

WHEAT DAILY

09th OCTOBER, 2006

SPOT MARKETS:

Wheat witnessed a range bound trade at the wholesale grain market in Delhi owing to average arrival amidst moderate demand. Wheat dard quoted at the lower side of Rs.1000-1002/qrtl with average arrival of 4000-5000 bags at the Lawrence road market in Delhi. Prices were quoted on an average lower in other markets of the country. Against tender of import of wheat for 55 lakh MT, 16.8 lakh tonne has touched Indian ports so far. 11 vessels that have sailed to Indian ports with 553004 MT of wheat are scheduled to arrive by October 20, 2006. The Government is likely to announce a higher MSP for the 2006-07 Rabi wheat very soon. Notably, last season Government announced the MSP at Rs. 650 per qtl, but later offered a bonus of Rs. 50 per qtl above the MSP. However, farmers preferred to sale their produce to private traders as they offered higher prices.

FUTURES MARKETS:

At the futures market the wheat futures at the NCDEX witnessed a bearish trade following a weak opening. Increased selling interest has pressurised the futures throughout the session and the futures finished near day's low in final action. The October contract traded in the range of Rs.966.20-973.60 and November contract moved in the range of Rs. 983.00-989.80 during Saturday's trade.

PRICE DRIVERS:

Bullish:

1. Moderate demand at the spot markets due to festival season
2. Govt not to extend time limit of duty free import beyond Dec
3. Higher MSP likely for 2006-07 Rabi wheat

Bearish:

1. 16.8 lakh tonne imported wheat touched Indian ports so far
2. Over 5.5 lakh tonne of imported wheat are scheduled to arrive by October 20, 2006

WEATHER:

The present weather conditions are unlikely to adversely affect the regular arrival in the markets.

TECHNICALS:

Candlesticks formation is indicating weak opening and initial downtrend. The %K-line along with the %D-line moving downwards and the %D-line has entered the oversold region, another bearish indication. Prices closed well below 9-day and 18-day EMA, hinting weak prices. MACD moving downwards in negative territory. Open interest has increased, while the volume of trade has declined. Wheat prices at the physical as well as futures market is likely to witness moderately downward movement following a weak opening with possibility of late uptrend.



SUPPORT / RESISTANCES:

Month	S1	S2	PCP	R1	R2
Dec.	990	983	997	1008	1015

TRADE RECOMMENDATION:

Intraday traders might take position to **Sell NCDEX-December** at 1000 with target towards 995, second target near 991. Put stop loss at 1005.

SPOT MARKET PRICE FOR WHEAT (Rs./Quintal)

Markets	Variety	07.10.06	06.10.06	Change
Delhi (Lawrence Road)	Wheat Mill quality	1000-1002	1000-1005	-
Haryana (Karnal)	Wheat Mill quality	965-970	965-970	-
Punjab (Khanna)	Wheat Mill quality	995-1000	1000-1005	-5.00
Gujarat (Ahmedabad)	Wheat Mill quality	1085-1090	1085-1090	-
Rajasthan (Kota)	Wheat Mill quality	1035-1040	1035-1040	-
Uttar Pradesh (Kanpur)	Wheat Mill quality	1040-1045	1045-1050	-5.00
Madhya Pradesh (Indore)	Wheat Mill quality	1025-1030	1030-1035	-5.00
Uttar Pradesh (Bareilly)	Wheat Mill quality	980-985	985-990	-5.00

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