

WHEAT DAILY

9th NOVEMBER, 2006

SPOT MARKETS:

Wheat trades steady at higher level on Wednesday in Delhi and Gujarat spot market while the prices increased in Punjab, M.P. and U.P. on increased offtake by the roller flourmills. The stocks position in Delhi is reported to be moderate as the government is likely to impose stock limit from 20th October, according to the market report. Therefore Stockists is releasing their stocks intermittently. The strong demand for wheat products due to upcoming winter season is also keeping pressure on wheat mill prices. Wheat dara for mills is offered steady at Rs.1120-1125/qlt with average intake of 10000-12000 bags at the Lawrence road in Delhi. The strong demand from South India and Maharashtra also kept pressure on prices. Furthermore, USDA said India may have to become wheat importer again in the next year and the country may have to import up to 4 MMt wheat from abroad if the government procurement remains at the same level 9.2 MMt this year. However farm ministry said the government might not import wheat in 2007. On the other hand, the government is not allowing the private importers to import wheat at 0% duty after 31st December. It is reported that around 2.6 MMt imported wheat has arrived so far. Traders are expecting that the prices to climb in near future also.

FUTURES MARKETS:

NCDEX futures market recovered earlier losses and finished at positive territory on late speculative buying. The market got weakened at early hour on slight profit booking and went up thereafter on buying support at lower level. Most active December contract finished Rs.6 up at Rs.1130.80 following weak opening and traded within the range of Rs.1118.60-1131.

PRICE DRIVERS:

Bullish:

1. USDA: India likely to export 4 MMT wheat next year
2. Upcoming winter season demand; Increased flourmill's offtake

Bearish:

1. Sluggish demand at higher price level

WEATHER:

Warmer and drier weather through major winter wheat areas at this time and sowing unlikely to hamper on current weather forecast.

SPOT MARKET PRICE FOR WHEAT (Rs./Quintal)

Markets	Variety	8.11.06	7.11.06	Change
Delhi (Lawrence Road)	Wheat Mill quality	1120-1125	1120-1125	-
Haryana (Karnal)	Wheat Mill quality	1090-1095	1095-1100	-5.00
Punjab (Khanna)	Wheat Mill quality	1100-1105	1095-1100	+5.00
Gujarat (Ahmedabad)	Wheat Mill quality	1230-1235	1230-1235	-
Rajasthan (Kota)	Wheat Mill quality	1120-1125	1125-1130	-5.00
Uttar Pradesh (Kanpur)	Wheat Mill quality	1115-1120	1110-1115	+5.00
Madhya Pradesh (Indore)	Wheat Mill quality	1165-1175	1160-1170	+5.00
Uttar Pradesh (Bareilly)	Wheat Mill quality	1130-1135	1130-1135	-

TECHNICALS:

Candlesticks indicating upward market for the next trading day. %K-line moving up and remained above %D-line at neutral region, indicating bullish market. Prices closed just above 9-day and 18-day EMA, indicating further upward market. MACD indicates bearish market for medium term. Open interest as well volume of trade has increased. Market is likely to remain up following a strong opening with possibility of late downwards movement.



SUPPORT / RESISTANCES:

Month	S1	S2	PCP	R1	R2
Dec.	1123	1117	1130.8	1138	1145
Jan.	1131	1126	1139.0	1150	1156

TRADE RECOMMENDATION:

Intraday traders might take position to **Buy** NCDEX-December above 1125 with target towards 1138, second target near 1145. Put stop loss at 1117.

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