

WHEAT DAILY

21st JULY, 2006

SPOT MARKETS:

Wheat prices got up Thursday at most of the trading centre due to scanty arrival on monsoon rain coupled with rake demand. Wheat dara prices quoted up at Rs.880-885/qlt at the Lawrence road with totaled arrival of 15000-20000 bags in Delhi. The bad monsoon hindered on the arrival at most the trading centre. Traders said, rake is being loaded for South India from Delhi, Punjab and other region due to good demand. On the other hand, the strong demands for wheat products are encouraging the flourmillers to create stock ahead of the festival seasons. The prices also firmed in Bangalore and quoted at Rs.1055-1060/qlt. Private wheat imports have started slightly into India following a cut in import duty and it is expected that it would pick up in October or November when domestic supplies dry up, according to the experts. According to the traders, the move had not assisted the immediate supply situation, as the landed cost at 5% duty would be slightly higher than the local prices. They included that the imports will pick up when the spot prices will increase Rs.50-60/qlt at most the trading centre in the coming months.

FUTURES MARKETS:

NCDEX wheat futures traded bullish Thursday amidst strong spot prices and speculative buying. The monsoon rain is hindering on arrival therefore spot prices are increasing which supported the futures market. The prices opened mostly strong and went to higher side but settled down from the day's top level. Most active August contract opened strong at Rs.860.20 and settled at Rs.860.40, up by Rs.2.00 and traded within the range of Rs.858.00-866.40.

PRICE DRIVERS:

Bullish:

1. Scanty Arrival amidst Monsoon Rains
2. Strong Demand from Flourmills, South India and Maharashtra
3. Delay of Wheat Shipment Due to Contractual Requirements

Bearish:

1. Govt Won't Reduce Subsidies on Local Wheat Sales
2. Govt Might be Reduce Import Duty to Zero Percent on Wheat

WEATHER:

Fairly widespread rainfall activity over northwest, central and east India is likely to continue. Subdued rainfall activity likely over south peninsula. Therefore arrival at the market yards might be affected.

TECHNICALS:

Doji Candlestick is indicating to indecision market. The %K line is going to up following made a bullish crossover from down with its %D line at neutral region, indicating bullish while MACD is going to up at the negative territory, indicating to medium term firmness. Prices closed in between the 9-days and 18-days EMA, which is indicating to steady market. Open interest decreased but volume increased. The market is expected to trade strong initially following steady to weak opening with some bearish movement later.



SUPPORT / RESISTANCES:

Month	S1	S2	PCP	R1	R2
August	856.8	854.0	860.4	863.7	866.8
Sept.	879.2	875.0	884.2	888.8	892.6

TRADE RECOMMENDATION: (Intraday)

Sell August in between 863-866 with target towards 858.00, second target near 855. Put stop loss at 871.

SPOT MARKET PRICE FOR WHEAT (Rs./Quintal)

Markets	Variety	19.07.06	20.07.06	Change
Delhi (Lawrence Road)	Wheat Mill quality	870-872	880-885	+10.00
Haryana (Karnal)	Wheat Mill quality	835-840	840-842	+5.00
Punjab (Khanna)	Wheat Mill quality	810-812	815-820	+5.00
Gujarat (Ahmedabad)	Wheat Mill quality	960-965	960-965	-
Rajasthan (Kota)	Wheat Mill quality	965-970	960-965	-5.00
Uttar Pradesh (Kanpur)	Wheat Mill quality	899-903	899-905	-
Madhya Pradesh (Indore)	Wheat Mill quality	965-975	965-975	-
Uttar Pradesh (Bareilly)	Wheat Mill quality	867-872	870-875	+3.00

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