

WHEAT DAILY

21st AUGUST, 2006

SPOT MARKETS:

Wheat prices tumbled down from recent higher level due to overbought condition and less buying activity at upper level in Delhi, Khanna, Indore and Bareilly market on Saturday. Therefore wheat prices slipped from Rs.1000-1005/ql to Rs.990-995/ql at the Lawrence road mandi with average intake of 14000-15000 bags. The rake loading is being stopped in Delhi due to no arrival at the rake despite strong rake demand from South India. The rake is loaded from Punjab side. The flourmillers are stayed away from the market as the market went to mostly upper side in spite of strong products demand, traders said. However the prices observed strong rallies at the other markets due to almost poor arrival and strong demand. The prices are registered at Rs.1170-1175/ql in Bangalore mandis. It is observed that the global wheat output is estimated to down in this year, which contribute to the international prices to up. In addition to, the imported cost of wheat is increasing so the import of wheat at current duty level is not profitable. The government still has fewer stocks so they could not sell wheat at the market in this month and it is expecting that they would release stocks in October to onwards. Therefore the wheat prices are expected to hover up further in the coming week.

FUTURES MARKETS:

NCDEX wheat futures traded volatile further on Saturday. The prices opened firm and got down on profit booking and weak spot prices in Delhi but recovered later amidst buying support from lower level. Most active September contract opened at Rs.974 and settled at Rs.973.60, and hovered within the range of Rs.961-977.60 while October contract settled slight down by Rs.1.80 at Rs.995 following weak opening and traded within the range of Rs.985-999.

PRICE DRIVERS:

Bullish:

1. Global wheat output down; Strong products demand
2. Robust demand from south India: Higher import cost

Bearish:

1. Overbought market condition & speculation of stocks release

WEATHER:

Heavy rain falls likely at a few places over Madhya Pradesh, Rajasthan and Gujarat Region. Isolated heavy falls also likely Coastal Karnataka. Therefore arrival might be affected in these regions.

TECHNICALS:

Doji Candlestick is indicating indecision market. The %K line is going down to cut %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 indicating strong market. Open interest and volume decreased. Wheat prices are expected to firm with volatile following steady to strong opening.



SUPPORT / RESISTANCES:

Month	S1	S2	PCP	R1	R2
Sept.	968.3	960.5	973.6	985.8	995.8
Oct.	990.5	985.8	995.0	1006.6	1013.5

TRADE RECOMMENDATION:

Intra day traders might take position to **Buy September** in between 972-975 with target towards 983.40, second target near 990. Put stop loss at 963.

SPOT MARKET PRICE FOR WHEAT (Rs./Quintal)

Markets	Variety	18.08.06	19.08.06	Change
Delhi (Lawrence Road)	Wheat Mill quality	1000-1005	990-995	-10.00
Haryana (Karnal)	Wheat Mill quality	960-962	980-982	+20.00
Punjab (Khanna)	Wheat Mill quality	965-967	960-965	-5.00
Gujarat (Ahmedabad)	Wheat Mill quality	1060-1065	1070-1072	+10.00
Rajasthan (Kota)	Wheat Mill quality	1040-1050	1060-1065	+20.00
Uttar Pradesh (Kanpur)	Wheat Mill quality	980-985	1000-1005	+20.00
Madhya Pradesh (Indore)	Wheat Mill quality	1055-1060	1050-1060	-5.00
Uttar Pradesh (Bareilly)	Wheat Mill quality	970-975	965-970	-5.00

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