

WHEAT DAILY

27th JULY, 2006

SPOT MARKETS:

The wheat prices maintain a steady tone at higher-level Wednesday in Delhi, M.P. and U.P while the other market got up slightly on sluggish arrival. Wheat darr prices quoted steady at Rs.880-882/qlt with average intake of 5000-7000 bags at the Lawrence road while total arrival was in Delhi around 17000-25000 bags, traders said. The rake is being loaded for South India from Delhi at Rs.882-883/qlt and Punjab, which contributing some pressure on prices while the fresh demand from the flourmills ahead of festive season also supported the market. The prices witnessed also steady in Bangalore and quoted at Rs.1055-1060/qlt. The ongoing monsoon activity is affecting on the arrival. The government might soon float a fresh import tender of 10-lakh tonne wheat, in addition to the 35 lakh tonne already contracted, to recuperate the shortage and curb prices, according to the source. According to the government official, the delivery of imported wheat up to 846,000 metric tonnes in a total of 15 shipments into various ports is expected to arrive by the end of August. But the traders did not see any further reduction in wheat spot prices since the imported wheat is only meant for government's subsidized sale programs from January next year.

FUTURES MARKETS:

NCDEX wheat futures tumbled down on thin trading activity on light speculative selling. The prices opened down and traded bearish through out the session. Most active August contract opened at Rs.853 and settled at Rs.851, down by Rs.3.00 and traded within the range of Rs.848.00-853.20.

PRICE DRIVERS:

Bullish:

1. Decreasing trend of arrival on monsoon rains
2. Regular demand by the flourmills: Rake demand for south India
3. Imported wheat only meant for govt subsidized sales programme

Bearish:

1. Govt speculates up to 846,000 tons wheat arrived by end-Aug
2. Govt may float additional 1 Mt wheat import tender

WEATHER:

Southwest monsoon has further advanced in most part of the country. Therefore arrival at the market yards will be affected.

TECHNICALS:

Candlestick is showing bearish market. The %K line is going up at neutral region, indicating up while MACD continue to going up at the negative territory, indicating to medium term firmness. Prices closed below the 9-days and 18-days EMA, which is indicating weak market. Open interest decreased but volume increased. The market is likely to trade range bound with bearish following strong opening.



SUPPORT / RESISTANCES:

Month	S1	S2	PCP	R1	R2
August	845.0	841.5	851.0	854.5	857.5
Sept.	870.3	865.5	875.0	876.6	880.2

TRADE RECOMMENDATION:

Intra day traders might take position to **Sell August** in between 851-852 with target towards 845, second target near 840. Put stop loss at 857 and who has taken **long** position in wheat should hold their position till target is achieved.

SPOT MARKET PRICE FOR WHEAT (Rs./Quintal)

Markets	Variety	25.07.06	26.07.06	Change
Delhi (Lawrence Road)	Wheat Mill quality	880-882	880-882	-
Haryana (Karnal)	Wheat Mill quality	850-852	852-855	+2.00
Punjab (Khanna)	Wheat Mill quality	830-835	835-837	+5.00
Gujarat (Ahmedabad)	Wheat Mill quality	975-977	977-980	+2.00
Rajasthan (Kota)	Wheat Mill quality	970-975	972-977	+2.00
Uttar Pradesh (Kanpur)	Wheat Mill quality	900-905	905-907	+5.00
Madhya Pradesh (Indore)	Wheat Mill quality	980-985	980-990	-
Uttar Pradesh (Bareilly)	Wheat Mill quality	870-875	870-875	-

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