

WHEAT DAILY

16th OCTOBER, 2006

SPOT MARKETS:

Owing to sturdy demand from the flourmills and stockists and strong rallies at the futures market continued to push the wheat spot market to increase. The most of the leading mandis observed a sharp increase on the wheat prices Saturday. Wheat dara for mills quoted higher at Rs.1020-1025/ql with poor intake of 6000-7000 bags at the Lawrence road mandi in Delhi. The rake demand from South India also aggravated the situation. Furthermore, strong products demand for festive season kept pressure on prices. The stockists are not interested to sell their stocks at this market rate, traders said. The shortage of wheat in the international market continued to support the prices. In Bangalore, the prices also jumped to Rs.1195-1200/ql. According to the Sharad Pawar, India unlikely to import wheat next marketing year if there is a plentiful grain harvest. The recent rains are expected to be helpful for the coming Rabi wheat crop, he said. In 2006, the government has contracted to import around 5.5 million metric tons of wheat. Still now, one-third of the deliveries have taken place, while the rest are expected to be completed by February 2007. It is reported that around 2.5 lakh tonne of the total wheat imported by STC was stuck at various Indian ports due to congestion of ports.

FUTURES MARKETS:

NCDEX wheat futures continued to maintain strong rallies on speculative buying and tight global supplies concerns. Futures market traded strong following strong to weak opening and settled up but profit booking pushed back the prices from day's higher level. Most active December contract surged Rs.4.80 at Rs. 1058 following a strong opening at Rs.1058 and hovered within the range of Rs.1050-1068.

PRICE DRIVERS:

Bullish:

1. USDA slashed global wheat production
2. Festive demand induced flourmills and stockists buying
3. Products demand

Bearish:

1. Increasing arrival of imported wheat

WEATHER:

Arrival is not likely to affect due to present weather condition.

SPOT MARKET PRICE FOR WHEAT (Rs./Quintal)

Markets	Variety	14.10.06	13.10.06	Change
Delhi (Lawrence Road)	Wheat Mill quality	1020-1025	1015-1020	+5.00
Haryana (Karnal)	Wheat Mill quality	975-980	975-980	-
Punjab (Khanna)	Wheat Mill quality	1010-1015	1005-1010	+5.00
Gujarat (Ahmedabad)	Wheat Mill quality	1100-1105	1095-1100	+5.00
Rajasthan (Kota)	Wheat Mill quality	1030-1035	1030-1035	-
Uttar Pradesh (Kanpur)	Wheat Mill quality	1045-1050	1035-1040	+10.00
Madhya Pradesh (Indore)	Wheat Mill quality	1065-1075	1055-1060	+10.00
Uttar Pradesh (Bareilly)	Wheat Mill quality	1000-1005	990-995	+10.00

TECHNICALS:

Candlesticks formation is hinting to indecision market. The %K-line prevailed above %D-line at the oversold region, hinting technical reversal of the market. Prices closed far above 9-day and 18-day EMA, indicating strong market. MACD moving up at positive territory. Open interest as well as volume of trade has decreased. Wheat market is expected to remain down following a strong opening with possibility of late upwards movement.



SUPPORT / RESISTANCES:

Month	S1	S2	PCP	R1	R2
Nov.	1040	1033	1051	1058	1066
Dec.	1048	1040	1058	1062	1070

TRADE RECOMMENDATION:

Intraday traders might take position to **Sell** NCDEX-December below 1065 with target towards 1050, second target near 1045. Put stop loss at 1072.

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