

WHEAT DAILY

1st NOVEMBER, 2006

SPOT MARKETS:

Domestic wheat prices flared up at most of the trading point on Tuesday following the government announced an increase in the MSP of wheat. The government has hiked the MSP by Rs.100/qlt to Rs.750/qlt on Monday. The market got weakened in Delhi due to weakness in futures market but the market got strength from yesterday and traded up today on shortage of stocks and weak arrival from Haryana and U.P. Wheat data traded up to 1105-1110/qlt with average supply of 5000-6000 bags at the Lawrence road mandis in Delhi. The demand from the flourmill sector has improved amidst upcoming winter season demand. The area coverage of wheat as on 26th Oct 2006 is 1.952 lakh ha. Sowing of wheat has started in some parts of Haryana, Gujarat, Karnataka, M.P., and some parts of Punjab, Uttaranchal and Maharashtra. The field preparation is going on for sowing of wheat crops in H.P., Rajasthan and U.P. On the other hand, above 400,000 tonnes of imported wheat have blocked at the Indian ports of Kandla and Mundra due to the shortage of freight train and manpower. According to the source, following a temporary halt in grain exports, Ukraine has started again its wheat exports and around 79,000 metric tons (Mt) of wheat is anticipated to be delivered to PEC Ltd. in November.

FUTURES MARKETS:

Late speculative buying dragged the wheat futures at the NCDEX to mostly up Tuesday. The market got weakened on profit booking and lack of additional buying demand at early hour but reversed back to firm position after that. Announcement of higher MSP for the next wheat crop provided underlying support. Most active December contract finished Rs.9.60 up to Rs.1135.40 following strong opening at Rs.1129 and hovered within the range of Rs.1122-1141.

PRICE DRIVERS:

Bullish:

1. MSP increased to Rs.750/qlt; Declining arrival
2. Poor government stocks; Clearance of wheat at ports delays

Bearish:

1. Stockists selling

WEATHER:

Arrival is unexpected to hamper due to current weather forecast.

SPOT MARKET PRICE FOR WHEAT (Rs./Quintal)

Markets	Variety	31.10.06	30.10.06	Change
Delhi (Lawrence Road)	Wheat Mill quality	1105-1110	1095-1100	+10.00
Haryana (Karnal)	Wheat Mill quality	1090-1095	1090-1095	-
Punjab (Khanna)	Wheat Mill quality	1145-1150	1140-1150	+5.00
Gujarat (Ahmedabad)	Wheat Mill quality	1200-1205	1195-1200	+5.00
Rajasthan (Kota)	Wheat Mill quality	1100-1105	1100-1105	-
Uttar Pradesh (Kanpur)	Wheat Mill quality	1110-1115	1105-1110	+5.00
Madhya Pradesh (Indore)	Wheat Mill quality	1180-1190	1180-1190	-
Uttar Pradesh (Bareilly)	Wheat Mill quality	1105-1110	1105-1110	-

TECHNICALS:

Candlesticks indicate upwards market with firm opening. The %K-line moved up but remained below %D-line just at neutral region, indicating bullish market. Prices closed far above 9-day and 18-day EMA, indicating strong market. MACD indicates strong market and prevailed at positive territory, Open interest as well as volume of trade has decreased. Market is expected to remain firm following strong opening with possibility of downwards movement later.



SUPPORT / RESISTANCES:

Month	S1	S2	PCP	R1	R2
Nov.	1112	1100	1122.0	1136	1150
Dec.	1122	1110	1135.4	1145	1160

TRADE RECOMMENDATION:

Intraday traders might take position to **Buy** NCDEX-December above 1130 with target towards 1145, second target near 1155. Put stop loss at 1120.

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