

WHEAT DAILY

19th OCTOBER, 2006

SPOT MARKETS:

In limited deals, the domestic market for wheat tumbled down in Delhi and Gujarat on Wednesday on lacklustre demand from rolling flourmills as the prices went to mostly higher side. Furthermore, the weakness at the futures market also bolstered the spot market to get down. The wheat prices were increasing due to festive demand and strong rallied at the NCDEX but the demand at higher level gets reduce and prices got down. Wheat dara (for mills) quoted down at Rs.1035-1040 as against the last close of Rs.1045-1050 a quintal with steady arrival of 8000-9000 bags at the Lawrence road mandi in Delhi. However the market witnessed still bullish at the other major mandis of the country amidst tight supplies and stocks hoarding. The delayed wheat import also kept pressure on wheat prices. Traders said, the market temporarily got down at some mandis and it would recover within a few days. Alternatively, the increasing trend of wheat prices in the international market is due to the higher quotas of Ukrainian grains. The Prime Minister himself aggressively pushes this agenda as wheat output registers a steady decline. Therefore the government has recognized 138 districts in six states (Bihar, Uttar Pradesh, MP, Maharashtra, Rajasthan, Gujarat) for Operation Wheat.

FUTURES MARKETS:

NCDEX wheat futures backpedaled on profit booking and poor fresh buying demand at higher level. The market went to overbought therefore technical selling pulled down the wheat prices on Wednesday. Futures market traded mostly bearish following weak opening. Most active December contract settled Rs.15.60 down at Rs. 1056.20 following a weak opening at Rs.1066 and hovered within the range of Rs.1053.60-1066.

PRICE DRIVERS:

Bullish:

1. Higher international wheat prices due to shortage
2. Festive demand coupled with winter season demand
3. Higher products demand

Bearish:

1. Poor demand at higher prices

WEATHER:

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

SPOT MARKET PRICE FOR WHEAT (Rs./Quintal)

Markets	Variety	18.10.06	17.10.06	Change
Delhi (Lawrence Road)	Wheat Mill quality	1035-1040	1045-1050	-10.00
Haryana (Karnal)	Wheat Mill quality	1015-1020	1010-1012	+5.00
Punjab (Khanna)	Wheat Mill quality	1015-1020	1010-1015	+5.00
Gujarat (Ahmedabad)	Wheat Mill quality	1120-1125	1125-1130	-5.00
Rajasthan (Kota)	Wheat Mill quality	1060-1065	1050-1055	+10.00
Uttar Pradesh (Kanpur)	Wheat Mill quality	1060-1065	1055-1060	+5.00
Madhya Pradesh (Indore)	Wheat Mill quality	1110-1120	1105-1115	+5.00
Uttar Pradesh (Bareilly)	Wheat Mill quality	1020-1025	1020-1025	-

TECHNICALS:

Candlesticks formation is indicating to bearish market with weak opening. The %K-line moving down but remains above %D-line at the oversold region, hinting bearish market. Prices closed far above 9-day and 18-day EMA, indicating strong prices. MACD moving down at positive territory, indicating medium term bearishness. Open interest as well as volume of trade has decreased. Wheat market is likely to remain down following a steady to weak opening with possibility of late upwards movement.



SUPPORT / RESISTANCES:

Month	S1	S2	PCP	R1	R2
Nov.	1030	1022	1041.2	1050	1060
Dec.	1048	1042	1056.2	1068	1075

TRADE RECOMMENDATION:

Intraday traders might take position to **Sell** NCDEX-December below 1062 with target towards 1050, second target near 1045. Put stop loss at 1068.

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