

WHEAT DAILY

30th OCTOBER, 2006

SPOT MARKETS:

Wheat prices slipped at the domestic spot market in Delhi in sympathy with futures market on Saturday. NCDEX was suspended two times as trading sentiment remained bearish in all commodities. Therefore wheat dard slipped by Rs.20-25/qrtl to Rs.1100-1105/qrtl at the Lawrence road in Delhi. The arrival was also increased in the state and touched 10000-12000 bags as compared to 4000-5000 bags of yesterday due to stockists selling against steady demand. Therefore the market got weakened temporarily and it is likely to recover in the next week, traders said. But the prices increased by Rs.5-15/qrtl at the other markets due to shortage of stocks and strong flourmills demand. Other market influential factor was speculation of higher MSP for wheat in the next season crop. Government has decided to allocate additional one lakh tonne of wheat to States/UTs for the month of November, 2006. But this news did not affect spot market. In International market, world wheat areas are expected to be significantly larger than in 2006. They are forecast to go up by 4% to around 215m. ha., close to the 2005 level. IGC reduced the estimated 2006 world wheat production to 585m. (618m. in 2005/06). The overall outlook for wheat is bullish for long term.

FUTURES MARKETS:

NCDEX wheat futures traded mostly bearish following weak opening in sympathy with all other commodities due to strong selling pressure and profit booking. NCDEX was suspended two times as trading sentiment remained bearish in all commodities. Most active December contract slipped by Rs.14.20 to Rs.1114.20 following weak opening at Rs.1127 and traded within the range of Rs.1095-1128 during Saturday's trading.

PRICE DRIVERS:

Bullish:

1. MSP likely to increase to Rs.750/qrtl
2. Inferior quality of imported wheat; Dwindling supplies

Bearish:

1. Profit taking and selling pressure due to rumour
2. Stockists selling

WEATHER:

Arrival is unlikely to hamper due to current weather forecast.

TECHNICALS:

Candlesticks indicate strong opening with upward market. The %K-line remained below %D-line just at overbought region, indicating bearish market. Prices closed far above 9-day and 18-day EMA, indicating bullish market. MACD moved down at positive territory, hinting medium term bearishness. Open interest as well as volume of trade has decreased. Market is expected to remain volatile following strong opening with possibility of upwards movement later.



SUPPORT / RESISTANCES:

Month	S1	S2	PCP	R1	R2
Nov.	1085	1070	1103	1120	1130
Dec.	1095	1080	1114.2	1127	1140

TRADE RECOMMENDATION:

Intraday traders might take position to **Buy** NCDEX-December above 1095 with target towards 1120, second target near 1130. Put stop loss at 1080.

SPOT MARKET PRICE FOR WHEAT (Rs./Quintal)

Markets	Variety	28.10.06	27.10.06	Change
Delhi (Lawrence Road)	Wheat Mill quality	1100-1105	1120-1125	-20.00
Haryana (Karnal)	Wheat Mill quality	1100-1105	1085-1090	+15.00
Punjab (Khanna)	Wheat Mill quality	1090-1095	1085-1090	+5.00
Gujarat (Ahmedabad)	Wheat Mill quality	1200-1205	1190-1200	+10.00
Rajasthan (Kota)	Wheat Mill quality	1105-1110	1100-1105	+5.00
Uttar Pradesh (Kanpur)	Wheat Mill quality	1095-1100	1090-1095	+5.00
Madhya Pradesh (Indore)	Wheat Mill quality	1160-1170	1160-1170	-
Uttar Pradesh (Bareilly)	Wheat Mill quality	1090-1095	1095-1100	-5.00

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