

WHEAT DAILY

23rd OCTOBER, 2006

SPOT MARKETS:

Wheat staged a comeback to close in positive zone in the wholesale grains market Friday on buying by stockists and rolling flourmills coupled with short of supplies. The firm undertone at the futures market bolstered the spot prices to up, traders said. At wholesale market wheat dara (for mills) surged to Rs.1040-1045/qrtl at the Lawrence road mandi in Delhi with average intake of 6000-7000 bags. The demand from the Maharashtra, Assam and South India are increasing as the stocks at the markets are declining, which are aggravating the wheat prices despite slight weak demand for products. The market activity witnessed sluggish ahead of the Dewali festival therefore some mandis witnessed steady sentiment. The outlook for extremely tight global stocks due to estimation of lower crop in Australia, Europe and Argentina continues to provide underlying support, as the fresh imported cost of wheat will be much more than the prevailing import prices. Furthermore, the delayed shipment of imported wheat is creating shortage at the spot market. But Delhi Government has invoked the EC Act to check hoarding of essential food items in view of the spurt in prices of wheat in the Capital, which might be temporarily reduce the spot prices.

FUTURES MARKETS:

At the futures market NCDEX, wheat prices traded mostly firm following firm opening on increased buying demand. Declining wheat stocks at the market yards encouraged the speculator to take long position in wheat. Therefore most active December contract hovered within the range of Rs.1063-1076.80. December contract surged Rs.8.60 at Rs. 1071.20 following a strong opening at Rs.1063.

PRICE DRIVERS:

Bullish:

1. Strong demand from buyers
2. Coming winter season demand
3. Declining world wheat stocks

Bearish:

1. Delhi Govt invokes Essential Commodities Act

WEATHER:

The current weather forecast might not be affected the arrival.

TECHNICALS:

Candlesticks indicating bullish wheat market with weak opening. The %K-line going up but remained below %D-line, indicating strong prices. Prices closed far above 9-day and 18-day EMA, indicating further upward market. MACD moving up at positive territory, indicating bullishness. Open interest as well as volume of trade has increased. Market is expected to remain firm with weak opening but downward movement might be possible afterwards.



SUPPORT / RESISTANCES:

| Month | S1 | S2 | PCP | R1 | R2 |
|-------|------|------|--------|------|------|
| Nov. | 1054 | 1047 | 1053 | 1067 | 1075 |
| Dec. | 1064 | 1056 | 1071.2 | 1081 | 1090 |

TRADE RECOMMENDATION:

Intraday traders might take position to **Sell** NCDEX-December below 1080 with target towards 1064, second target near 1056. Put stop loss at 1090.

SPOT MARKET PRICE FOR WHEAT (Rs./Quintal)

| Markets | Variety | 20.10.06 | 19.10.06 | Change |
|--------------------------|--------------------|-----------|-----------|--------|
| Delhi (Lawrence Road) | Wheat Mill quality | 1040-1045 | 1035-1040 | +5.00 |
| Haryana (Karnal) | Wheat Mill quality | 1015-1020 | 1015-1020 | - |
| Punjab (Khanna) | Wheat Mill quality | 1025-1030 | 1025-1030 | - |
| Gujarat (Ahmedabad) | Wheat Mill quality | 1125-1130 | 1120-1125 | +5.00 |
| Rajasthan (Kota) | Wheat Mill quality | 1070-1075 | 1065-1070 | +5.00 |
| Uttar Pradesh (Kanpur) | Wheat Mill quality | 1060-1065 | 1065-1070 | -5.00 |
| Madhya Pradesh (Indore) | Wheat Mill quality | 1115-1120 | 1115-1120 | - |
| Uttar Pradesh (Bareilly) | Wheat Mill quality | 1025-1030 | 1025-1030 | - |

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