

WHEAT DAILY

23rd SEPTEMBER, 2006

SPOT MARKETS:

Wheat prices tumbled down further in the wholesale grain market in Delhi Friday on dull demand from the flourmill sector due to stock limit news, which triggered stockists selling. Delhi government was expected to impose stock limit on wheat, which pulled down the prices from Thursday, traders said. Therefore wheat was quoted down to Rs.990-995/mtl with average intake of 12000-14000 bags at the Lawrence road mandis in Delhi. The prices witnessed steady in Bangalore and registered at Rs.1180-1185/mtl. The most of the market remained weak due to uncertainty over stock limit and pause in buying by the flourmills. The stockists were selling their stocks due to the confusion of stock limit. On the other hand, M.P. mandis remained closed for Amavasya. Rains in some parts of the country and uncertainty over stock limit restricted the velocity of wheat in the domestic market. Fear about stock limit on wheat in Rajasthan restricted the momentum and prices continued to move in negative territory. However slight fresh demand from the Southern States, Maharashtra and Assam creates some pressure on prices. Besides, the private wheat import is estimated to 20 lakh tonne till the end of this year. The private sector has contracted to import around 6-lakh tonne of wheat so far. However the long-term outlook for wheat is steady to slight bullish.

FUTURES MARKETS:

NCDEX wheat futures recovered Friday from its earlier losses but failed to hold the strength at the last hour. The weak spot prices and uncertainty over stock limit is continued to restrict the moment. Therefore futures market went to mostly up following steady to weak opening on buying support but profit booking at higher level pushed the prices down. Most active December contract opened at Rs.1005 and settled up Rs.4.20 at Rs.1008 and traded between Rs.1004-1012.

PRICE DRIVERS:

Bullish:

1. Fresh demand from South, Assam and Maharashtra

Bearish:

1. Uncertainty over stock limit
2. Lack of buying demand from flourmills

WEATHER:

The arrival might be affected in the producing regions due to rains.

SPOT MARKET PRICE FOR WHEAT (Rs./Quintal)

Markets	Variety	22.09.06	23.09.06	Change
Delhi (Lawrence Road)	Wheat Mill quality	995-1000	990-995	-5.00
Haryana (Karnal)	Wheat Mill quality	970-972	965-970	-5.00
Punjab (Khanna)	Wheat Mill quality	990-995	985-990	-5.00
Gujarat (Ahmedabad)	Wheat Mill quality	1100-1105	1095-1100	-5.00
Rajasthan (Kota)	Wheat Mill quality	1030-1035	1025-1035	-5.00
Uttar Pradesh (Kanpur)	Wheat Mill quality	1025-1030	1020-1025	-5.00
Madhya Pradesh (Indore)	Wheat Mill quality	1060-1070	Closed	-
Uttar Pradesh (Bareilly)	Wheat Mill quality	990-995	990-995	-

TECHNICALS:

Candlestick is hinting bearish market while %K line going down to cut %D line at neutral region. MACD indicates bearish market and prevailed at the positive territory. Prices closed just above the 9-days and 18-days EMA, which is hinting upward market. Open interest decreased but volume increased. Markets are expected to remain up following steady to strong opening and might be go down after that.



SUPPORT / RESISTANCES:

Month	S1	S2	PCP	R1	R2
Nov.	988.5	984.0	994.2	1001	1005
Dec.	1001	996	1008	1013	1017

TRADE RECOMMENDATION:

Intra day traders might take position to **Sell December** between Rs.1010-1015 with target towards 1001, second target near 996. Put stop loss at 1020.

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