

WHEAT DAILY

12th SEPTEMBER, 2006

SPOT MARKETS:

Wheat prices have been showing unprecedented increase since the government cut wheat import duty on last Monday. However the market traded mostly up on Monday at most of the trading point following the government notified about cut of wheat import duty to 0%. The strong demand for the wheat products for festive season triggered the wheat prices to up. Wheat data prices quoted steady at upper level at Rs.1002-1005/mtl with average intake of 7000-8000 bags at the Lawrence road with no rake loading in Delhi. However it observed mostly firm in M.P. due to strong demand from Maharashtra and flourmills. In Bangalore mandis, wheat has been trading at Rs.1170-1175/mtl. The duty cut notification did not affect the market and the prices have soared. On the other hand, the government of India might be increase wheat prices under its Public Distribution Scheme (PDS) programme, according to the official. The import price for wheat is sharply increased by 33% in the last seven months. STC has finalized to buy 1.67 million metric tonnes (MMt) of wheat from Australian wheat major AWB and Switzerland-based Glencore. Rotterdam-based Concordia and Toepfer are the two other successful bidders. The imported prices were ranged in between \$223.75-\$237.9 per tonne for the delivery of wheat at four designated ports. Therefore the overall outlooks for wheat prices are likely to bullish.

FUTURES MARKETS:

NCDEX wheat futures traded strong despite government's notification on wheat import duty to 0% amidst speculative buying and strong spot prices. The futures market traded up following mostly weak opening on Monday. The speculative led buying pushed up the prices. Most active October contract opened at Rs.988 and settled up Rs.2.20 at Rs.995.80 and traded in between Rs.985-1004.

PRICE DRIVERS:

Bullish:

1. Strong demand for festive season
2. Robust buying demand from South and Maharashtra
3. Govt likely to increase prices for PDS wheat

Bearish:

1. Overbought condition

WEATHER:

The arrival might be not affected due to rain at the producing region.

TECHNICALS:

Candlestick is indicating slight upward market while %K line going up and remained above over %D line at overbought region. MACD showed steady to up market at the positive territory. 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 upward following steady to weak opening in the coming day.



SUPPORT / RESISTANCES:

Month	S1	S2	PCP	R1	R2
Sept.	963.2	957.6	970.0	977.0	983.0
Oct.	988.5	983.5	995.8	1007	1012

TRADE RECOMMENDATION:

Intra day traders might take position to **Buy October** between 990-993 with target towards 1001, second target near 1007. Put stop loss at 984.50.

SPOT MARKET PRICE FOR WHEAT (Rs./Quintal)

Markets	Variety	9.09.06	11.09.06	Change
Delhi (Lawrence Road)	Wheat Mill quality	1002-1005	1002-1005	-
Haryana (Karnal)	Wheat Mill quality	975-980	977-982	+2.00
Punjab (Khanna)	Wheat Mill quality	985-990	990-995	+5.00
Gujarat (Ahmedabad)	Wheat Mill quality	1090-1095	1095-1100	+5.00-
Rajasthan (Kota)	Wheat Mill quality	1035-1040	1025-1030	-10.00
Uttar Pradesh (Kanpur)	Wheat Mill quality	1035-1040	1045-1050	+10.00
Madhya Pradesh (Indore)	Wheat Mill quality	1055-1060	1075-1080	+20.00
Uttar Pradesh (Bareilly)	Wheat Mill quality	1000-1005	1010-1015	+10.00

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