

WHEAT DAILY

14th AUGUST, 2006

SPOT MARKETS:

The market sentiment observed steady in Delhi, Punjab and Rajasthan market on slight higher arrival but promising rake demand from the South India kept the market steady Saturday. Wheat dard prices witnessed stable at higher level of Rs.920-925/mtl with totalled arrival of 10000-12000 bags. Rake is being loaded for South India from Delhi and Punjab. However the prices again increased at the other mandis of the country due to almost poor arrival and festive demand for the wheat products. The stockists are not eager to sell wheat at that prices level and they are still hoarding the stocks. The positive demand for wheat products is also encouraging the flourmillers to create stock ahead of the festive season. The prices remained steady at Rs.1100-1105/mtl in Bangalore mandis. According to the USDA report, the world wheat production will be declined therefore the global wheat prices will be up, which entails the imported cost of wheat by India will higher. 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 week also.

FUTURES MARKETS:

NCDEX wheat futures backpedaled Saturday on profit booking at higher level and technical correction. The strong spot prices provided underlying support to the futures market. The futures market opened firm and fell down from higher level amidst profit booking. Most active September contract opened at Rs.922.60 and settled down by Rs.3 at Rs.919, and traded within the range of Rs.917-924.60.

PRICE DRIVERS:

Bullish:

1. Weak arrival; Strong demand from South and Flourmillers
2. Global wheat output down; Strong products demand

Bearish:

1. Arrival of imported wheat

WEATHER:

Heavy to very heavy rainfall is likely at a few places over Gujarat, southeast Rajasthan, southwest M.P., and north coastal Andhra Pradesh and isolated over Saurashtra & Kutch and Konkan & Goa (including Mumbai) during next 24 hours. Therefore arrival might be affected.

SPOT MARKET PRICE FOR WHEAT (Rs./Quintal)

Markets	Variety	11.08.06	12.08.06	Change
Delhi (Lawrence Road)	Wheat Mill quality	920-925	920-925	-
Haryana (Karnal)	Wheat Mill quality	885-890	895-900	+10.00
Punjab (Khanna)	Wheat Mill quality	890-895	890-895	-
Gujarat (Ahmedabad)	Wheat Mill quality	995-1000	1000-1005	+5.00
Rajasthan (Kota)	Wheat Mill quality	1000-1005	1000-1005	-
Uttar Pradesh (Kanpur)	Wheat Mill quality	930-935	945-947	+15.00
Madhya Pradesh (Indore)	Wheat Mill quality	990-995	1000-1005	+10.00
Uttar Pradesh (Bareilly)	Wheat Mill quality	890-895	895-900	+5.00

TECHNICALS:

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



SUPPORT / RESISTANCES:

Month	S1	S2	PCP	R1	R2
August	885.5	880.6	889.8	905.2	910.5
Sept.	915.5	910.2	919.0	927.5	930.5

TRADE RECOMMENDATION:

Intra day traders might take position to **Buy September** in between 915-917 with target towards 925.50, second target near 930.60. Put stop loss at 909.50.

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