

WHEAT DAILY

12th AUGUST, 2006

SPOT MARKETS:

Strong demand by the flourmills and short supply again pushed up the wheat prices in the country by Rs.5-10/qlt Friday. Wheat dara prices surged to Rs.920-925/qlt with average intake of 10000-12000 bags at the Lawrence road in Delhi. The strong products demand is encouraging the flourmillers to buy wheat at higher rate. Traders said, some MNCs are also eager to buy wheat at the current rate in Punjab. Rains worsened the Gujarat and Maharashtra region and dampened the wheat. The global wheat prices are hovering up and therefore the imported cost of wheat would be much more. Hence the flourmillers in South India are not eager to buy wheat abroad although private parties are importing around 3.24 lakh ton of wheat at 5% duty. Two ships carrying 25,000 tonne and 43,000 tonne wheat have reached the country so far. About 1,000 tonne black sea wheat in containers is in transit, while two more wheat shipments destined for India are currently being loaded. Concordia is importing 35,000 tonne black sea wheat for roller flourmills in south and MMTC is importing 50,000 tonne from its subsidiary MTPL Ltd on stock and sale basis.

FUTURES MARKETS:

NCDEX wheat futures observed strong rallies on strong spot prices and speculative buying. The most effective factors are higher imported cost of wheat and increasing global prices. Therefore futures market opened steady to weak and traded bullish but got back from day's higher level. Most active September contract opened at Rs.917 and settled up by Rs.6 at Rs.922, and traded within the range of Rs.916-925.

PRICE DRIVERS:

Bullish:

1. Weak arrival; Strong demand from South and Flourmillers
2. Higher imported cost; Strong products demand

Bearish:

1. Around 7.65 Lt imported wheat arrives by end august
2. Private parties importing 3.24 Lt 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 48 hours. Therefore it would be hampered on arrival.

SPOT MARKET PRICE FOR WHEAT (Rs./Quintal)

Markets	Variety	10.08.06	11.08.06	Change
Delhi (Lawrence Road)	Wheat Mill quality	910-915	920-925	+10.00
Haryana (Karnal)	Wheat Mill quality	875-877	885-890	+10.00
Punjab (Khanna)	Wheat Mill quality	885-890	890-895	+5.00
Gujarat (Ahmedabad)	Wheat Mill quality	990-992	995-1000	+5.00
Rajasthan (Kota)	Wheat Mill quality	990-995	1000-1005	+10.00
Uttar Pradesh (Kanpur)	Wheat Mill quality	925-930	930-935	+5.00
Madhya Pradesh (Indore)	Wheat Mill quality	985-990	990-995	+5.00
Uttar Pradesh (Bareilly)	Wheat Mill quality	885-890	890-895	+5.00

TECHNICALS:

Unfilled Candlestick is indicating upward market. The %K line is going up and remained above %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 increased. Wheat prices are expected to remain firm following steady to weak opening but technical correction might be possible.



SUPPORT / RESISTANCES:

Month	S1	S2	PCP	R1	R2
August	889.0	880.5	895.6	903.5	908.5
Sept.	918.5	913.5	922.0	930.5	935.6

TRADE RECOMMENDATION:

Intra day traders might take position to **Buy September** in between 921-923 with target towards 930, second target near 935.60. Put stop loss at 916.

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