

WHEAT DAILY

4th NOVEMBER, 2006

SPOT MARKETS:

Sentiment for wheat prices witnessed steady to slight up in Delhi, U.P., Gujarat and Rajasthan mandis however the reversed sentiment is observed in M.P. and Punjab, as lack of buyers at higher level. The flour millers are stayed away from the market amidst mostly higher prices. Wheat dara prices quoted steady at Rs.1115-1120/qrtl with scanty arrival of 5000-7000 bags at the Lawrence road mandis in Delhi. According to the traders, around three rakes are being loaded for South India from this state. The rakes are loading from godown stocks, they said. The stocks position in most part of the producing region is depleting and most of the Stockists are clearing their stocks but the prices are still ruling high as compared to last year. The products demands are increasing ahead of the upcoming winter season demand. Traders are speculating that the prices would go mostly up in near future. On the other hand, wheat prices have risen 44% this year on the CBOT and reached a 10-year high on October 25. USDA has forecasted a global wheat shortage in the coming year because production forecasts for several countries that have finished harvesting have been revised downward. The government will be capable to move 4-lakh Mt of wheat piled up at ports during the last 15 days, which may ease domestic supplies, according to the source. Sentiment is bullish for long term about wheat market.

FUTURES MARKETS:

At the NCDEX wheat futures market, selling pressure and profit booking dragged the prices to down following strong opening. Most active December contract slipped Rs.7 to Rs.1112.60 following firm opening and moved between Rs.1104.20-1125 during Friday's trading.

PRICE DRIVERS:

Bullish:

1. USDA forecast lower global wheat output
2. Inferior quality of imported wheat

Bearish:

1. Stockists selling; Weak flourmills demand

WEATHER:

Current weather forecast may not hinder on the market arrival. Warmer and drier weather through major winter wheat areas at this time and sowing might not be hamper.

SPOT MARKET PRICE FOR WHEAT (Rs./Quintal)

Markets	Variety	03.11.06	02.11.06	Change
Delhi (Lawrence Road)	Wheat Mill quality	1115-1120	1115-1120	-
Haryana (Karnal)	Wheat Mill quality	1100-1105	1100-1105	-
Punjab (Khanna)	Wheat Mill quality	1100-1105	1110-1115	-10.00
Gujarat (Ahmedabad)	Wheat Mill quality	1225-1230	1210-1215	+15.00
Rajasthan (Kota)	Wheat Mill quality	1115-1120	1110-1115	+5.00
Uttar Pradesh (Kanpur)	Wheat Mill quality	1110-1115	1110-1115	-
Madhya Pradesh (Indore)	Wheat Mill quality	1170-1175	1175-1180	-5.00
Uttar Pradesh (Bareilly)	Wheat Mill quality	1125-1130	1115-1120	+10.00

TECHNICALS:

Candlesticks charts indicates weak market market while %K-line remains below %D-line at neutral region, indicating bearish market. Prices closed just above 9-day and 18-day EMA, indicating steady market. MACD indicates bearish market for medium term. Open interest steady but volume of trade has increased. Wheat futures are likely to remain weak following strong opening with possibility of late upwards movement.



SUPPORT / RESISTANCES:

Month	S1	S2	PCP	R1	R2
Nov.	1090	1080	1102.0	1110	1115
Dec.	1100	1090	1112.6	1120	1128

TRADE RECOMMENDATION:

Intraday traders might take position to **Sell** NCDEX-December below 1115 with target towards 1105, second target near 1095. Put stop loss at 1122.

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