

WHEAT DAILY

7th SEPTEMBER, 2006

SPOT MARKETS:

Wheat prices gained in Delhi, Punjab, Gujarat and some pockets of U.P. market due to mostly weak arrival and fresh demand from flourmills Wednesday. Wheat dara prices surged to Rs.990-995/qlt with average intake of 5000-6000 bags at the Lawrence road in Delhi. The rake is being loaded from stocks for Coimbatore in this State and additional rake was loaded from Punjab side. The news that government has pulled out the decision of cut in import duty on Tuesday also supported the market to get up. However the Agriculture Minister has elucidated that the official notification on reducing the duty for private wheat imports from 5 per cent to zero would be notified within two days. The upcoming festive demand added support to the market, trader said. However the markets remained almost closed in M.P. and Maharashtra due to Ganesh Chaturthi therefore dull trading activity is witnessed. The prices witnessed steady at Rs.1155-1160/qlt in Bangalore mandis. On the other hand, STC has received eight bids from the international market at the prices range of \$223.75-\$270 per tonne on a cost and freight basis, so the landed cost of imported wheat will be much more than current spot prices. In addition to, any state did not impose stock limits, which encouraged the stocks hoarding.

FUTURES MARKETS:

Overruling the expectation of a sharp fall in wheat due to its duty free import, wheat traded bullish at the NCDEX Wednesday on strong speculative buying and strong spot prices. The futures market opened strong and fell down at early hour but buying support pushed up the prices mostly high and set back from day's high level. Most active October contract opened at Rs.981 and settled up Rs.6.60 at Rs.984.60, and traded in between Rs.976.20-995.

PRICE DRIVERS:

Bullish:

1. Weak arrival and festive demand; Stocks hoarding
2. Higher landed cost of wheat and higher international prices

Bearish:

1. Wheat import at 0% duty to be permitted till year-end

WEATHER:

The arrival might be affected in M.P., Gujarat and Rajasthan sides due to forecast of rainfall and it will be not affected in other parts.

TECHNICALS:

Short body Candlestick is hinting slight upward market while %K line going up following made a bullish cut with %D line at oversold region. MACD remained steady at the positive territory, indicating steady market as medium term. Prices closed above the 9-days and 18-days EMA, which is indicating bullish market. Open interest and volume increased. Wheat prices are likely to move sideways with up following steady to weak opening.



SUPPORT / RESISTANCES:

Month	S1	S2	PCP	R1	R2
Sept.	956.4	951.5	966.0	974.4	980.5
Oct.	976.3	968.5	984.6	995.0	1000

TRADE RECOMMENDATION:

Intra day traders might take position to **Buy October** between 981-985 with target towards 993, second target near 997. Put stop loss at 975.

SPOT MARKET PRICE FOR WHEAT (Rs./Quintal)

Markets	Variety	5.09.07	6.09.06	Change
Delhi (Lawrence Road)	Wheat Mill quality	985-987	990-995	+5.00
Haryana (Karnal)	Wheat Mill quality	960-963	965-970	+5.00
Punjab (Khanna)	Wheat Mill quality	980-985	980-985	-
Gujarat (Ahmedabad)	Wheat Mill quality	1075-1080	1080-1083	+5.00
Rajasthan (Kota)	Wheat Mill quality	1042-1045	1040-1045	-2.00
Uttar Pradesh (Kanpur)	Wheat Mill quality	1025-1030	1015-1020	-10.00
Madhya Pradesh (Indore)	Wheat Mill quality	1055-1060	1050-1055	-5.00
Uttar Pradesh (Bareilly)	Wheat Mill quality	980-985	985-990	+5.00

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