

WHEAT DAILY

2nd AUGUST, 2006

SPOT MARKETS:

Wheat prices got steady at higher level in Delhi and U.P. but it quoted slight down in Gujarat and surged at other major mandis. The rake is loaded for South India from Delhi and Punjab. Wheat darr prices registered at Rs.895-897/qlt with average arrival of 3000-5000 bags at the Lawrence road while total arrival is registered at around 20000-25000 bags in Delhi. According to the traders, around 4 lakh tonnes of wheat have contracted for Jammu at Rs.965-970/qlt from Hosiarpur district therefore the prices are spiraling up in Punjab. Other market influencing factor were strong demand from the flourmills and from South India and Maharashtra. The prices remained steady at higher level at Rs.1055-1065/qlt in Bangalore mandis. Besides this, government has allowed the conversion of a portion of TPDS wheat into atta for distribution to ration cardholders through fair price shops in the North Eastern and Hilly States and distribution of fortified atta in other States subject to certain terms and conditions. According to the source, around 101758 metric tonnes (MT) of wheat is expected to arrive at Mundra and Tuticorin port in this week. But it is not likely to curb down the prices in near futures.

FUTURES MARKETS:

NCDEX wheat futures market tumbled down on concerns that government is considering to restrict the black marketers, hoarders and stocks limitation to the stockists. Therefore the prices opened weak and went to up on strong spot prices but fell down for this worries and some profit booking. Most active August contract opened at Rs.858 and settled at Rs.859.80, down by Rs.3.20 and traded within the range of Rs.858-864.80.

PRICE DRIVERS:

Bullish:

1. Rake demand for south India and robust demand by the flourmills
2. Festive demand and weak arrival amidst rain

Bearish:

1. Concerns over stock limitation to the stockists
2. Arrival of imported wheat at the south Indian port

WEATHER:

Enhanced rainfall activity over Gujarat State, southeast Rajasthan is likely to continue. Isolated heavy to very heavy falls also likely over north Madhya Maharashtra, north Konkan (including Mumbai), and north coastal Andhra Pradesh. Therefore it would be hinder on arrival.

SPOT MARKET PRICE FOR WHEAT (Rs./Quintal)

Markets	Variety	31.07.06	1.08.06	Change
Delhi (Lawrence Road)	Wheat Mill quality	895-897	895-897	-
Haryana (Karnal)	Wheat Mill quality	853-855	860-862	+7.00
Punjab (Khanna)	Wheat Mill quality	847-850	850-855	+3.00
Gujarat (Ahmedabad)	Wheat Mill quality	980-983	975-980	-5.00
Rajasthan (Kota)	Wheat Mill quality	975-980	980-985	
Uttar Pradesh (Kanpur)	Wheat Mill quality	905-907	905-907	-
Madhya Pradesh (Indore)	Wheat Mill quality	975-980	980-985	+5.00
Uttar Pradesh (Bareilly)	Wheat Mill quality	877-880	875-880	-2.00

TECHNICALS:

Candlestick is indicating bearish market. The %K line is going up and remained above over %D line at neutral region, indicating up while MACD also moving up at the negative territory, indicating firmness. Prices closed above the 9-days and 18-days EMA, which is indicating bullish market. Open interest decreased but volume increased. The prices are expected to trade weak following weak opening but might be recovering after that.



SUPPORT / RESISTANCES:

Month	S1	S2	PCP	R1	R2
August	856.5	852.5	859.8	865.7	870.5
Sept.	877.8	873.4	881.0	889.1	893.5

TRADE RECOMMENDATION:

Intra day traders might take position to **Sell August** in between 864-866 with target towards 858, second target near 852.50. Put stop loss at 870 and who has taken **long** position in wheat should hold their position.

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