

WHEAT DAILY

16th SEPTEMBER, 2006

SPOT MARKETS:

Wheat prices traded bearish for second day at most of the trading centre on Friday due to lacklustre demand from the flourmills. The Flourmills have stayed away from the market due to the confusion about stock limitation on wheat as only Maharashtra government imposed stock limit till now but rumour of stock limit in other states crashed the prices despite the news was not confirmed. Therefore wheat dara slipped to Rs.990-995/mtl with average intake of 5000-7000 bags at the Lawrence road in Delhi. The rake is being loaded for Bangalore and arrival was 5000-7000 bags in Delhi station and the prices were quoted at Rs.995/mtl, traders said. According to the traders, the imposition of stock-limit is likely to remain ineffective as the country is already facing a crisis of supplies to meet the domestic demand and the decision may not affect a turnaround. Wheat quoted at Rs.1170-1175/mtl in Bangalore mandis. However the prices observed almost unchanged in Ahmedabad and Kota mandis on reduced arrival despite weak demand. Traders said, the current bearish sentiments in spot wheat market reveals the worries emerging from the Maharashtra State Government decision to impose stock limit. But the overall outlook for wheat prices is bullish as medium and long term.

FUTURES MARKETS:

NCDEX wheat futures showed a sideways movement Friday on slight short covering and weakness in spot prices. The futures market opened mostly strong and got up on strong speculative buying but fell down at last hour of trade and closed at positive territory. The impact of stock limit slightly supported the futures market. Most active October contract opened at Rs.974.60 and settled up Rs.2.60 at Rs.975 and traded in between Rs.972.60-981.00.

PRICE DRIVERS:

Bullish:

1. Festive demand and Weak arrival

Bearish:

1. Impact of impose stock limit in Maharashtra
2. Scheduled arrival of imported wheat
3. Sluggish demand from flourmill sector

WEATHER:

The arrival might be affected in North Eastern parts and M.P. due to forecast of rainfall.

SPOT MARKET PRICE FOR WHEAT (Rs./Quintal)

Markets	Variety	14.09.06	15.09.06	Change
Delhi (Lawrence Road)	Wheat Mill quality	995-1000	990-995	-5.00
Haryana (Karnal)	Wheat Mill quality	970-975	970-975	-5.00
Punjab (Khanna)	Wheat Mill quality	1000-1002	995-1000	-5.00
Gujarat (Ahmedabad)	Wheat Mill quality	1090-1095	1090-1095	-
Rajasthan (Kota)	Wheat Mill quality	1040-1043	1040-1045	-
Uttar Pradesh (Kanpur)	Wheat Mill quality	1050-1055	1045-1050	-5.00
Madhya Pradesh (Indore)	Wheat Mill quality	1060-1070	1055-1065	-5.00
Uttar Pradesh (Bareilly)	Wheat Mill quality	1005-1010	1000-1005	-5.00

TECHNICALS:

Doji Candlestick is indicating indecision market while %K line going down and prevailed below %D line at neutral region. MACD showed weak market at the positive territory. Prices closed below the 9-days and 18-days EMA, which is hinting downward market. Open interest and volume decreased. Wheat prices are expected to trade up with sideways movement following steady to weak opening.



SUPPORT / RESISTANCES:

Month	S1	S2	PCP	R1	R2
Sept.	953.8	949.5	960.0	965.0	969.0
Oct.	971.0	966.0	975.0	982.0	987.5

TRADE RECOMMENDATION:

Intra day traders might take position to **Buy October** between 972-975 with target towards 981, second target near 985.50. Put stop loss at 966.

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