

WHEAT DAILY

21st SEPTEMBER, 2006

SPOT MARKETS:

Wheat prices continued to increase on the wholesale grains market in Delhi on Wednesday amidst increased offtake from rolling flourmills against scanty supplies. The products demand also got strong due to festive season. Wheat dara (for mills) strengthened further to Rs.1008-1010/qlt on restricted supplies of 7000-8000 bags at the Lawrence road mandis in Delhi. However the firms demand from Assam also provided support to the market. In Bangalore, wheat mill quality got strength and traded at Rs.1180-1185/qlt. However the uncertainties over stock limitation kept the market steadies in the other major mandis of the country. The stable demand supply scenario provided underlying support. But the prices have failed to improve in M.P., and U.P. as neither buyer nor the sellers have been showing interest in trade activities. In Rajasthan, uncertainties over stock limit kept the buyers to sidelines and prices tumbled down. Besides, the government has put their target to produce 75.5 MMt of wheat in 2007. The target is over 6 mt higher than estimated output of 69.4 MMt in 2006. Traders said, the government intervention kept the market somehow steady to down and the activity got weakened but the overall outlook for wheat prices are likely to bullish in the near future.

FUTURES MARKETS:

NCDEX wheat futures fell down further on Wednesday due to some profit booking and selling pressure despite strong spot prices in Delhi. The trading activity witnessed very weak and the prices moved within the narrow range. The futures market opened strong but fell down on selling pressure. Most active October contract opened at Rs.978 and settled down Rs.3.20 at Rs.973.20 and traded between Rs.973-978.

PRICE DRIVERS:

Bullish:

1. Increase offtake by rolling flourmills against reduced arrival
2. Stocks hoarding due to coming festive season

Bearish:

1. Uncertainties over stock limit
2. Weak trading activity

WEATHER:

Rains might not be affected in North Eastern parts on arrival. But it might be affect in M.P, Gujarat and Maharashtra.

TECHNICALS:

Candlestick is hinting bearish market while %K line going up and remains over %D line at neutral region. MACD indicates bearish market and prevailed at the positive territory. Prices closed below the 9-days and 18-days EMA, which is indicating further downward movement. Open interest and volume decreased. Wheat prices are likely to trade down following steady to strong opening and might be go after that.



SUPPORT / RESISTANCES:

Month	S1	S2	PCP	R1	R2
Oct.	970.0	965.0	973.2	980.0	985.0
Nov.	993.0	989.0	996.0	1002	1006

TRADE RECOMMENDATION:

Intra day traders might take position to **Buy October** above 967 with target towards 980, second target near 985. Put stop loss at 960.

SPOT MARKET PRICE FOR WHEAT (Rs./Quintal)

Markets	Variety	20.09.06	21.09.06	Change
Delhi (Lawrence Road)	Wheat Mill quality	1000-1005	1007-1010	+7.00
Haryana (Karnal)	Wheat Mill quality	965-970	965-970	-
Punjab (Khanna)	Wheat Mill quality	990-995	990-995	-
Gujarat (Ahmedabad)	Wheat Mill quality	1100-1105	1105-1110	+7.00
Rajasthan (Kota)	Wheat Mill quality	1040-1045	1030-1035	-10.00
Uttar Pradesh (Kanpur)	Wheat Mill quality	1035-1040	1030-1035	-5.00
Madhya Pradesh (Indore)	Wheat Mill quality	1065-1075	1060-1070	-5.00
Uttar Pradesh (Bareilly)	Wheat Mill quality	985-990	985-990	-

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