

## WHEAT DAILY

22<sup>nd</sup> NOVEMBER, 2006

### SPOT MARKETS:

Sentiment is witnessing bearish in wholesale grain market Tuesday on reduced offtake by the flourmills despite sluggish arrival. Imposing of stock limit in Delhi restricted buying activity of roller flour millers. Prices stumbled down by Rs.5-10/qrtl at most of the market in sympathy with futures market. Stockists are clearing their inventories, traders said. Wheat data for mills quoted down at Rs.1120-1125/qrtl with average intake of 7000-8000 bags at Lawrence road in Delhi. Demand for wheat products also slackened. Another bearish factor is lackluster demand from South India and Maharashtra, as imported wheat grabbed market in these states, as the private traders have imported around 1-MMt wheat this year, traders claimed. In Bangalore, wheat has traded at around Rs.1310-1320/qrtl. Therefore prices got weakened in North Indian markets. Furthermore, government is likely to sell wheat at open market to crash market prices, which decreased flourmill demand, traders said. Besides, around 4-lakh tonnes imported wheat has been piled up at the Western ports since last two months due to port congestion and it is unexpected to ease soon in spite of government's efforts for bagging and evacuation. Hence availability of imported wheat at market yards would be affected, as the government has very few stocks of around 5.99 MMt.

### FUTURES MARKETS:

NCDEX wheat futures tumbled down on Tuesday on selling pressure and profit booking. Market was trading rangebound with down till mid hour but fell down significantly thereafter on strong selling pressure with profit booking. Most active December contract slipped Rs.17.80 at Rs.1107.40 following weak opening at Rs.1122 and hovered within the range of Rs.1103.60-1126.40.

### PRICE DRIVERS:

#### Bullish:

1. Imported wheat continue to pile up at western ports

#### Bearish:

1. Stockists selling on news of imposing stock limit in Delhi
2. Sluggish roller flour millers demand

### WEATHER:

Major producing areas of wheat are drier and warmer at this time, favoring sowing activities.

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

Markets	Variety	21.11.06	20.11.06	Change
Delhi (Lawrence Road)	Wheat Mill quality	1120-1125	1130-1135	-10.00
Haryana (Karnal)	Wheat Mill quality	1105-1110	1110-1115	-5.00
Punjab (Khanna)	Wheat Mill quality	1125-1130	1125-1130	-
Gujarat (Ahmedabad)	Wheat Mill quality	1200-1205	1200-1210	-
Rajasthan (Kota)	Wheat Mill quality	1140-1145	1145-1150	-5.00
Uttar Pradesh (Kanpur)	Wheat Mill quality	1145-1150	1145-1150	-
Madhya Pradesh (Indore)	Wheat Mill quality	1210-1215	1220-1225	-10.00
Uttar Pradesh (Bareilly)	Wheat Mill quality	1140-1150	1150-1155	-10.00

### TECHNICALS:

Candlesticks charts exhibit bearish market with weak opening for the next trading day. %K-line continues to remain below %D-line at oversold region, indicating bearish market but technical reversal near. Prices closed below 9-day and 18-day EMA, indicating bearish market for medium term. MACD hints bearish market for medium term. Open interest significantly decreased but volume of trade has increased. Wheat futures are likely to remain bearish following a steady to weak opening with possibility of late upwards movement.



### SUPPORT / RESISTANCES:

Month	S1	S2	PCP	R1	R2
Dec.	1090	1080	1107.4	1116	1123
Jan.	1095	1085	1111.0	1121	1130

### TRADE RECOMMENDATION:

Intraday traders might take position to **Sell** NCDEX-December below 1110 with target towards 1095, second target near 1085. Put stop loss at 1118.

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