

WHEAT DAILY

31st AUGUST, 2006

SPOT MARKETS:

Wheat prices slightly increased on Wednesday in leading mandis across the country except Punjab where the prices declined on releasing stocks by the stockists. The strong market was due to mostly weak arrival and regular demand from the flourmills. Therefore wheat dara prices prevailed at Rs.990-992/qlt with average arrival of 5000-6000 bags at the Lawrence road mandi in Delhi without rake loading as no arrival at the rake despite strong demand from South. The stockists were still hoarding their stocks, traders said. Wheat traded at Rs.1160-1165/qlt in Bangalore mandis. Besides, the government confirmed tender to import of 1.67 MMt wheat as duty free today as the government has less stocks of wheat and they also reduced PDS quota of wheat. Therefore the government raised import to lift up the stocks. The market rumour was that the Gujarat government is not intended to impose stock limits on wheat in the coming days. Till now any states did not impose stock limits on wheat, according to the source. The demand for the wheat products remained quiet due to end of the month and lack of buying but it will boost up in the coming month therefore the wheat prices are likely to go up in near future.

FUTURES MARKETS:

NCDEX wheat futures traded range bound Wednesday. The futures market opened strong and traded within the range with slight downward sentiment. The strong spot prices provided support to the futures market early hour. The government did not specify what the ceilings were about stock limitation, or when they will come into force therefore buying interest are supporting the market. Most active September contract opened at Rs.969.80 and got down by Rs.1.60 at Rs.965, and traded in between Rs.964.20-971.60.

PRICE DRIVERS:

Bullish:

1. Food grain stocks down due to low wheat stocks
2. Any state did not impose stock limits on wheat
3. Mostly weak arrival

Bearish:

1. Wheat likely to decline as 7-Lt of imports to reach

WEATHER:

Weak rainfall is not likely to hinder the arrival at producing regions.

TECHNICALS:

Short Candlestick is indicating indecision market. The %K line is going down and remained below over %D line at neutral region, while MACD slight down at the positive territory, hinting steady to down as medium term. Prices closed above the 9-days and 18-days EMA, which is indicating bullish market. Open interest decreased but volume increased. The sentiments are expected to remain bullish following steady to strong opening.



SUPPORT / RESISTANCES:

Month	S1	S2	PCP	R1	R2
Sept.	962.5	956.5	965.0	973.8	980.0
Oct.	982.2	977.5	987.0	994.5	999.5

TRADE RECOMMENDATION:

Intra day traders might take position to **Buy** **September** between 960-963 with target towards 970, second target near 977.50. Put stop loss at 955.

SPOT MARKET PRICE FOR WHEAT (Rs./Quintal)

Markets	Variety	30.08.06	31.08.06	Change
Delhi (Lawrence Road)	Wheat Mill quality	985-990	990-995	+5.00
Haryana (Karnal)	Wheat Mill quality	970-975	965-970	-5.00
Punjab (Khanna)	Wheat Mill quality	970-973	967-970	-3.00
Gujarat (Ahmedabad)	Wheat Mill quality	1085-1087	1090-1095	+5.00
Rajasthan (Kota)	Wheat Mill quality	1045-1050	1050-1055	+5.00
Uttar Pradesh (Kanpur)	Wheat Mill quality	1000-1005	1005-1007	+5.00
Madhya Pradesh (Indore)	Wheat Mill quality	1050-1055	1050-1060	-
Uttar Pradesh (Bareilly)	Wheat Mill quality	975-977	980-982	+5.00

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