

WHEAT DAILY

28th OCTOBER, 2006

SPOT MARKETS:

Wheat prices continued to maintain strong rallies in the wholesale grains market and trade mostly up Friday on fresh buying by rolling flourmills and stockists. The prices increased by Rs.10-60/qrtl at most of spot market. Traders said fresh demand against restricted arrival, pushed up wheat daru prices. Furthermore, the government might be increasing the MSP of wheat for the next Rabi crop to Rs.750/qrtl with bonus stimulating the market sentiment. Wheat daru quoted higher at Rs.1100-1110/qrtl as against last close of Rs.1075-1080/qrtl at the Lawrence road mandi in Delhi with average intake of 4000-5000 bags. The stockists are still hoarding their stocks. Furthermore, strong demand from the Southern states aggravating the situation. On the other hand, MMTC Ltd. floated a new tender on Thursday to import of 25,000-30,000 metric tons of wheat. They are looking wheat at Chennai and Tuticorin port because the demand from Southern mills is quiet promising. The strong rallies at the futures market are also stimulating the spot prices. 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.

FUTURES MARKETS:

NCDEX wheat futures continued to trade strong and established a new life of contract high during Friday's trading but fell down at late hour on profit booking as the market are in overbought region. The market was increasing due to the news that the government may increase MSP of wheat. Most active December contract settled up Rs.4.40 at Rs.1127.40 following strong opening at Rs.1129 and hovered within the range of Rs.1122.20-1145.

PRICE DRIVERS:

Bullish:

1. MSP likely to increase to Rs.750/qrtl
2. Sturdy demand from flourmills; Robust products demand
3. Inferior quality of imported wheat; Dwindling supplies

Bearish:

1. Overbought condition of the market

WEATHER:

Arrival is unlikely to hamper due to current weather forecast.

SPOT MARKET PRICE FOR WHEAT (Rs./Quintal)

| Markets | Variety | 27.10.06 | 26.10.06 | Change |
|--------------------------|--------------------|-----------|-----------|--------|
| Delhi (Lawrence Road) | Wheat Mill quality | 1100-1110 | 1075-1080 | +25.00 |
| Haryana (Karnal) | Wheat Mill quality | 1085-1090 | 1025-1030 | +60.00 |
| Punjab (Khanna) | Wheat Mill quality | 1085-1090 | 1065-1070 | +20.00 |
| Gujarat (Ahmedabad) | Wheat Mill quality | 1190-1200 | Closed | - |
| Rajasthan (Kota) | Wheat Mill quality | 1100-1105 | 1085-1090 | +15.00 |
| Uttar Pradesh (Kanpur) | Wheat Mill quality | 1090-1095 | 1080-1085 | +10.00 |
| Madhya Pradesh (Indore) | Wheat Mill quality | 1160-1170 | 1150-1160 | +10.00 |
| Uttar Pradesh (Bareilly) | Wheat Mill quality | 1095-1100 | 1075-1080 | +20.00 |

TECHNICALS:

Candlesticks indicate bearish market with weak opening. The %K-line moved down following made a bearish cut with %D-line at overbought region, indicating bearish market. Prices closed far above 9-day and 18-day EMA, hinting upward prices. MACD going up at positive territory, hinting medium term bullishness. Open interest as well as volume of trade has increased. Market is likely to remain down following weak opening with upwards movement later.



SUPPORT / RESISTANCES:

| Month | S1 | S2 | PCP | R1 | R2 |
|-------|------|------|--------|------|------|
| Nov. | 1106 | 1090 | 1119 | 1130 | 1140 |
| Dec. | 1112 | 1103 | 1127.4 | 1140 | 1154 |

TRADE RECOMMENDATION:

Intraday traders might take position to **Buy** NCDEX-December above 1112 with target towards 1135, second target near 1140. Put stop loss at 1100.

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