

WHEAT DAILY

25th JULY, 2006

SPOT MARKETS:

Wheat prices registered steady Monday at higher level at the domestic market of Delhi while the sentiment got firmed in Gujarat, Punjab, Haryana and Rajasthan mandis on short of supply and good buying demand from the flourmills ahead of the festival season. On the other hand sturdy rake demand from South India is also aggravated the situation. Wheat dard prices quoted at Rs.878-882/qlt with average arrival of 5000-6000 bags at the Lawrence road in Delhi. The rake is being loaded for South India from this state and offered at Rs.880-882/qlt. Wheat has registered at Rs.1055-1060/qlt in Bangalore mandis. The flour millers were seen busy doing extensive purchases hence making the prices to gain significantly. It is expected that the wheat buffer stock will continue to remain below the mandated norms till fresh procurement begins next year. The current stock of wheat in the central pool is around 82 lakh tonne as compared to the buffer norm of 171 lakh tonne for the period between July and September. According to the experts, the prices of wheat are expected to remain in the range of Rs.925-975/qlt in spite of wheat imports as imported cost more.

FUTURES MARKETS:

NCDEX wheat futures traded range bound with slight up Monday on thin trading activity. The steady to slight up spot prices underpinned the futures market to up. The futures market opened slight weak and traded within the narrow range. Most active August contract opened at Rs.850 and settled at Rs.853, up by Rs.2.60 and traded within the range of Rs.849-854.

PRICE DRIVERS:

Bullish:

1. Decreasing Trend of Arrival ahead of Festive Season
2. Extensive Buying by the Flourmills: Rake Demand for South India
3. Low Buffer Stock to the Govt.

Bearish:

1. MMTC Wheat Tender: All Four Bids Technically Qualified
2. Private Wheat Import

WEATHER:

Southwest monsoon has further advanced into remaining parts of Arabian Sea and West Rajasthan. Thus southwest monsoon has covered the entire country. Therefore arrival at the market yards might be affected.

SPOT MARKET PRICE FOR WHEAT (Rs./Quintal)

Markets	Variety	22.07.06	24.07.06	Change
Delhi (Lawrence Road)	Wheat Mill quality	880-882	878-882	-2.00
Haryana (Karnal)	Wheat Mill quality	847-852	850-852	+3.00
Punjab (Khanna)	Wheat Mill quality	820-825	830-835	+10.00
Gujarat (Ahmedabad)	Wheat Mill quality	967-972	972-975	+5.00
Rajasthan (Kota)	Wheat Mill quality	965-970	970-975	+5.00
Uttar Pradesh (Kanpur)	Wheat Mill quality	900-905	900-905	-
Madhya Pradesh (Indore)	Wheat Mill quality	985-990	980-985	-5.00
Uttar Pradesh (Bareilly)	Wheat Mill quality	875-877	875-877	-

TECHNICALS:

Candlestick is showing indecision market. The %K line is going to down following at neutral region, indicating down while MACD is still going to up at the negative territory, indicating to medium term firmness. Prices closed below the 9-days and 18-days EMA, which is indicating to weak market. Open interest as well as volume decreased. The market is expected to trade up following steady to strong opening with some bearish movement later.



SUPPORT / RESISTANCES:

Month	S1	S2	PCP	R1	R2
August	848.7	845.6	853.0	857.0	860.2
Sept.	872.5	869.4	878.0	881.2	884.5

TRADE RECOMMENDATION: (Intraday)

Sell August in between 855-857 with target towards 850, second target near 848.20. Put stop loss at 860.

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