

WHEAT DAILY

16th AUGUST, 2006

SPOT MARKETS:

The market sentiments for wheat prices are continuing to maintain bullish at the domestic spot market on weakness in arrival and strong demand from the flourmills as the demand for wheat products are rising. In addition to, robust demand from the south Indian flourmills kept the market strong. Wheat dara prices quoted mostly up at Rs.940-945/mtl with totalled arrival of 12000-14000 bags at the Lawrence road in Delhi. The rake is being loaded for South India from Delhi, Punjab and Haryana. The higher imported cost of wheat and rising global wheat prices are triggering the wheat prices to firm. On the other hand heavy rain in M.P., Delhi and other parts hindered the arrival at the market yards. International wheat prices have firmed up significantly since the government first floated a tender to import 5,00,000 tonne wheat, which has escalated the cost of wheat import. Therefore the stockists are not reluctant to sell wheat at this price level. According to a source, the State run trading house PEC Ltd. on Friday finalized to import 40,000 tonnes of wheat of black sea origin at about to \$192/ton cost and freight (landed cost Rs.1000-1005/mtl). The prices are expected to remain steady at higher level in the coming days.

FUTURES MARKETS:

NCDEX wheat futures recovered early losses and settled mostly up Monday on strong spot prices and speculative buying. Some profit booking at higher level slightly pulled down the prices. The futures market opened mostly firm and traded mostly bullish through out the trading session and set back to day's higher level. Most active September contract opened at Rs.922.20 and settled up by Rs.14 at Rs.933, and traded within the range of Rs.922.20-938.80.

PRICE DRIVERS:

Bullish:

1. Scanty arrival; Strong demand from South and Flourmillers
2. Hoarding stocks by the stockists; Strong products demand

Bearish:

1. Arrival of imported wheat

WEATHER:

Isolated extremely heavy falls likely over southwest Madhya Pradesh. Isolated heavy to very heavy falls is likely over Saurashtra & Kutch, southeast Rajasthan, northwest Madhya Pradesh, and Maharashtra. Therefore arrival might be affected.

SPOT MARKET PRICE FOR WHEAT (Rs./Quintal)

Markets	Variety	12.08.06	14.08.06	Change
Delhi (Lawrence Road)	Wheat Mill quality	920-925	940-945	+20.00
Haryana (Karnal)	Wheat Mill quality	895-900	900-905	+5.00
Punjab (Khanna)	Wheat Mill quality	890-895	900-905	+10.00
Gujarat (Ahmedabad)	Wheat Mill quality	1000-1005	1025-1030	+25.00
Rajasthan (Kota)	Wheat Mill quality	1000-1005	1005-1010	+5.00
Uttar Pradesh (Kanpur)	Wheat Mill quality	945-947	950-952	+5.00
Madhya Pradesh (Indore)	Wheat Mill quality	1000-1005	1005-1010	+5.00
Uttar Pradesh (Bareilly)	Wheat Mill quality	895-900	920-925	+25.00

TECHNICALS:

Unfilled Candlestick is indicating bullish market. The %K line is moving down following made a bearish cut with its %D line at overbought region, while MACD going up at the positive territory, indicating firm price as medium term. Prices closed far above the 9-days and 18-days EMA, which is indicating strong market. Open interest decreased but volume increased. Wheat prices are expected to remain strong following steady to strong opening but technical reversal might be possible after that.



SUPPORT / RESISTANCES:

Month	S1	S2	PCP	R1	R2
August	900.5	895.6	913.0	920.0	925.6
Sept.	924.8	917.8	933.0	945.5	952.6

TRADE RECOMMENDATION:

Intra day traders might take position to **Buy September** in between 930-935 with target towards 945.00, second target near 950.50. Put stop loss at 922.

Disclaimer

The information and opinions contained in the document have been compiled from sources believed to be reliable. The company does not warrant its accuracy, completeness and correctness. Use of data and information contained in this report is at your own risk. This document is not, and should not be construed as, an offer to sell or solicitation to buy any commodities. This document may not be reproduced, distributed or published, in whole or in part, by any recipient hereof for any purpose without prior permission from the Company. IASL and its affiliates and/or their officers, directors and employees may have positions in any commodities mentioned in this document (or in any related investment) and may from time to time add to or dispose of any such commodities (or investment). Please see the detailed disclaimer at <http://www.agriwatch.com/Disclaimer.asp>

© 2005 Indian Agribusiness Systems Pvt Ltd.