

WHEAT DAILY

24th AUGUST, 2006

SPOT MARKETS:

Wheat prices plunged Wednesday at major trading centre due to confusion about the ECA Bill, traders said. The poor offtake by the flourmills pulled down the prices despite rake loading for South India from Punjab and Delhi. The flourmillers are eyeing on the wait and see policy. The arrival is reported to be around 14000-15000 bags in Lawrence road and rake at station. Wheat data prices quoted down to Rs.970-972/qrtl at this mandis in Delhi. The products demand is also got stagnant and prices remained steady at upper levels. The prices are offered at Rs.1060-1070/qrtl in Bangalore mandis. Rajya Sabha Friday approved the Essential Commodities Act to restrict the stocks hoarding by the hoarders. Therefore the traders are speculating that prices might be falling down due to this regulation. Traders are expecting that the prices would go down by Rs.10-15/qrtl in coming few days. However some traders are expecting that the wheat prices to increase further until the private sector is allowed to import wheat at zero duty level. On the other hand, the Union Government is planning to buy wheat from the open markets to lift the buffer stocks, as the stocks to the Government are much below than normal buffer norms.

FUTURES MARKETS:

NCDEX wheat futures rebounded from earlier losses and settled mostly up on volatile trading Wednesday. The futures market opened weak and got down amidst mostly weak spot prices but recovered after mid half on buying support from lower level and finished at mostly upper side. The market remained bearish at the first half due to the ECA Bill. Most active September contract opened at Rs.948 and settled mostly up by Rs.15.20 at Rs.967, and traded between Rs.945.40-969.80.

PRICE DRIVERS:

Bullish:

1. Rake demand from south India
2. Higher landed cost of imported wheat

Bearish:

1. Weak demand from the flourmills
2. Rajya Sabha approved ECA to restrict stocks hoarding

WEATHER:

The arrival might be not affected due to weakness in rainfall activity in producing regions for the coming day.

TECHNICALS:

Unfilled Candlestick is indicating bullish market. The %K line is going down and remained down over %D line at neutral region, while MACD slight down at the positive territory, indicating steady to slight up as medium term. Prices closed above the 9-days and 18-days EMA, which is hinting slight strong market. Open interest and volume decreased. Wheat prices are likely to trade bullish following steady to strong opening.



SUPPORT / RESISTANCES:

Month	S1	S2	PCP	R1	R2
Sept.	959.5	952.3	967.0	975.5	985.6
Oct.	975.9	965.5	988.8	998.0	1008

TRADE RECOMMENDATION:

Intra day traders might take position to **Buy September** in between 964-969 with target towards 975.50, second target near 985. Put stop loss at 957.

SPOT MARKET PRICE FOR WHEAT (Rs./Quintal)

Markets	Variety	22.08.06	23.08.06	Change
Delhi (Lawrence Road)	Wheat Mill quality	980-982	970-972	-10.00
Haryana (Karnal)	Wheat Mill quality	975-980	955-960	-20.00
Punjab (Khanna)	Wheat Mill quality	960-965	955-960	-5.00
Gujarat (Ahmedabad)	Wheat Mill quality	1085-1087	1065-1070	-20.00
Rajasthan (Kota)	Wheat Mill quality	1060-1065	1050-1060	-10.00
Uttar Pradesh (Kanpur)	Wheat Mill quality	990-995	980-985	-10.00
Madhya Pradesh (Indore)	Wheat Mill quality	1045-1050	1040-1045	-5.00
Uttar Pradesh (Bareilly)	Wheat Mill quality	980-985	970-975	-10.00

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