

WHEAT DAILY

6th SEPTEMBER, 2006

SPOT MARKETS:

Government's decision of making wheat import completely duty free pulled down the wheat prices at the domestic market Tuesday. But the traders are expecting that the downfall of wheat prices might be for short term not for long term as the international prices are climbing which will increase the landed cost of wheat. Therefore the wheat dara prices are subdued to Rs.985-987/qrtl with average intake of 7000-8000 bags at the Lawrence road in Delhi. The prices are witnessed weak at Rs.1155-1160/qrtl in Bangalore mandis. However the market remained steady to slight down in Punjab, Rajasthan while it was up in Bhopal and Haryana mandis due to mostly weak arrival. The demand from the Southern flourmills and Maharashtra got weakened due to removal of import duty. However the upcoming festive demand will hinder the prices to down in near future, traders said. Apart from the free import duty factor, the centre's decision to re-establish the powers of state governments in exercising stock limits of wheat also restricted the prices to up. However the Ministry of Finance Tuesday said, the government will continue to levy a 5% customs duty on wheat imports by private traders while the agriculture ministry told yesterday that the import duty cut to zero percent, which has made confusion in the market about the government's policy.

FUTURES MARKETS:

NCDEX wheat futures recovered Tuesday from its lower level on buying support. The futures market opened weak and settled mostly up on the news that Finance Minister withdraws the cut in wheat import duty. The speculators are worrying to take position as the centre's policy has been changing day by day. Most active October contract opened at Rs.966 and settled up Rs.8 at Rs.978, and traded in between Rs.966-980.

PRICE DRIVERS:

Bullish:

1. Mostly poor arrival amidst stocks hoarding and festive demand

Bearish:

1. Govt removed wheat import duty to 0% from 5%
2. Govt enforcing to all states to impose stock limit

WEATHER:

Heavy to very heavy falls likely at a few places over M.P., Gujarat, might be affect on arrival. The arrival might not be affected in the other regions.

SPOT MARKET PRICE FOR WHEAT (Rs./Quintal)

Markets	Variety	4.09.06	5.09.07	Change
Delhi (Lawrence Road)	Wheat Mill quality	990-992	985-987	-5.00
Haryana (Karnal)	Wheat Mill quality	955-960	960-963	+5.00
Punjab (Khanna)	Wheat Mill quality	980-985	980-985	-
Gujarat (Ahmedabad)	Wheat Mill quality	1080-1085	1075-1080	-5.00
Rajasthan (Kota)	Wheat Mill quality	1042-1046	1042-1045	-
Uttar Pradesh (Kanpur)	Wheat Mill quality	1030-1035	1025-1030	-5.00
Madhya Pradesh (Indore)	Wheat Mill quality	1060-1065	1040-1050	-20.00
Uttar Pradesh (Bareilly)	Wheat Mill quality	995-1000	980-985	-15.00

TECHNICALS:

Unfilled Candlestick is indicating slight upward market while %K line prevailed below over %D line at oversold region. MACD going down at the negative territory, indicating bearish market as medium term. Prices closed just above the 9-days and 18-days EMA, which is indicating bullish market. Open interest and volume decreased. Wheat prices are likely to move sideways with up following steady to strong opening.



SUPPORT / RESISTANCES:

Month	S1	S2	PCP	R1	R2
Sept.	956.5	950.5	960.0	969.0	975.0
Oct.	971.5	967.5	978.0	990.0	997.5

TRADE RECOMMENDATION:

Intra day traders might take position to **Buy October** between 978-982 with target towards 990, second target near 997. Put stop loss at 971.

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