

## WHEAT DAILY

9<sup>th</sup> SEPTEMBER, 2006

### SPOT MARKETS:

The wheat prices have been increasing since Monday in spite of the duty cut. The wheat dara prices in Delhi have increased to Rs.1002-1005/qlt on Friday on strong demand from flourmills and rake demand from South. The arrival is reported to be around 15000-17000 bags including rake in Delhi. The rake is being loaded from this state. However the duty cut notification has not come so far. Markets might be go to down once it gets notified but the higher international prices is offsetting the expectation as the individual private importers would be able to import wheat only in the range of \$240-245 (Rs 11280-11515) and above. At this rate, not many traders would be willing to import. The market remained firm in most part of the country except Kota and Karnal. Strong products demand for festive season also supported the market. On the other hand, STC mulls to import 1.67 MMt wheat from four companies at \$223-\$238 cost and freight basis, it means landed cost of wheat would be above spot prices. The strong sentiment in futures market triggered the spot prices to up, traders said. According to the Crisil Research, the domestic prices for wheat are anticipated to increase by about 10% in the next six months from the current level because of tight supply situation. The prices are likely to go up in the near future.

### FUTURES MARKETS:

NCDEX wheat futures fell down Friday on speculative selling and profit booking. The confusion about wheat import duty also supported the market down as govt was not declare notification till now. The futures market opened strong due to strong spot prices but fell down later and closed at negative territory. Most active October contract opened at Rs.994 and settled down Rs.4 at Rs.985.60 and traded in between Rs.985-995.80.

### PRICE DRIVERS:

#### Bullish:

1. Stockists buying and festive demand; Strong futures market
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 not affected at the producing region due to rainfall as there was no clear forecast of rainfall from the IMD.

### TECHNICALS:

Candlestick is indicating bearish market while %K line going up and prevailed above over %D line at neutral region. MACD remained bearish at the positive territory, indicating bearish market as medium term. Prices closed above the 9-days and 18-days EMA, which is hinting bullish market. Open interest and volume decreased. Wheat prices are likely to move down following steady to weak opening.



### SUPPORT / RESISTANCES:

Month	S1	S2	PCP	R1	R2
Sept.	961.0	957.0	966.2	972.5	977.0
Oct.	975.0	970.0	985.6	991.0	995.0

### TRADE RECOMMENDATION:

Intra day traders might take position to **Sell** October between 984-988 with target towards 977, second target near 972. Put stop loss at 993.

### SPOT MARKET PRICE FOR WHEAT (Rs./Quintal)

Markets	Variety	7.09.06	8.09.06	Change
Delhi (Lawrence Road)	Wheat Mill quality	995-997	1002-1005	+7.00
Haryana (Karnal)	Wheat Mill quality	965-970	955-960	-10.00
Punjab (Khanna)	Wheat Mill quality	980-985	985-990	+5.00
Gujarat (Ahmedabad)	Wheat Mill quality	1085-1090	1090-1095	+5.00
Rajasthan (Kota)	Wheat Mill quality	1045-1050	1035-1040	-10.00
Uttar Pradesh (Kanpur)	Wheat Mill quality	1025-1030	1030-1035	+5.00
Madhya Pradesh (Indore)	Wheat Mill quality	1050-1060	1055-1060	+5.00
Uttar Pradesh (Bareilly)	Wheat Mill quality	985-990	995-1000	+10.00

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