

WHEAT DAILY

5th SEPTEMBER, 2006

SPOT MARKETS:

Wheat prices surged in Delhi, M.P., U.P. and some parts of Punjab on reduced arrival and increased offtake by the flourmills on Monday. However the poor demand pulled down the prices in Gujarat and Maharashtra market. Wheat dard prices quoted up to Rs.990-992/qlt with average intake of 6000-7000 bags at the Lawrence road in Delhi without rake loading, as there was no arrival at the rake. The heavy rainfall is also affected on the arrival in Delhi, M.P., Rajasthan and other regions, traders said. Wheat MP deshi is registered at Rs.1400-1700/qlt in Delhi mandis. Bangalore mandis showed steady sentiment about wheat prices and quoted at Rs.1165-1170/qlt. 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. The government has cut the wheat import duty to 0% for the private parties to augment the import and decrease the spot prices. However it is noticed that the landed cost at southern Indian port is more than prevailing spot prices as international prices are increasing. Therefore it would not curb the wheat prices, traders said. Besides, private companies are importing 2 lakh Mt of Black sea wheat at \$187-\$210/Mt.

FUTURES MARKETS:

NCDEX wheat futures fell down Monday on news that government has cut the import duty to 0%, which encouraged the selling pressure and pulled down the prices. The futures market opened strong and went to mostly upper side on strong spot prices but fell down due to this news. Most active October contract opened at Rs.975.80 and got down Rs.4.20 at Rs.968.20, and traded in between Rs.968.00-983.60.

PRICE DRIVERS:

Bullish:

1. Mostly weak arrival due to stocks hoarding

Bearish:

1. Govt cut wheat import duty to 0% from 5%
2. Govt enforcing to all states to impose stock limit
3. Private wheat import picking up

WEATHER:

Heavy to very heavy falls likely at a few places over M.P., Gujarat, South, and Jammu and Kashmir during next 24 hours might be affect on arrival. The arrival might not be affected in the other regions.

TECHNICALS:

Filled Candlestick is indicating bearish market while %K line is continuing to move down and prevailed below over %D line. MACD remained down at the negative territory, indicating bearish market as medium term. Prices closed below the 9-days and 18-days EMA, which is indicating bearish market. Open interest and volume increased. Wheat prices are likely to remain volatile following steady to weak opening.



SUPPORT / RESISTANCES:

Month	S1	S2	PCP	R1	R2
Sept.	940.0	933.0	949.0	957.5	963.8
Oct.	960.0	955.5	968.2	975.5	981.2

TRADE RECOMMENDATION:

Intra day traders might take position to **Buy October** between 957-960 with target towards 970, second target near 975. Put stop loss at 950.

SPOT MARKET PRICE FOR WHEAT (Rs./Quintal)

Markets	Variety	2.09.06	4.09.06	Change
Delhi (Lawrence Road)	Wheat Mill quality	980-985	990-992	+10.00
Haryana (Karnal)	Wheat Mill quality	955-960	955-960	-
Punjab (Khanna)	Wheat Mill quality	975-980	980-985	+5.00
Gujarat (Ahmedabad)	Wheat Mill quality	1085-1090	1080-1085	-5.00
Rajasthan (Kota)	Wheat Mill quality	1045-1050	1042-1046	-3.00
Uttar Pradesh (Kanpur)	Wheat Mill quality	1020-1025	1030-1035	+10.00
Madhya Pradesh (Indore)	Wheat Mill quality	1050-1060	1060-1065	+10.00
Uttar Pradesh (Bareilly)	Wheat Mill quality	995-1000	995-1000	-

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