823.5	846.8	880.7	866.5

TRADE RECOMMENDATION: (Intraday)

Sell July between 832-840 with target towards 815.6. Second target 810.5. Put stop loss at 848.

SPOT MARKET PRICE FOR WHEAT (Rs./Quintal)

Markets	Variety	22.06.06	23.06.06	Change
Delhi (Lawrence Road)	Wheat Mill quality	868-870	855-860	-13.00
Haryana (Karnal)	Wheat Mill quality	851-853	845-850	-6.00
Punjab (Khanna)	Wheat Mill quality	825-827	820-825	-5.00
Gujarat (Ahmedabad)	Wheat Mill quality	958-962	947-952	-11.00
Rajasthan (Kota)	Wheat Mill quality	977-982	965-970	-12.00
Uttar Pradesh (Kanpur)	Wheat Mill quality	900-903	900-903	-
Madhya Pradesh (Indore)	Wheat Mill quality	955-965	930-935	-25.00
Uttar Pradesh (Bareilly)	Wheat Mill quality	850-855	845-850	-5.00

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