

WHEAT DAILY

05th JULY, 2006

SPOT MARKETS:

The sentiment for wheat prices are firming up at the spot market due to continuous rake loading for South India and hoarding stocks by the stockists as the monsoon got weakened at northern region. The demand from South India also witnessed strong therefore it is creating some pressure on wheat prices. Wheat dara mill quality quoted slight up at Rs.862-865/qlt with average arrival of 5000-6000 bags at the Lawrence road mandi of Delhi Tuesday with two rakes is being loaded for South India. According to the traders, around six rakes are contracted for loading from North India to South in this week. The prices got strong at Bangalore and wheat dara offered at Rs.1054-1060/qlt with shortage of arrival. The most of the mandis showed slight upward tone due to weakness in arrival and positive demand from the flourmills. Traders are also keen that the global wheat prices are increasing and global wheat production is expected to down therefore the wheat prices might be going up in near future. The traders said, the stockists are not interested to release their sufficient stocks as the monsoon get weakened.

FUTURES MARKETS:

NCDEX wheat futures witnessed bearish tone Tuesday on speculative selling despite higher spot price level in Delhi. The lack of fresh buying interest pushed down the prices on negative side. The market opened steady and went to slight higher side but fell down and traded within the range. Most active August contract opened steady at Rs.862 and settled at Rs.856.40, down by Rs.5.60 and traded within the range of Rs.854.40-862.00 Tuesday.

PRICE DRIVERS:

Bullish:

1. Stocks Hoarding by the Stockists
2. Improving demand from the flourmills
3. Weakness in Monsoon

Bearish:

1. Govt Cuts Import Duty to 5 % On Wheat to Control Inflation
2. India to Import 1 Million Tonne Wheat From Canada

WEATHER:

The monsoon is expected to get strong in coming four to five days at Northern side therefore it might be impact on arrival as stockists might be release their stocks.

TECHNICALS:

Candlestick is indicating to bearishness of wheat prices. However, the stochastic and MACD are calling for some improvement in the price and MACD prevailed at the negative territory. Prices closed below the 18-days and 9-days EMA, which is indicating further downward price. Open interest increased while volume decreased. The prices are expected to remain down following steady to firm opening.



SUPPORT / RESISTANCES:

Month	S1	S2	PCP	R1	R2
July	831.2	827.0	835.2	843.5	848.6
August	851.4	844.1	856.4	862.4	867.8

TRADE RECOMMENDATION: (Intraday)

Sell August in between 857-860 with target towards 850, second target near 847.70. Put stop loss at 863.

SPOT MARKET PRICE FOR WHEAT (Rs./Quintal)

Markets	Variety	03.07.06	04.07.06	Change
Delhi (Lawrence Road)	Wheat Mill quality	860-862	862-865	+2.00
Haryana (Karnal)	Wheat Mill quality	835-840	835-840	-
Punjab (Khanna)	Wheat Mill quality	804-809	800-805	-4.00
Gujarat (Ahmedabad)	Wheat Mill quality	940-945	943-947	+3.00
Rajasthan (Kota)	Wheat Mill quality	958-963	962-965	+4.00
Uttar Pradesh (Kanpur)	Wheat Mill quality	870-873	872-877	+2.00
Madhya Pradesh (Indore)	Wheat Mill quality	920-930	935-945	+15.00
Uttar Pradesh (Bareilly)	Wheat Mill quality	850-855	850-855	-

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