

WHEAT DAILY

1st SEPTEMBER, 2006

SPOT MARKETS:

Wheat prices recovered on the wholesale grains market and remained steady to strong Thursday amidst increased demand from rolling flourmills and weak arrival. The increase in wheat prices was mostly attributed to increased buying support from rolling flourmills in the wake pause in selling by stockists. The wheat dara prices traded at Rs.990-995/qlt with poor intake of 5000-6000 bags at the Lawrence road mandi in Delhi. The rake is being loaded from stocks in this state for South. The wheat was going from Punjab to Jammu where prices remained firm. The Bhopal mandis witnessed almost closed due to heavy rain from yesterday. Some stockists were selling wheat in Punjab as better prices of wheat in this region. Besides, the government ruled out the plan to cut wheat import duty to 0%. The traders were urging to the government to reduce the import duty. STC floated a fresh wheat import tender of 1.67 MMt to lift up buffer stock. In addition to, NCDEX said it would reduce the daily price limit for trading in wheat futures contract from Sept. 1, to curb volatility. The limit will be cut to 4 percent from 6 percent. The long-term outlook for wheat might be bearish as sufficient stocks to the markets as well as government.

FUTURES MARKETS:

NCDEX wheat futures fell down Thursday on speculative selling and steady spot prices in Delhi. The government intervention is restricted the market. Therefore the futures market opened strong but gradually tumbled down on selling pressure. Most active October contract opened at Rs.988 and tumbled down by Rs.8.60 at Rs.979, and traded in between Rs.978-988.

PRICE DRIVERS:

Bullish:

1. Govt: No plan on reduction of wheat import duty further
2. Any state did not impose stock limits on wheat
3. Mostly weak arrival due to pause in selling by stockists

Bearish:

1. Scheduled arrival of imported wheat

WEATHER:

Weak rainfall is not likely to hinder the arrival at producing regions. But it might be hinder on arrival in M.P., Maharashtra, Gujarat and Rajasthan.

TECHNICALS:

Filled Candlestick is hinting bearish 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 in between the 9-days and 18-days EMA, which is indicating bearish market. Open interest and volume decreased. Wheat prices are likely to remain bearish following steady to weak opening with strong sentiments later on .



SUPPORT / RESISTANCES:

Month	S1	S2	PCP	R1	R2
Sept.	950.0	945.5	958.2	965.2	970.0
Oct.	970.0	964.0	979.0	986.7	993.7

TRADE RECOMMENDATION:

Intra day traders might take position to **Sell** October between 977-980 with target towards 970, second target near 965. Put stop loss at 985.

SPOT MARKET PRICE FOR WHEAT (Rs./Quintal)

Markets	Variety	31.08.06	31.08.06	Change
Delhi (Lawrence Road)	Wheat Mill quality	990-995	990-995	-
Haryana (Karnal)	Wheat Mill quality	965-970	965-970	-
Punjab (Khanna)	Wheat Mill quality	967-970	970-972	+3.00
Gujarat (Ahmedabad)	Wheat Mill quality	1090-1095	1095-1100	+5.00
Rajasthan (Kota)	Wheat Mill quality	1050-1055	1050-1055	-
Uttar Pradesh (Kanpur)	Wheat Mill quality	1005-1007	1010-1012	+5.00
Madhya Pradesh (Indore)	Wheat Mill quality	1050-1060	1055-1060	+5.00
Uttar Pradesh (Bareilly)	Wheat Mill quality	980-982	985-987	+5.00

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