

WHEAT DAILY

31st OCTOBER, 2006

SPOT MARKETS:

Wheat traded slight weak in Delhi, Haryana, Gujarat and Rajasthan on Monday amidst sluggish demand at higher level despite poor arrival. Therefore wheat prices have slipped by Rs.5-7/qlt at these centres. Wheat dara quoted down at Rs.1095-1100/qlt with higher arrival of 10000-12000 bags at the Lawrence road mandis in Delhi. The futures market tumbled down on Saturday along with all other commodities, which pulled down the spot prices Monday, traders said. But the effect was temporary and the market will recover within a few days, they noted. However the demand witnessed poor from the flourmill sector at higher level of prices. But the futures market rebounded to up today on strong buying support. Government has hiked the MSP of wheat by Rs.100/qlt to Rs.750/qlt for the 2007 rabi wheat crop, which also bolstered the wheat prices. However the market witnessed still up in M.P., Punjab and U.P. due to mostly weak arrival and promising demand from South, Maharashtra and Assam. The stocks at the market yards are getting weakened as stockists are releasing stocks at higher level. The Australian Wheat Board is expecting production of only 9-11 MMt while private traders are even pegging the figure at 6-8 MMt, leading to chatter in the CBOT pit that Australia itself might need to import wheat. The overall outlook for wheat is bullish for long term.

FUTURES MARKETS:

NCDEX wheat futures rebounded to up Monday on strong buying support. Government has hiked the MSP of wheat by Rs.100/qlt to Rs.750/qlt for the 2007 rabi wheat crop, which bolstered the futures market. Most active December contract surged Rs.17.80 to Rs.1125 following strong opening at Rs.1114.20 and hovered within the range of Rs.1111-1130.

PRICE DRIVERS:

Bullish:

1. MSP increased to Rs.750/qlt; Sluggish arrival
2. IGC trims estimated 2006 world wheat production to 585 MMt.

Bearish:

1. Stockists selling

WEATHER:

Arrival is unexpected to hamper due to current weather forecast.

TECHNICALS:

Candlesticks hints strong opening with bullish market. The %K-line prevailed below %D-line just at overbought region, indicating bearish market. Prices closed far above 9-day and 18-day EMA, indicating bullish market. MACD indicates steady market and remained at positive territory,. Open interest as well as volume of trade has increased. Market is likely to trade up after strong opening.



SUPPORT / RESISTANCES:

Month	S1	S2	PCP	R1	R2
Nov.	1105	1095	1113.6	1125	1136
Dec.	1110	1100	1125.0	1145	1155

TRADE RECOMMENDATION:

Intraday traders might take position to **Buy** NCDEX-December above 1120 with target towards 1135, second target near 1145. Put stop loss at 1110.

SPOT MARKET PRICE FOR WHEAT (Rs./Quintal)

Markets	Variety	30.10.06	28.10.06	Change
Delhi (Lawrence Road)	Wheat Mill quality	1095-1100	1100-1105	-5.00
Haryana (Karnal)	Wheat Mill quality	1090-1095	1100-1105	-5.00
Punjab (Khanna)	Wheat Mill quality	1140-1150	1090-1095	+50.00
Gujarat (Ahmedabad)	Wheat Mill quality	1195-1200	1200-1205	-5.00
Rajasthan (Kota)	Wheat Mill quality	1100-1105	1105-1110	-5.00
Uttar Pradesh (Kanpur)	Wheat Mill quality	1105-1110	1095-1100	+10.00
Madhya Pradesh (Indore)	Wheat Mill quality	1180-1190	1160-1170	+20.00
Uttar Pradesh (Bareilly)	Wheat Mill quality	1105-1110	1090-1095	+15.00

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