

WHEAT DAILY

2nd SEPTEMBER, 2006

SPOT MARKETS:

Wheat prices witnessed steady undertone Friday in major mandis in Delhi, M.P. and Gujarat on increased offerings by stockists against slackened demand from flourmills. Traders said stockists selling at higher levels and slow down in buying by rolling flourmills helped wheat prices to decline. At Lawrence road mandis in Delhi, wheat dara traded steady to slight down at Rs 990-995/qrtl respectively. There was no rake loading from Delhi amidst no arrival at the rake and it was loaded from Punjab. The prices remained at Rs.1165-1170/qrtl in Bangalore mandis. However the prices remained mostly strong in Punjab and U.P mandis attributed to increased buying support from rolling flourmills in the wake pause in selling by stockists. Forward Market Commission (FMC) is going to impose the additional margin to 20% in wheat for all long position of wheat contracts. The additional margin comes in to effect from coming Monday, on all contracts of wheat to reduce the volatility. They have also reduced the price limit on wheat contracts from 6% to 4%, beyond which the prices can't rise in a day. The Central Government issued an order imposing stock-holding limits for wheat. Therefore the overall sentiment for wheat is bearish.

FUTURES MARKETS:

NCDEX wheat futures extended their earlier weakness Friday also and settled mostly down amidst government intervention. Besides FMC is going to hike additional margin and reducing price limit, which triggered the futures to down. The government intervention is restricted the market to up. Most active October contract opened at Rs.977 and slipped Rs.12 at Rs.967, and traded in between Rs.965.60-977.00.

PRICE DRIVERS:

Bullish:

1. Mostly weak arrival due to pause in selling by stockists
2. Regular demand from the flourmills and south India

Bearish:

1. FMC to impose additional margin in wheat & reducing price limit
2. Govt enforcing to all states to impose stock limit

WEATHER:

Heavy rainfall forecast in M.P., Rajasthan, Punjab, J& K, Delhi, U.P., Haryana and other producing regions might be affect on arrival.

TECHNICALS:

Filled Candlestick is indicating downward market. The %K line is moving towards down and prevailed below over %D line at neutral region, while MACD is going down at the positive territory, indicating bearish market as medium term. Prices closed below the 9-days and 18-days EMA, which is indicating bearish market. Open interest decreased but volume increased. Wheat prices are expected to continue bearish tone following steady to weak opening.



SUPPORT / RESISTANCES:

Month	S1	S2	PCP	R1	R2
Sept.	945.0	940.0	951.0	957.0	963.0
Oct.	957.0	950.0	967.0	970.0	977.0

TRADE RECOMMENDATION:

Intra day traders might take position to **Sell** October between 965-968 with target towards 957, second target near 952. Put stop loss at 972.

SPOT MARKET PRICE FOR WHEAT (Rs./Quintal)

Markets	Variety	31.08.06	1.09.06	Change
Delhi (Lawrence Road)	Wheat Mill quality	990-995	990-995	-
Haryana (Karnal)	Wheat Mill quality	965-970	962-965	-3.00
Punjab (Khanna)	Wheat Mill quality	970-972	975-980	+5.00
Gujarat (Ahmedabad)	Wheat Mill quality	1095-1100	1095-1100	-
Rajasthan (Kota)	Wheat Mill quality	1050-1055	1055-1058	+5.00
Uttar Pradesh (Kanpur)	Wheat Mill quality	1010-1012	1020-1025	+10.00
Madhya Pradesh (Indore)	Wheat Mill quality	1055-1060	1055-1060	-
Uttar Pradesh (Bareilly)	Wheat Mill quality	985-987	995-1000	+10.00

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