

WHEAT DAILY

22nd JULY, 2006

SPOT MARKETS:

Wheat prices got steady in Delhi mandis Friday amidst sluggish demand from the flourmills despite weak arrival while the rake loading kept pressure on prices. Wheat darr prices registered steady at Rs.880-885/qrtl at Lawrence road with average arrival of 15000-20000 bags in Delhi. However the sentiment is witnessed almost strong at other mandis in the country due to lethargic arrival and promising demand from the flourmills. The prices observed at previous level in Bangalore and offered at Rs.1050-1055/qrtl. The continue rake demand from the south India and Maharashtra are aggravating the prices to up. In south India, currently, wheat is being delivered at railway sheds at Rs 1,050 a quintal and imported cost of wheat is little above than this price therefore it is not viable to import wheat at 5% duty as the rupee is weak over dollar. On the other hand, the government ruled out any farther reduction in import duty from 5%. Flourmills in the South are yet to firm up any deals to import wheat as they prefer to "wait and watch" the global market situation though some deals have already made to some extent 1-1.5 lakh tonnes from Ukraine and Russia.

FUTURES MARKETS:

NCDEX wheat futures witnessed range bound with slight bearish amidst light speculative selling. The steady to up spot prices provided underlying support to the futures market. The futures market opened slight weak and fell down from higher level and settled down. Most active August contract opened slight weak at Rs.861.60 and settled at Rs.857, down by Rs.4.80 and traded within the range of Rs.856-863.

PRICE DRIVERS:

Bullish:

1. Sluggish Arrival
2. Promising Demand from Flourmills, South India and Maharashtra
3. Minister: Ruled Out to Cut Wheat Import Duty

Bearish:

1. Govt: Adequate Stock to Regulate Subsidize Sales
2. Speculation of Stocks Releasing by the Stockists

WEATHER:

Isolated heavy to very heavy falls is likely over Madhya Pradesh, Konkan & Goa, Madhya Maharashtra, Gujarat and East Rajasthan. Therefore arrival at the market yards might be affected.

TECHNICALS:

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



SUPPORT / RESISTANCES:

Month	S1	S2	PCP	R1	R2
August	852.5	849.5	857.0	863.0	867.4
Sept.	876.2	873.0	881.6	886.6	890.2

TRADE RECOMMENDATION: (Intraday)

Sell August in between 859-862 with target towards 854, second target near 852. Put stop loss at 867.

SPOT MARKET PRICE FOR WHEAT (Rs./Quintal)

Markets	Variety	20.07.06	21.07.06	Change
Delhi (Lawrence Road)	Wheat Mill quality	880-885	880-885	-
Haryana (Karnal)	Wheat Mill quality	840-842	847-852	+7.00
Punjab (Khanna)	Wheat Mill quality	815-820	815-820	-
Gujarat (Ahmedabad)	Wheat Mill quality	960-965	965-970	+5.00
Rajasthan (Kota)	Wheat Mill quality	960-965	965-970	+5.00
Uttar Pradesh (Kanpur)	Wheat Mill quality	899-905	905-907	+6.00
Madhya Pradesh (Indore)	Wheat Mill quality	965-975	975-980	+10.00
Uttar Pradesh (Bareilly)	Wheat Mill quality	870-875	875-877	+5.00

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