

WHEAT DAILY

1st AUGUST, 2006

SPOT MARKETS:

The market sentiment for wheat was hot Monday in Delhi spot market due to rake loading and fresh demand from the flourmills coupled with weak arrival. Therefore wheat dara prices have quoted mostly strong at Rs.895-896/qrtl, up by Rs.10/qrtl with weak arrival of 13000-16000 bags at the Lawrence road including station. The prices also hovered up at most of the trading centre due to strong demand. The rake loading for South India and strong demand from the flourmills ahead of the festive season is aggravating the situation. Rake is being loaded from Delhi and Punjab at higher rate. On the other hand, the heavy rains in Gujarat, Maharashtra and M.P. halted arrival and pushed prices to up on thin trading activity. The prices remained up at Rs.1060-1065/qrtl in Bangalore mandis. 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 for India. The import news of STC did not affect on the market and prices are spiraling after they announced the tender as the stockists are looking that the government has very few stocks and higher imported cost therefore they holding their stocks ahead of the festive season and creating crisis.

FUTURES MARKETS:

NCDEX wheat futures hovered up Monday on strong speculative buying and strong spot prices. The futures market traded slight up following weak opening till mid half but soared up at the end hour on profit booking. Most active August contract opened at Rs.850 and settled at Rs.862, up by Rs.8.40 and traded within the range of Rs.850.00-864.20.

PRICE DRIVERS:

Bullish:

1. Strong demand by the flourmills: Rake demand for south India
2. Festive demand and weak arrival amidst rain

Bearish:

1. Wheat import
2. Arrival of imported wheat at the south Indian port

WEATHER:

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

TECHNICALS:

Candlestick is indicating bullish market. The %K line is going up and remained above over %D line at neutral region, indicating up while MACD also moving up at the negative territory, indicating firmness. Prices closed above the 9-days and 18-days EMA, which is indicating bullish market. Open interest decreased but volume increased. The prices are likely to trade strong following weak opening.



SUPPORT / RESISTANCES:

Month	S1	S2	PCP	R1	R2
August	860.3	857.3	862.0	870.5	875.5
Sept.	881.5	877.4	884.6	894.6	900.5

TRADE RECOMMENDATION:

Intra day traders might take position to **Buy August** in between 860-862 with target towards 868.50, second target near 875.50. Put stop loss at 854 and who has taken **long** position in wheat should hold their position.

SPOT MARKET PRICE FOR WHEAT (Rs./Quintal)

Markets	Variety	29.07.06	31.07.06	Change
Delhi (Lawrence Road)	Wheat Mill quality	885-887	895-897	+10.00
Haryana (Karnal)	Wheat Mill quality	850-853	853-855	+3.00
Punjab (Khanna)	Wheat Mill quality	845-847	847-850	+2.00
Gujarat (Ahmedabad)	Wheat Mill quality	980-983	980-983	-
Rajasthan (Kota)	Wheat Mill quality	975-980	975-980	+5.00
Uttar Pradesh (Kanpur)	Wheat Mill quality	905-907	905-907	-
Madhya Pradesh (Indore)	Wheat Mill quality	975-980	975-980	-
Uttar Pradesh (Bareilly)	Wheat Mill quality	872-873	877-880	+5.00

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