

## WHEAT DAILY

25<sup>th</sup> OCTOBER, 2006

### SPOT MARKETS:

Wheat traded steady to bullish across the major mandis of the country on Monday on thin trading activity due to mostly poor arrival, as the market remained closed for Dewali. Wheat data increased to Rs.1045-1050/qrtl with very few arrivals of 4000-5000 bags at the Lawrence road mandi in Delhi. The rake is being loaded for an unknown destination and the arrival was around 4500-5000 bags at the station in this state. However the market did not react with the decision of Delhi Government, who has appealed to the ECA check hoarding of essential food items considering the spurt in prices of wheat. The big operators and commission agents were hoarding wheat, creating crisis in the market and encouraged the prices to up, said the government official. But the traders are not worried about this report and they claimed the prices are expected to trade firm in the near future. The other market-influencing factor is lower wheat stocks to the government. The country's wheat stocks remained lower to 6.41 MMt as of October 1, which had declined from 10.29 MMt a year earlier, a 37.7% drop. The country's imported wheat arrivals at ports on the government's account are estimated as of Thursday at 2.00 MMt since April from total purchase contracts for 5.5 MMt.

### FUTURES MARKETS:

At the futures market NCDEX, wheat prices recovered following the report of poor wheat stocks to the government on Monday. Futures market traded bearish initially following weak opening but the government poor stocks spurt the wheat prices after that. Therefore most active December contract hovered within the range of Rs.1070-1085. December contract increased Rs.12.40 at Rs. 1085 following a weak opening at Rs.1072.20.

### PRICE DRIVERS:

#### Bullish:

1. Lower wheat stocks to the government
2. Flourmill's demand due to coming winter season
3. Poor arrival of imported wheat

#### Bearish:

1. Steady products demand

### WEATHER:

The current weather forecast might not be affected on the arrival.

### TECHNICALS:

Candlesticks hints strong wheat market with strong opening. The %K-line going up but remained above %D-line at overbought region, indicating strong prices with technical reversal. Prices closed far above 9-day and 18-day EMA, indicating upward market. MACD moving up at positive territory, indicating bullishness. Open interest steady but volume of trade has decreased. Market is likely to trade up following strong opening but downward movement might be possible afterwards due to overbought condition.



### SUPPORT / RESISTANCES:

Month	S1	S2	PCP	R1	R2
Nov.	1055	1045	1063	1070	1080
Dec.	1075	1070	1085	1095	1105

### TRADE RECOMMENDATION:

Intraday traders might take position to **Buy** NCDEX-December above 1082 with target towards 1090, second target near 1100. Put stop loss at 1077.

### SPOT MARKET PRICE FOR WHEAT (Rs./Quintal)

Markets	Variety	23.10.06	20.10.06	Change
Delhi (Lawrence Road)	Wheat Mill quality	1045-1050	1040-1045	+5.00
Haryana (Karnal)	Wheat Mill quality	1015-1020	1015-1020	-
Punjab (Khanna)	Wheat Mill quality	1060-1065	1055-1060	+5.00
Gujarat (Ahmedabad)	Wheat Mill quality	1125-1130	1125-1130	-
Rajasthan (Kota)	Wheat Mill quality	Closed	1070-1075	-
Uttar Pradesh (Kanpur)	Wheat Mill quality	Closed	1060-1065	-
Madhya Pradesh (Indore)	Wheat Mill quality	1125-1130	1115-1120	+10.00
Uttar Pradesh (Bareilly)	Wheat Mill quality	Closed	1025-1030	-

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