

WHEAT DAILY

8th AUGUST, 2006

SPOT MARKETS:

Robust sentiment in wheat market is observed in Delhi, Punjab, Haryana, U.P., Rajasthan and Gujarat mandis due to fresh demand for rake from South India and weak arrival coupled with robust demand from flourmills Monday. Wheat dara prices quoted up at Rs.890-892/qrtl with average intake of 5000-6000 bags at the Lawrence road mandis while the arrival at rake was 10000-12000 bags in Delhi. The fresh demand for wheat products ahead of the festive season also boost up the flourmill's demand, traders said. The rake has loaded from Punjab and Delhi for South India. On the other hand the prices slightly tumbled down at Indore despite active buyers and other mandis remained stable in the country. MMTC Ltd. is planning to float additional import of 1-lakh metric tonnes wheat at 5% duty within a few days. They are likely to buy Black sea origin of wheat at the cost of \$179-180/tonne C&F. India's agriculture ministry has so far received applications from trading companies for the import of more than 1.0 MMt wheat at 5% duty. Interest among private traders to import wheat has picked up in the last two weeks as permits for the import of at least a million tons have been sought from the Plant Protection and Quarantine Authority. However this factor is not likely to pull down the prices in near future.

FUTURES MARKETS:

NCDEX wheat futures traded mostly up Monday on strong speculative buying and strong spot prices. The futures market opened mostly weak but buying support from lower level pushed up the futures prices. Most active August contract opened at Rs.855.20 and settled at Rs.867.60, up by Rs.8 and traded within the range of Rs.855.20-869.80.

PRICE DRIVERS:

Bullish:

1. Strong rake demand for south India supported the market
2. Strong demand from flourmills; Robust demand for products

Bearish:

1. MMTC likely to float additional 1-lakh ton of wheat
2. India traders seek permits to import 1 MMt wheat

WEATHER:

Enhanced rainfall activity likely to continue over Madhya Maharashtra and Gujarat Region and may extend into Saurashtra & Kutch and south Rajasthan. Therefore it would be hindered on arrival.

TECHNICALS:

Candlestick is indicating strong bullish market. The %K line is going up following made a bullish crossover with its %D line at neutral region, while MACD moving up at the negative territory, indicating upward price. Prices closed far above the 9-days and 18-days EMA, which is indicating upward market. Open interest decreased but volume increased, indicating profit booking. Wheat prices are likely to remain bullish following strong opening.



SUPPORT / RESISTANCES:

| Month | S1 | S2 | PCP | R1 | R2 |
|--------|-------|-------|-------|-------|-------|
| August | 863.1 | 858.5 | 867.6 | 880.0 | 885.5 |
| Sept. | 889.2 | 884.0 | 893.2 | 902.0 | 907.5 |

TRADE RECOMMENDATION:

Intra day traders might take position to **Buy August** in between 871-873 with target towards 880.00, second target near 885.50. Put stop loss at 865.

SPOT MARKET PRICE FOR WHEAT (Rs./Quintal)

| Markets | Variety | 5.08.06 | 7.08.06 | Change |
|--------------------------|--------------------|---------|---------|--------|
| Delhi (Lawrence Road) | Wheat Mill quality | 885-887 | 890-892 | +5.00 |
| Haryana (Karnal) | Wheat Mill quality | 860-863 | 865-870 | +5.00 |
| Punjab (Khanna) | Wheat Mill quality | 860-862 | 860-865 | - |
| Gujarat (Ahmedabad) | Wheat Mill quality | 980-982 | 985-987 | +5.00 |
| Rajasthan (Kota) | Wheat Mill quality | 980-985 | 985-990 | +5.00 |
| Uttar Pradesh (Kanpur) | Wheat Mill quality | 920-922 | 920-922 | - |
| Madhya Pradesh (Indore) | Wheat Mill quality | 975-980 | 970-975 | -5.00 |
| Uttar Pradesh (Bareilly) | Wheat Mill quality | 880-885 | 885-887 | +5.00 |

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