

WHEAT DAILY

26th AUGUST, 2006

SPOT MARKETS:

Wheat prices skyrocketed on Friday at major mandis of the country on mostly weak arrival and fresh buying support from the flourmillers. The rake was not loaded as no arrival at the rake in Delhi and Punjab. The demand from South India escalated the prices, traders said. Wheat dara prices have increased by Rs.20-25/qlt to Rs.995-1000/qlt at the Lawrence road mandis with average arrival of 6000-7000 bags from Haryana and UP. The products demand also witnessed secure. The wheat prices has soared in Bangalore and traded at Rs.1160-1170/qlt. Prices declined on Tuesday and Wednesday, as traders feared stock limits may be imposed. But no one was willing to sell despite quotes being lower. Therefore the prices have gone up again. But the Act will be imposed very soon as the government has decided to allow states to re-introduce stock-holding limits. This means states will be able to set a ceiling on wheat stocks and crack down on traders who have excess and force them to bring wheat to the open market. Therefore the prices are expected to get down some how in near future. However there is ample stock in the market but sellers are not willing to sell wheat and they are looking higher prices as the next crop will be arrive by seven months.

FUTURES MARKETS:

NCDEX wheat futures nudged up on Friday amidst strong speculative buying and mostly up spot prices. The spot prices have increased mostly at most of the centre, which pushed up the futures market. The futures market opened strong and traded bullish through out the trading session. The higher import cost of wheat is also provided support. Most active September contract opened at Rs.973 and settled up by Rs.9.60 at Rs.981, and hovered in between Rs.966-982.

PRICE DRIVERS:

Bullish:

1. Poor arrival coupled with sturdy demand from South & Flourmills
2. Global wheat output down; Stocks hoarding as festive season

Bearish:

1. Govt decided to allow stockholding limits in wheat

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 up but prevailed below %D line at neutral region, while MACD steady at the positive territory, hinting steady to slight up as medium term. Prices closed far above the 9-days and 18-days EMA, which is indicating bullish market. Open interest decreased but volume increased. Wheat prices are likely to trade firm following steady to strong opening.



SUPPORT / RESISTANCES:

Month	S1	S2	PCP	R1	R2
Sept.	967.0	960.0	981.0	990.0	995.0
Oct.	987.8	981.5	1007.80	1017.20	1023.50

TRADE RECOMMENDATION:

Intra day traders might take position to **Buy September** in between 980-983 with target towards 987.50, second target near 995. Put stop loss at 974.

SPOT MARKET PRICE FOR WHEAT (Rs./Quintal)

Markets	Variety	24.08.06	25.08.06	Change
Delhi (Lawrence Road)	Wheat Mill quality	975-980	995-1000	+20.00
Haryana (Karnal)	Wheat Mill quality	950-955	970-975	+20.00
Punjab (Khanna)	Wheat Mill quality	955-960	955-960	-
Gujarat (Ahmedabad)	Wheat Mill quality	1075-1080	1085-1090	+10.00
Rajasthan (Kota)	Wheat Mill quality	1055-1060	1070-1075	+15.00
Uttar Pradesh (Kanpur)	Wheat Mill quality	980-985	985-990	+5.00
Madhya Pradesh (Indore)	Wheat Mill quality	1045-1050	1050-1055	+5.00
Uttar Pradesh (Bareilly)	Wheat Mill quality	980-982	982-985	+2.00

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