

## WHEAT DAILY

23<sup>rd</sup> AUGUST, 2006

### SPOT MARKETS:

Wheat prices tumbled down at major mandis of the country Tuesday amidst low offtake by the flourmills and no rake demand. Wheat prices stumbled down to Rs.980-982/qlt with average intake of 14000-15000 bags at the Lawrence road in Delhi. There was no arrival at the rake due to no demand in this state. The rake was loaded from Punjab side. In addition to, the Rajya Sabha approved the Essential Commodities Act to restrict the stocks hoarding by the hoarders. Therefore this news affected on the market price. The demand from the flourmillers also got down due to this news and they are waiting for price decline. The prices remained at Rs.1060-1065/qlt in Bangalore mandis. However the prices remained slight firm in Gujarat and Haryana on mostly weak arrival. The unexpected increase in the wheat prices led to the products prices rising by about 20% in the spot markets across the country. The government is expected to import more wheat before the new crop in March. The government has also permitted to import for about 2.6 million metric tonnes (MMt) of wheat to 99 private firms since the start of July at 5% duty. However the prices are expected to get down in the coming days.

### FUTURES MARKETS:

NCDEX wheat futures continued to remain down and settled at the negative territory Tuesday on weak spot prices and government intervention. The government is restricting the stocks limits to the stockists, which pulled down the prices at the futures market. The futures market opened weak and went to mostly up but fell down on this news due to speculative selling. Most active September contract opened at Rs.965.80 and settled down by Rs.16.80 at Rs.949, and traded between Rs.949-972.80.

### PRICE DRIVERS:

#### Bullish:

1. Regular demand from south India: Higher import cost

#### Bearish:

1. Poor offtake by 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:

Filled Candlestick is hinting downward market. The %K line is going down and remained down over %D line at overbought region, while MACD slight down at the positive territory, indicating steady to slight down market as medium term. Prices closed just above the 9-days and 18-days EMA, which is hinting slight strong market. Open interest decreased but volume increased. Wheat prices are expected to prevail weak following steady to weak opening.



### SUPPORT / RESISTANCES:

Month	S1	S2	PCP	R1	R2
Sept.	940.5	930.6	949.0	959.5	965.6
Oct.	957.8	950.8	970.0	978.8	983.5

### TRADE RECOMMENDATION:

Intra day traders might take position to **Sell** September in between 950-955 with target towards 940.50, second target near 935. Put stop loss at 962.

### SPOT MARKET PRICE FOR WHEAT (Rs./Quintal)

Markets	Variety	21.08.06	22.08.06	Change
Delhi (Lawrence Road)	Wheat Mill quality	990-995	980-982	-10.00
Haryana (Karnal)	Wheat Mill quality	970-975	975-980	+5.00
Punjab (Khanna)	Wheat Mill quality	960-965	960-965	-
Gujarat (Ahmedabad)	Wheat Mill quality	1080-1085	1085-1087	+5.00
Rajasthan (Kota)	Wheat Mill quality	1065-1070	1060-1065	-5.00
Uttar Pradesh (Kanpur)	Wheat Mill quality	1005-1010	990-995	-15.00
Madhya Pradesh (Indore)	Wheat Mill quality	1050-1060	1045-1050	-5.00
Uttar Pradesh (Bareilly)	Wheat Mill quality	985-987	980-985	-5.00

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