

WHEAT DAILY

22nd SEPTEMBER, 2006

SPOT MARKETS:

The planning of Delhi Government to impose stock limit on wheat pulled down the wheat prices on Thursday despite weak arrival. The demand from the flourmill sector got slackened. Therefore wheat prices got weak to Rs.995-1000/mtl from Rs.1007-1010/mtl with average intake of 10000-12000 bags at the Lawrence road mandi of Delhi. The stockists are likely to release their excess stocks due to this panic, traders claimed. The Delhi government might impose stock limit on wheat as they got orders from the Centre and the order might be come in to force in Friday, according to the source. In addition to, rains in some parts of the country and uncertainty over stock limit restricted the velocity of wheat in the domestic market. Fear about stock limit on wheat in Rajasthan restricted the momentum and prices moved in negative territory. Besides, roller miller's body estimated private wheat import to 20 lakh tonne till the end of this year. The private sector has contracted to import around 6-lakh tonne of wheat so far. Importers of wheat are required to declare to the central government the particulars of wheat imported and received by them within seven days from the date of receipt of stocks. Therefore the government has been trying to check the wheat prices. The overall outlook for wheat is steady to bearish in the near future.

FUTURES MARKETS:

NCDEX wheat futures continued to trade bearish on selling pressure Thursday also. The futures market opened weak and backpedaled on stock limitation news in Delhi. The weak spot prices in Delhi provided further support to tumble down the market though the prices recovered afterwards on buying support from lower level. Most active October contract opened at Rs.970 and settled down Rs.3.20 at Rs.971.80 and traded between Rs.956.20-972.80.

PRICE DRIVERS:

Bullish:

1. Weak arrival and festive demand

Bearish:

1. Delhi govt likely to impose stock limit
2. Lack of buying demand

WEATHER:

The arrival might be affected in Haryana, M.P., Gujarat, J&K, Maharashtra and Andhra Pradesh and U.P. due to forecast of isolated rains by IMD.

SPOT MARKET PRICE FOR WHEAT (Rs./Quintal)

Markets	Variety	21.09.06	22.09.06	Change
Delhi (Lawrence Road)	Wheat Mill quality	1007-1010	995-1000	-12.00
Haryana (Karnal)	Wheat Mill quality	965-970	970-972	+5.00
Punjab (Khanna)	Wheat Mill quality	990-995	990-995	-
Gujarat (Ahmedabad)	Wheat Mill quality	1105-1110	1100-1105	-5.00
Rajasthan (Kota)	Wheat Mill quality	1030-1035	1030-1035	-
Uttar Pradesh (Kanpur)	Wheat Mill quality	1030-1035	1025-1030	-5.00
Madhya Pradesh (Indore)	Wheat Mill quality	1065-1075	1060-1070	-5.00
Uttar Pradesh (Bareilly)	Wheat Mill quality	985-990	990-995	+5.00

TECHNICALS:

Candlestick is hinting bullish market while %K line going down to cut %D line at neutral region. MACD indicates bearish market and prevailed at the positive territory. Prices closed far below the 9-days and 18-days EMA, which is hinting further bearish market. Open interest decreased but volume increased. Markets are expected to remain down following steady to weak opening and might be go after that.



SUPPORT / RESISTANCES:

Month	S1	S2	PCP	R1	R2
Oct.	967.0	960.0	971.8	980.0	985.0
Nov.	987.4	982.0	990.4	1000	1005

TRADE RECOMMENDATION:

Intra day traders might take position to **Buy October** above 965 with target towards 977.50, second target near 983.50. Put stop loss at 958.

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