

## WHEAT DAILY

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

### SPOT MARKETS:

The government's decision of duty free wheat import by the private traders has created a stir in domestic markets. The Thursday's decision sparked a plunge in wheat prices and continued throughout at major markets till Saturday. But the market sentiment for wheat got steady at Delhi, Punjab, M.P., and U.P. mandis Monday amidst meager arrival and lack of sellers at the lower levels. Wheat dara got traded at Rs.840-842/qrtl at the Lawrence road in Delhi with average arrival of 5000-6000 bags. There was no rake loading for South India due to shortage of arrival in this state. The demand remained weak from the flour millers. The sentiment slightly improved at Haryana and Ahmedabad mandis due to mostly weak arrival. The mill quality has traded at Rs.1025-1030/qrtl at Bangalore mandis. The downward trend of wheat prices is likely to last for one week. Prices will consolidate after a week, according to the experts. The main reasons for the price rise were hoarding. By relaxing imports, the government will at least curb speculative hoarding, as there will be no incentive to hold stocks now.

### FUTURES MARKETS:

NCDEX wheat futures witnessed volatile trading activity and closed down Monday. The market opened mostly weak and went to mostly upper position but fell down at second hour due to selling pressure amidst news of government is considering wheat under essential commodity and restricting stock position to the stockists. Most active July contract opened weak at Rs.825 and settled at Rs.825.20, down by Rs.4.20 and traded within the range of Rs.818-840 Monday.

### PRICE DRIVERS:

#### Bullish:

1. Hoarding of Stocks by the Stockists
2. Meager Arrival

#### Bearish:

1. Rumor: Govt Considering Wheat under Essential Commodity
2. Govt Allows Private Traders to Import Wheat as Duty Free
3. Chhattisgarh Govt. Crackdown on Hoarders

### WEATHER:

The coming strong monsoon is expected to hinder on the arrival in near future as monsoon is strongly improving in South India, Maharashtra, Gujarat, and North Eastern states.

### TECHNICALS:

Doji like candlestick with long upper shadow is indicating to downward prices for the next day while %K line is going to up to intersect the %D line in oversold region. Prices closed far below than the 9-days and 18-days EMA, indicating to further downward price movement while MACD is sharply going to down in negative territory. Open interest decreased but volume increased. The sentiment is likely to remain weak initially following strong opening in the coming trading day.



### SUPPORT / RESISTANCES:

Month	S1	S2	PCP	R1	R2
July	816.2	808.4	825.2	838.8	845.7
August	834.0	825.5	847.2	857.8	865.8

### TRADE RECOMMENDATION: (Intraday)

**Sell July** between 832-837 with target towards 818.5. Second target 816.2. Put stop loss at 845.7.

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

Markets	Variety	24.06.06	26.06.06	Change
Delhi (Lawrence Road)	Wheat Mill quality	840-845	840-842	-
Haryana (Karnal)	Wheat Mill quality	835-837	840-842	+5.00
Punjab (Khanna)	Wheat Mill quality	810-815	810-815	-
Gujarat (Ahmedabad)	Wheat Mill quality	920-925	930-935	+10.00
Rajasthan (Kota)	Wheat Mill quality	965-970	955-960	-10.00
Uttar Pradesh (Kanpur)	Wheat Mill quality	890-895	890-895	-
Madhya Pradesh (Indore)	Wheat Mill quality	900-920	900-920	-
Uttar Pradesh (Bareilly)	Wheat Mill quality	840-845	843-847	+3.00

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