

WHEAT DAILY

04th OCTOBER, 2006

SPOT MARKETS:

Wheat witnesses a firm sentiment at the wholesale grain market in Delhi owing to lower arrival amidst higher demand. Wheat data quoted firm at Rs.1000-1003/qrtl with average arrival of 2000-3000 bags at the Lawrence road market in Delhi. However, the prices were quoted mostly steady to lower in other markets of the country. According to ASSOCHAM, wheat prices have risen 8.5 per cent from July 2005 to August 2006. It attributed the recent increase in the prices of wheat as a result of demand exceeding supply - a situation arising out of lower market arrivals and lower procurement etc. It expects that the upward pressure will continue because of tight global market conditions. According to the International Food Policy Research Institute (IFPRI), India could end up becoming a wheat exporter in 3-4 years as the acreage for the crop has risen over the years and more and more farmers are cultivating wheat.

FUTURES MARKETS:

At the futures market the wheat futures at the NCDEX witnessed range bound trade following a mixed opening. The near-month October contract finished the day with gains, while the later-month contracts settled in the negative territory. The October contract traded in the range of Rs.968.60-972.00 and November contract moved in the range of Rs. 990.40-994.60.

PRICE DRIVERS:

Bullish:

1. Moderate demand at the spot markets due to festival season
2. Moderate demand from flourmills
3. Govt not to extend time limit of duty free import beyond Dec
4. IGC cuts global wheat output estimates to 588 Mt

Bearish:

1. Govt allocated 1-lakh ton additional wheat for September
2. Over 15 lakh tonne imported wheat touched Indian ports

WEATHER:

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

TECHNICALS:

Candlesticks formation is indicating steady opening and some initial downtrend. The %K-line along with the %D-line moving downwards in the normal region, bearish indication. Prices closed just below 9-day and 18-day EMA, hinting weak prices. MACD remains steady in positive territory. Open interest has declined, while the volume of trade has increased as against Saturday. Wheat prices at the physical as well as futures market are likely to remain firm following a steady opening with possibility of some initial downtrend.



SUPPORT / RESISTANCES:

Month	S1	S2	PCP	R1	R2
Dec.	1002	995	1007.8	1017	1024

TRADE RECOMMENDATION:

Intraday traders might take position to **Buy NCDEX-December** at 1005 with target towards 1010, second target near 1015. Put stop loss at 999.

SPOT MARKET PRICE FOR WHEAT (Rs./Quintal)

Markets	Variety	03.10.06	30.09.06	Change
Delhi (Lawrence Road)	Wheat Mill quality	1000-1003	998-1000	+3.00
Haryana (Karnal)	Wheat Mill quality	960-965	965-970	-5.00
Punjab (Khanna)	Wheat Mill quality	995-1000	995-1000	-
Gujarat (Ahmedabad)	Wheat Mill quality	1080-1085	1085-1090	-5.00
Rajasthan (Kota)	Wheat Mill quality	1035-1040	1040-1045	-5.00
Uttar Pradesh (Kanpur)	Wheat Mill quality	1035-1040	1035-1040	-
Madhya Pradesh (Indore)	Wheat Mill quality	1020-1030	1020-1025	+5.00
Uttar Pradesh (Bareilly)	Wheat Mill quality	980-985	980-985	-

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