

WHEAT DAILY

13TH JULY, 2006

SPOT MARKETS:

Wheat prices improved Wednesday at most of the major mandis on restricted arrival due to monsoon rain. Therefore wheat prices improved by Rs.3-4/ql to Rs.868-870/ql at the Lawrence road in Delhi with meagre arrival of 2000-4000 bags while total arrival in Delhi witnessed around 15000-20000 bags. The good buying support from the stockists and flourmills also kept the market firm. The traders are of the view that with the onset of festive season, the prices are less expected to come down. On the other hand, Cargill and Archer Daniels Midland Company have been awarded \$141 million worth of contracts to supply India with 705,000 tonnes of wheat. According to the traders, the current duty of 5% still makes the disparity between profit and loss when large volumes are imported. There is talk of at least one import deal having been confirmed by a Kolkata-based company to import 50,000 tons Ukrainian wheat at price between \$180-\$185 a metric ton, cost and freight. Flourmills in the southern state of Tamil Nadu have also placed orders for import of an estimated 2,500 tons in containers carrying 24 tons each.

FUTURES MARKETS:

NCDEX wheat futures traded slight up following weak opening amidst slight strong spot prices and buying support from lower level. The weak arrival pushing up the spot prices which is inducing the futures prices to up. The futures market traded slight strong following weak opening and settled slight down from day's higher level. Most active August contract opened weak at Rs.853 and settled at Rs.857, up by Rs.3.00 and traded within the range of Rs.853.00-859.60 Wednesday.

PRICE DRIVERS:

Bullish:

1. Demand from the South India and Poor Arrival amidst Rains
2. Favorable Demand from the Flourmills and Chakki mills

Bearish:

1. Kolkata-Based Company To Import 50,000 Tons Wheat
2. ADM, Cargill Awarded to Supply Wheat to India
3. Indian Southern Mills Can Import 35,000 tons of Wheat

WEATHER:

Heavy to very heavy rainfall is likely at a few places over Kerala, Bihar, East Uttar Pradesh and western Himalayan region. Isolated heavy rainfall also likely over Punjab, Haryana, East Rajasthan, West Uttar Pradesh. Therefore it might be hindering on the arrival.

SPOT MARKET PRICE FOR WHEAT (Rs./Quintal)

Markets	Variety	11.07.06	12.07.06	Change
Delhi (Lawrence Road)	Wheat Mill quality	865-866	868-870	+3.00
Haryana (Karnal)	Wheat Mill quality	830-832	831-833	+1.00
Punjab (Khanna)	Wheat Mill quality	805-810	805-810	-
Gujarat (Ahmedabad)	Wheat Mill quality	937-942	940-942	+3.00
Rajasthan (Kota)	Wheat Mill quality	955-960	950-955	-5.00
Uttar Pradesh (Kanpur)	Wheat Mill quality	875-880	883-887	+8.00
Madhya Pradesh (Indore)	Wheat Mill quality	940-945	945-950	+5.00
Uttar Pradesh (Bareilly)	Wheat Mill quality	850-855	865-870	+15.00

TECHNICALS:

Inverted white hammer like Candlestick is indicating to slight bearish market. The stochastic is going to down at neutral region while MACD is going to up at the negative territory, indicating to medium term firmness. Prices closed between the 9-days and 18-days EMA, which is indicating to steady futures market. Open interest as well as volume increased. The prices are likely to remain range bound with slight down following steady to firm opening.



SUPPORT / RESISTANCES:

Month	S1	S2	PCP	R1	R2
July	830.9	827.5	835.0	838.7	840.5
August	851.4	847.0	857.0	862.0	865.1

TRADE RECOMMENDATION: (Intraday)

Sell August in between 859-862 with target towards 853, second target near 850.40. Put stop loss at 865.

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