

WHEAT DAILY

20th JULY, 2006

SPOT MARKETS:

Wheat got up by Rs.3-5/qlt at most of the mandis on Wednesday on strong demand from flourmillers and weakness in arrival due to rain. Dara wheat quoted up at Rs.870-873/qlt at the Lawrence road mandis of Delhi with average inflow of 5000-6000 bags. The rake for South India is being loaded today from Delhi and Punjab. The arrival is strongly affected due to rain at most part of country. Wheat offered at Rs.1050-1055/qlt in Bangalore mandis. The fresh demand came out from the states of Maharashtra and South to supply to the needs of flour and maida. With the advent of festival season near the demand is likely to go up further rather turn down. According to the Agriculture Minister, the Union Government doesn't intend to cut supplies on subsidized food grains to households under its Public Distribution System. He also concluded that there were no plans to increase the prices at which wheat and rice are sold under the program. Centre on Tuesday alleged that spot prices of wheat had tumbled down by 6.3 per cent from Rs. 922 a quintal in February to Rs. 864 a quintal (on July 13). The Government's decision of importing five lakh tonnes of wheat on February 2, this year pushed the prices down.

FUTURES MARKETS:

NCDEX wheat futures continued to trade within the narrow range on dull trading activity. The steady to slight up spot prices underpinned the futures market. There was no strong bullish factor for prices up and down. The prices opened mostly strong and traded within the narrow range through out the trading session. Most active August contract opened strong at Rs.860 and settled at Rs.858.40, down by Rs.0.80 and traded within the range of Rs.857.40-863.00.

PRICE DRIVERS:

Bullish:

1. Centre Once More Scales Down Wheat Production to 69.48 Mt
2. Strong Demand from the Flourmills and Chakki mills
3. Rain Inducing Poor Arrival

Bearish:

1. Govt Won't Reduce Subsidies on Local Wheat Sales
2. Import of Wheat to Drive Prices Lower than Rs.864/qlt

WEATHER:

Arrival might be interrupted due to fairly widespread rainfall activity over northwest & adjoining central India is likely to continue. Ongoing rainfall activity over east India is likely to decrease.

SPOT MARKET PRICE FOR WHEAT (Rs./Quintal)

Markets	Variety	18.07.06	19.07.06	Change
Delhi (Lawrence Road)	Wheat Mill quality	868-870	870-872	+2.00
Haryana (Karnal)	Wheat Mill quality	835-840	835-840	-
Punjab (Khanna)	Wheat Mill quality	807-812	810-812	+3.00
Gujarat (Ahmedabad)	Wheat Mill quality	963-967	960-965	+3.00
Rajasthan (Kota)	Wheat Mill quality	970-975	965-970	+5.00
Uttar Pradesh (Kanpur)	Wheat Mill quality	895-900	899-903	+4.00
Madhya Pradesh (Indore)	Wheat Mill quality	960-970	965-975	+5.00
Uttar Pradesh (Bareilly)	Wheat Mill quality	865-870	867-872	+2.00

TECHNICALS:

Candlestick is indicating to slight bearish market. The %K line is going to down and remain below %D line at neutral region, indicating bearish 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 prices are likely to remain strong initially following steady to strong opening with some bearish movement afterwards.



SUPPORT / RESISTANCES:

Month	S1	S2	PCP	R1	R2
August	855.2	850.3	858.4	863.2	866.5
Sept.	880.0	876.2	884.0	888.1	891.5

TRADE RECOMMENDATION: (Intraday)

Sell August in between 860-863 with target towards 855.2, second target near 852. Put stop loss at 867.

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