

WHEAT DAILY

22nd AUGUST, 2006

SPOT MARKETS:

Wheat prices increased sharply across Gujarat, Kota, U.P., and Punjab mandis on attractive demand and insufficient supply. Rake demand from Southern flourmills affected the market. In contrast, the prices slightly decreased in Haryana due to demand were not withstanding. In contrast, wheat prices observed steady at higher level in Delhi, Khanna and M.P. mandis Monday on steady demand supply. Wheat dara prices quoted at Rs.990-995/qrtl with average arrival of 12000-13000 bags at the Lawrence road in Delhi. The rake is being loaded from Delhi and Punjab side. The demand from the flourmills remained steady but the rising products demand might be pushed up the flourmiller's demand in the near future, traders said. Wheat prices offered at steady at Rs.1170-1175/qrtl in Bangalore. The government anxious about the wheat prices as the prices are hardening on the eve of the upcoming festive season. Even the Centre had placed an order to import of 35 lakh tonnes of wheat for the PDS and allowed private trade to import wheat at a nominal 5% duty, but the situation has not eased. The government is expected to import up to another 1.67 million metric tons (MMt) of wheat over a period of many months to replenish wheat stocks. However the market is seeing that the prices will go up in near future.

FUTURES MARKETS:

NCDEX wheat futures tumbled down Monday on profit booking from higher level as the market went to mostly overbought condition. The speculators are speculating that the government might be interfering in the market recent so lack of buying activity pulled down the prices. The prices opened steady to firm and got down from higher levels. Most active September contract opened at Rs.975.20 and settled down by Rs.12 at Rs.963.20, and traded between Rs.962.40-984.00.

PRICE DRIVERS:

Bullish:

1. Upcoming festive demand pushing products demand up
2. Regular demand from south India: Higher import cost

Bearish:

1. Speculation of government's interfere in the market

WEATHER:

The arrival might be not affected due to weakness in rainfall activity in producing regions for the coming day.

TECHNICALS:

Filled Candlestick is indicating bearish market. The %K line is moving down following made a bearish cut with %D line at overbought region, while MACD steady at the positive territory, indicating steady market as medium term. Prices closed far above the 9-days and 18-days EMA, which is hinting strong market. Open interest decreased but volume increased. Wheat prices are likely to remain weak following steady to firm opening and bullish after that.



SUPPORT / RESISTANCES:

Month	S1	S2	PCP	R1	R2
Sept.	955.0	950.8	963.2	983.8	990.5
Oct.	973.1	965.5	983.0	992.4	998.5

TRADE RECOMMENDATION:

Intra day traders might take position to **Buy September** in between 954-958 with target towards 970.30. second target near 977. Put stop loss at 945.

SPOT MARKET PRICE FOR WHEAT (Rs./Quintal)

Markets	Variety	19.08.06	21.08.06	Change
Delhi (Lawrence Road)	Wheat Mill quality	990-995	990-995	-
Haryana (Karnal)	Wheat Mill quality	980-982	970-975	-10.00
Punjab (Khanna)	Wheat Mill quality	960-965	960-965	-
Gujarat (Ahmedabad)	Wheat Mill quality	1070-1072	1080-1085	+10.00
Rajasthan (Kota)	Wheat Mill quality	1060-1065	1085-1090	+15.00
Uttar Pradesh (Kanpur)	Wheat Mill quality	1000-1005	1005-1010	+5.00
Madhya Pradesh (Indore)	Wheat Mill quality	1050-1060	1050-1060	-
Uttar Pradesh (Bareilly)	Wheat Mill quality	965-970	985-987	+20.00

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