

WHEAT DAILY

11th OCTOBER, 2006

SPOT MARKETS:

Wheat prices has slightly increased in Delhi, UP, and Gujarat Tuesday amidst weakness in arrival. Decreasing of arrival has been offsetting the weak demand since couple of days therefore the market has been maintaining rangebound sentiment. The demand from the flourmill sector got reduced due to steady products demand despite festival season. The demand from the South India and Maharashtra remained weak, as the imported wheat has been arriving on regular basis. Wheat dara prices slightly increased to Rs.1005-1007/qrtl at the Lawrence road mandi with totalled intake of 4000-5000 bags at the Lawrence road in Delhi. But the market got weakened in Rajasthan and M.P. due to stockists selling on rumour of imposing stock limit. Therefore selling pressure by the farmers pulled down the prices in these state. However the poor production forecast of wheat in the world might be geared up the prices in near future, as the imported cost of wheat will be much more than the present spot prices. Traders are worrying that the government might be selling wheat at lower rate to the flourmillers in near future. Government is likely to increase the MSP of wheat for the next season in the coming week. Therefore wheat prices might be going up.

FUTURES MARKETS:

NCDEX wheat futures traded firm following steady to weak opening and set back from its day's highest level on Tuesday. The profit booking at higher level pulled down the prices at late hour. The market got strength on early buying support at early hour of trading. The December contract traded in the range of Rs.1003-1009. Most active December contract settled up Rs.2.80 at Rs.1006 following steady opening at Rs.1003.

PRICE DRIVERS:

Bullish:

1. Higher import cost amidst tight global supplies
2. Govt may increase MSP of wheat

Bearish:

1. Increasing arrival of imported wheat
2. Weak flourmills as well as products demand

WEATHER:

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

SPOT MARKET PRICE FOR WHEAT (Rs./Quintal)

Markets	Variety	10.10.06	09.10.06	Change
Delhi (Lawrence Road)	Wheat Mill quality	1005-1007	1002-1005	+3.00
Haryana (Karnal)	Wheat Mill quality	965-970	970-975	-5.00
Punjab (Khanna)	Wheat Mill quality	1000-1002	990-995	+10.00
Gujarat (Ahmedabad)	Wheat Mill quality	1090-1095	1085-1090	+5.00
Rajasthan (Kota)	Wheat Mill quality	1025-1030	1035-1040	-10.00
Uttar Pradesh (Kanpur)	Wheat Mill quality	1040-1045	1040-1045	-
Madhya Pradesh (Indore)	Wheat Mill quality	1055-1060	1060-1065	-5.00
Uttar Pradesh (Bareilly)	Wheat Mill quality	985-990	980-985	+5.00

TECHNICALS:

Candlesticks formation is indicating weakness of the market. The %K-line going up and prevailed above over its %D-line at the neutral region, indicates bullish market. Prices closed above 9-day and 18-day EMA, hinting steady to up prices. MACD moving downwards in negative territory. Open interest as well as volume of trade has declined. Wheat prices are likely to trade strong following a firm opening with possibility of late downtrend.



SUPPORT / RESISTANCES:

Month	S1	S2	PCP	R1	R2
Nov.	990	985	995	1001	1005
Dec.	1004	999	1006	1011	1017

TRADE RECOMMENDATION:

Intraday traders might take position to **Sell** NCDEX-December between 1010-1013 with target towards 1004, second target near 1000. Put stop loss at 1017.

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