

WHEAT DAILY

27th OCTOBER, 2006

SPOT MARKETS:

Decreasing of arrival, combined with strong demand from the flourmills sector in South India, Maharashtra and Assam, has sent the wheat prices to mostly up at the wholesale grain market on Thursday. Wheat dard prices have soared to Rs.1075-1080/qrtl with dwindling supplies of 4000-5000 bags at the Lawrence road mandis in Delhi. Traders said, the stocks are declining while the rake demand is still increasing. However the imported wheat is arriving on regular basis but it could not pulled down the prices. Traders said, the most of the imported wheat are inferior in quality and they are utilizing as mixture with Indian wheat to make atta, suji, maida etc. Furthermore, the country's wheat stocks witnessed lower to 6.41 MMt as of October 1, a 37.7% drop, which also continued to provide underlying support to the spot and also futures market. In international market, Australia, the world's third-largest wheat exporter, is likely to produce 9-11 MMt, smallest crop in 12 years because of worsening drought. India has no plans to float further wheat import tenders, senior official said. He also concluded that the buffer stocks level can be build at least 4 million tonnes by April 1, 2007 with imported wheat due to arrive on time.

FUTURES MARKETS:

NCDEX wheat prices continued to hover up and made a new life of contract high during Thursday's trading. The poor wheat stocks to the government and tight global supplies continued to support the futures market. Futures market traded bullish following strong opening and settled mostly up. Most active December contract surged Rs.23 at Rs. 1125.80 following a strong opening at Rs.1106 and hovered within the range of Rs.1101-1127 and made contract high level of Rs.1127.

PRICE DRIVERS:

Bullish:

1. Dwindling global stocks; Poor stocks to the Govt
2. Sturdy demand from flourmills; Robust products demand
3. Inferior quality of imported wheat; Shrinkage of arrival

Bearish:

1. Additional allocation of wheat for November

WEATHER:

Arrival is unlikely to hamper due to current weather forecast.

SPOT MARKET PRICE FOR WHEAT (Rs./Quintal)

Markets	Variety	26.10.06	25.10.06	Change
Delhi (Lawrence Road)	Wheat Mill quality	1075-1080	1055-1060	+20.00
Haryana (Karnal)	Wheat Mill quality	1025-1030	1020-1025	+5.00
Punjab (Khanna)	Wheat Mill quality	1065-1070	1060-1065	+5.00
Gujarat (Ahmedabad)	Wheat Mill quality	Closed	Closed	-
Rajasthan (Kota)	Wheat Mill quality	1085-1090	1080-1085	+5.00
Uttar Pradesh (Kanpur)	Wheat Mill quality	1080-1085	Closed	-
Madhya Pradesh (Indore)	Wheat Mill quality	1150-1160	1130-1135	+20.00
Uttar Pradesh (Bareilly)	Wheat Mill quality	1075-1080	Closed	-

TECHNICALS:

Candlesticks indicates strong prices with strong opening. The %K-line continue to go up at overbought region and remained above %D-line, indicating bullish market with technical reversal near. Prices closed far above 9-day and 18-day EMA, hinting further upward prices. MACD going up at positive territory, indicating mediumterm bullishness. Open interest as well as volume of trade has increased. Market is expected to trade up following strong opening but technical reversal near as the market prevailed at oversold region.



SUPPORT / RESISTANCES:

Month	S1	S2	PCP	R1	R2
Nov.	1094	1076	1112.0	1121	1130
Dec.	1108	1090	1125.8	1134	1143

TRADE RECOMMENDATION:

Intraday traders might take position to **Buy** NCDEX-December above 1113 with target towards 1133, second target near 1140. Put stop loss at 1103.

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