

WHEAT DAILY

17th AUGUST, 2006

SPOT MARKETS:

It is expecting that wheat prices would touch Rs.1050/qrtl in near term in wholesale mandis due to strong festival demand, low availability, stocks hoarding and disruption in supply as a result of floods. The dara wheat is trading at Rs.945-950/qrtl at Lawrence road mandi of Delhi Wednesday with average intake of 15000-20000 bags and there was no arrival at the rake in Delhi despite strong demand from the Southern Mills. The robust demand from the flourmills is also supportive for the wheat market. The strong demand from the Maharashtra, Jammu, South India and U.P. pushed up the prices by Rs.35-50/qrtl in Punjab side despite higher arrival. The most of the mandis showed sharply bullish tone. The wheat import at 5% duty is not viable as the global prices are rising and it would be viable when the spot prices would touch Rs.1050/qrtl, traders said. Wheat imports at \$210 means the cost of wheat import would be Rs.1110-1120/qrtl including packaging and bagging at the ports in south India. Considering about Rs.100/qrtl for transportation and miscellaneous costs from south Indian ports, the cost goes up to Rs.1210-1220/qrtl in the wholesale market. Therefore the wheat prices are likely to hover up in the near future.

FUTURES MARKETS:

NCDEX wheat futures traded mostly strong on strong spot prices and strong speculative buying Wednesday. The higher imported cost and rising spot prices are pushing futures market on mostly upper side. The futures market opened mostly firm and hovered up through out the trading session. Most active September contract opened at Rs.937.40 and settled up by Rs.33 at Rs.933, and traded within the range of Rs.937.40-969.20.

PRICE DRIVERS:

Bullish:

1. Robust demand from South, Maharashtra, Jammu and Flourmillers
2. Hoarding stocks by the stockists; Strong products demand

Bearish:

1. Arrival of imported wheat

WEATHER:

Heavy to very heavy falls at a few places are also likely over north Coastal Andhra Pradesh, Chhattisgarh, and north Gujarat. Isolated heavy to very heavy falls are likely over Rajasthan, Madhya Pradesh, Maharashtra and Kerala. Therefore arrival might be affected.

SPOT MARKET PRICE FOR WHEAT (Rs./Quintal)

Markets	Variety	14.08.06	16.08.06	Change
Delhi (Lawrence Road)	Wheat Mill quality	940-945	945-950	+5.00
Haryana (Karnal)	Wheat Mill quality	900-905	925-930	+25.00
Punjab (Khanna)	Wheat Mill quality	900-905	950-955	+50.00
Gujarat (Ahmedabad)	Wheat Mill quality	1025-1030	1025-1030	-
Rajasthan (Kota)	Wheat Mill quality	1005-1010	1010-1015	+5.00
Uttar Pradesh (Kanpur)	Wheat Mill quality	950-952	955-960	+5.00
Madhya Pradesh (Indore)	Wheat Mill quality	1005-1010	1030-1035	+25.00
Uttar Pradesh (Bareilly)	Wheat Mill quality	920-925	935-937	+15.00

TECHNICALS:

Unfilled Candlestick is hinting strong prices. The %K line is moving steady but remained below over %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 hinting strong market. Open interest as well as volume increased. Wheat prices are likely to trade firm following steady to strong opening but technical reversal might be possible.



SUPPORT / RESISTANCES:

Month	S1	S2	PCP	R1	R2
August	940.5	927.8	954.2	970.8	980.5
Sept.	952.4	940.8	966.0	990.0	995.5

TRADE RECOMMENDATION:

Intra day traders might take position to **Buy September** in between 968-972 with target towards 982, second target near 990. Put stop loss at 960.

Disclaimer

The information and opinions contained in the document have been compiled from sources believed to be reliable. The company does not warrant its accuracy, completeness and correctness. Use of data and information contained in this report is at your own risk. This document is not, and should not be construed as, an offer to sell or solicitation to buy any commodities. This document may not be reproduced, distributed or published, in whole or in part, by any recipient hereof for any purpose without prior permission from the Company. IASL and its affiliates and/or their officers, directors and employees may have positions in any commodities mentioned in this document (or in any related investment) and may from time to time add to or dispose of any such commodities (or investment). Please see the detailed disclaimer at <http://www.agriwatch.com/Disclaimer.asp>

© 2005 Indian Agribusiness Systems Pvt Ltd.