

WHEAT DAILY

6th JUNE, 2006

SPOT MARKETS:

The steady market sentiment for wheat witnessed at most of the market Monday amidst equalized demand supply scenario. The demand from flourmills rather than stockists and MNCs remained significant. Wheat dara registered almost steady to slight down at Rs.851-853/mtl with total inflow of 7000-8000 bags from UP and Haryana at Lawrence road in Delhi. According to the traders, the domestic wheat prices are expected to firming up further due to delay in wheat import by the government and delay in proposal to liberalize private wheat import. However, according to an official, it is expecting that the bearish trend in local prices would continue as private traders have purchased large volumes from the farmers this year, which are likely to be offloaded in the market in the next few months. Traders are expecting that the prices would be steady to increase in the coming days.

FUTURES MARKETS:

NCDEX wheat futures stumble down Monday following earlier strength amidst speculative selling as profit booking at higher level. The buyers are losing their strength as the speculation that imported wheat pulled down the spot prices and large stockists will be offloaded in the market in next months. Therefore most active July contracts tumble down by Rs.4.00 at Rs.909.40 following gap opening at Rs.917 and fluctuated in between Rs.908.40-923.60 Monday.

PRICE DRIVERS:

Bullish:

1. Government Increasing PDS Rate of Wheat and Reducing PDS Quota to Decrease Import
2. Liberalizing of Private Wheat Import Expected to Delay
3. Delay of Wheat Import Expected to Push Up Prices

Bearish:

1. Weak buying activity by the MNCs and stockists
2. Marginal Stockists Releasing Stocks

WEATHER:

The arrival is likely to not hamper due to rain as the rainfall activity is expected to decrease at northern region.

SPOT MARKET PRICE FOR WHEAT (Rs./Quintal)

Markets	Variety	3.06.06	5.06.06	Change
Delhi (Lawrence Road)	Wheat Mill quality	854-856	851-853	-2.00
Haryana (Karnal)	Wheat Mill quality	850-852	850-852	-
Punjab (Khanna)	Wheat Mill quality	830-835	830-835	-
Gujarat (Ahmedabad)	Wheat Mill quality	945-950	945-950	-
Rajasthan (Kota)	Wheat Mill quality	980-985	980-985	-
Uttar Pradesh (Kanpur)	Wheat Mill quality	905-910	897-902	-8.00
Madhya Pradesh (Indore)	Wheat Mill quality	945-950	945-950	-
Uttar Pradesh (Bareilly)	Wheat Mill quality	840-847	845-850	+5.00

TECHNICALS:

Black candlestick body is hinting to bearish sentiment. Prices closed below both the 9-days and 18-days EMA indicating to downward price movement. MACD made bullish crossover from negative zone and going to up. %K line is running above %D line and remained in neutral region. Markets are expected to trade firm following bearish sentiments in the coming days.



SUPPORT / RESISTANCES:

Month	S1	S2	PCP	R1	R2
June	872.2	869.5	875.0	878.9	882.5
July	904.0	898.6	909.4	919.0	923.4

TRADE RECOMMENDATION:

Sell July between 913-915 with target towards 903. Second target 900.5. Put stop loss at 918.5.

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