

WHEAT DAILY

31st JULY, 2006

SPOT MARKETS:

A strong sentiment is witnessed at major mandis of the country amidst weak arrival due to rain and rake loading and robust demand from the flourmills Saturday. Wheat darr prices quoted up at Rs.885-887/qrtl with average intake of 5000-6000 bags at the Lawrence road while total arrival reported to be registered at 15000-20000 bags in Delhi. According to the traders, the prices are not likely to come down as the festival season demand is at peak presently. The flourmill and rake demand made the prices to lead the market sentiments. The prices mostly increased in M.P. mandis due to no arrival on incessant rains. On the other hand, IGC slashed the global wheat production and demanded that the world wheat prices will increase; therefore it would boost up the imported cost of wheat by India. Traders said, the prices would increase due to higher import cost. In addition to, the government confirmed a 40 per cent fall in its targeted level of wheat procurement this year. The latest import news did not affect on the spot prices and futures prices and it would have the opposite effect in global and spot markets. Therefore the prices are expected to go up further.

FUTURES MARKETS:

NCDEX wheat futures traded mixed today on thin trading activity Saturday. The speculative buying pushed up the futures market to high at early hour following weak opening but did not sustained at higher level and tumble down at the end on thin trading activity. The steady to up spot prices also supported. Most active August contract opened at Rs.851.40 and settled at Rs.852, down by Rs.0.80 and traded within the range of Rs.851.40-854.80.

PRICE DRIVERS:

Bullish:

1. Rains hindering on the arrival
2. Robust demand by the flourmills: Rake demand for south India
3. Festive demand

Bearish:

1. STC issued to import of 4 LMT of wheat at zero duty
2. MMTC importing 50,000 Mt wheat at \$179/mt, c&f

WEATHER:

Enhanced rainfall activity over Konkan & Goa, Madhya Maharashtra and Gujarat is likely to continue. Therefore it will hinder on arrival.

TECHNICALS:

Candlestick is indicating indecision market. The %K line is going up following made a bullish crossover with its %D line at neutral region, indicating up while MACD also moving up at the negative territory, indicating firmness. Prices closed below the 9-days and 18-days EMA, which is indicating steady market. Open interest as well as volume decreased. The prices are likely to remain range bound with bullish following weak opening.



SUPPORT / RESISTANCES:

Month	S1	S2	PCP	R1	R2
August	850.4	846.5	852.0	859.5	863.5
Sept.	873.5	869.6	877.0	882.4	887.1

TRADE RECOMMENDATION:

Intra day traders might take position to **Buy August** in between 851-853 with target towards 857.50, second target near 863.50. Put stop loss at 847.50 and who has taken **long** position in wheat should hold their position.

SPOT MARKET PRICE FOR WHEAT (Rs./Quintal)

Markets	Variety	28.07.06	29.07.06	Change
Delhi (Lawrence Road)	Wheat Mill quality	882-883	885-887	+3.00
Haryana (Karnal)	Wheat Mill quality	850-855	850-853	-
Punjab (Khanna)	Wheat Mill quality	843-845	845-847	+2.00
Gujarat (Ahmedabad)	Wheat Mill quality	980-982	980-983	-
Rajasthan (Kota)	Wheat Mill quality	970-973	975-980	+5.00
Uttar Pradesh (Kanpur)	Wheat Mill quality	900-905	905-907	+5.00
Madhya Pradesh (Indore)	Wheat Mill quality	970-975	975-980	+5.00
Uttar Pradesh (Bareilly)	Wheat Mill quality	870-872	872-873	+2.00

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