

WHEAT DAILY

4th SEPTEMBER, 2006

SPOT MARKETS:

After being stuck in a strong phase, wheat prices are gradually declining at the major mandis due to lacklustre demand from the flourmills as weak products demand in addition to stockists selling. The States might be impose stock limits as Centre issued order to all the states to impose stock limits on wheat quantity. Therefore the stockists are clearing their stocks slowly as the prices prevailed at mostly higher side as compared to last year this time. Wheat dara prices slipped to Rs.980-985/qrtl with slight higher arrival of 10000-12000 bags at the Lawrence road in Delhi on Saturday. Traders said, the traders are worried to create stocks, as the government policy is changing day by day and concerns over stock limitation therefore the products demand remained quiet. However the heavy rainfall restricted the market activity in Punjab and M.P. and arrival remained almost nil. The traders in Punjab are worrying about the quality deterioration due to rain. On the other hand, India is expected to come out as the largest wheat importer, this year, if the government's import plans work out as per schedule. India was the seventh largest wheat importer a few years ago but now it import over 8.5-MMt wheat this year. The wheat prices is expected to be dip in the country if states impose stock limitation on wheat.

FUTURES MARKETS:

NCDEX wheat futures recovered Saturday after being a trapped in a weak phase and settled at positive territory on buying support from lower level. The futures market traded bullish throughout the trading session following weak opening. Most active October contract opened at Rs.965.20 and settled up Rs.5.40 at Rs.972.40, and traded in between Rs.965-976.

PRICE DRIVERS:

Bullish:

1. Strong demand from South India

Bearish:

1. Weak prioducts demand reducing flourmill's demand
2. Govt enforcing to all states to impose stock limit

WEATHER:

Heavy to very heavy falls likely at a few places over Haryana, Delhi, West Uttar Pradesh, Punjab, Jammu & Kashmir, during next 24 hours might be affect on arrival.

TECHNICALS:

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



SUPPORT / RESISTANCES:

Month	S1	S2	PCP	R1	R2
Sept.	955.2	950.0	956.2	963.2	970.2
Oct.	967.0	960.0	972.4	982.5	987.5

TRADE RECOMMENDATION:

Intra day traders might take position to **Buy October** between 971-974 with target towards 981, second target near 987. Put stop loss at 965.

SPOT MARKET PRICE FOR WHEAT (Rs./Quintal)

Markets	Variety	1.09.06	2.09.06	Change
Delhi (Lawrence Road)	Wheat Mill quality	990-995	980-985	-10.00
Haryana (Karnal)	Wheat Mill quality	962-965	955-960	-7.00
Punjab (Khanna)	Wheat Mill quality	975-980	975-980	-
Gujarat (Ahmedabad)	Wheat Mill quality	1095-1100	1085-1090	-10.00
Rajasthan (Kota)	Wheat Mill quality	1055-1058	1045-1050	-10.00
Uttar Pradesh (Kanpur)	Wheat Mill quality	1020-1025	1020-1025	-
Madhya Pradesh (Indore)	Wheat Mill quality	1055-1060	1050-1060	-5.00
Uttar Pradesh (Bareilly)	Wheat Mill quality	995-1000	995-1000	-

Disclaimer

The information and opinions contained in the document have been compiled from sources believed to be reliable. The company does not warrant its accuracy, completeness and correctness. Use of data and information contained in this report is at your own risk. This document is not, and should not be construed as, an offer to sell or solicitation to buy any commodities. This document may not be reproduced, distributed or published, in whole or in part, by any recipient hereof for any purpose without prior permission from the Company. IASL and its affiliates and/or their officers, directors and employees may have positions in any commodities mentioned in this document (or in any related investment) and may from time to time add to or dispose of any such commodities (or investment). Please see the detailed disclaimer at <http://www.agriwatch.com/Disclaimer.asp>

© 2005 Indian Agribusiness Systems Pvt Ltd.