

WHEAT DAILY

7th NOVEMBER, 2006

SPOT MARKETS:

Wheat prices recovered at the domestic spot market in Delhi, Gujarat, M.P. and U.P. Monday in sympathy with the NCDEX futures market while it witnessed down in Haryana and Rajasthan market on lack of demand and stocks release. The lower arrival from Haryana and UP is the main reason for the prices up in Delhi. The rake is being loaded from the godown stocks at various mandis for South India and Maharashtra. Trade sources said, the imposing of stock limit on wheat and pulses are delayed and it is likely to be imposed after 20th November in Delhi. This factor also bolstered the prices though the stocks in this state are depleting. Wheat darru prices traded up to Rs.1115-1120/qrtl with average intake of 6000-7000 bags at the Lawrence road mandis in Delhi. In the international market, Chicago wheat prices are flaring and Australia is looking at a much smaller crop. China is also worrying about wheat production as the country is facing drought. Traders said, the rising trend of international market is likely to put further upward pressure on domestic prices and consumers were unlikely to get a reprieve. However the wheat acreage is increasing and touched to 9.49 lakh hectares as of Nov.3, up nearly five-fold from 200,000 hectares a year earlier. The prices are expected to remain high as long term.

FUTURES MARKETS:

The wheat prices at the NCDEX futures market traded mostly strong on Monday amidst strong speculative buying. The market traded firm through out the session following firm opening. Most active December contract surged Rs.14.80 to Rs.1132 following strong opening at Rs.1120 and traded within the range of Rs.1120-1135.80.

PRICE DRIVERS:

Bullish:

1. Bearish global output; Delay on deliveries of imported wheat
2. Delayed wheat sowing in Punjab

Bearish:

1. Stockists selling; Sluggish flourmills demand

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	6.11.06	4.11.06	Change
Delhi (Lawrence Road)	Wheat Mill quality	1115-1120	1110-1115	+5.00
Haryana (Karnal)	Wheat Mill quality	1090-1095	1100-1105	-10.00
Punjab (Khanna)	Wheat Mill quality	1095-1100	1095-1100	-
Gujarat (Ahmedabad)	Wheat Mill quality	1230-1235	1225-1230	+5.00
Rajasthan (Kota)	Wheat Mill quality	1120-1125	1135-1140	-15.00
Uttar Pradesh (Kanpur)	Wheat Mill quality	1110-1115	1105-1110	+5.00
Madhya Pradesh (Indore)	Wheat Mill quality	1160-1170	1160-1165	-
Uttar Pradesh (Bareilly)	Wheat Mill quality	1120-1125	1120-1125	-

TECHNICALS:

Candlesticks charts indicating bullish market while %K-line is likely to intersect %D-line from below at neutral region, indicating upward market. Prices closed above 9-day and 18-day EMA, hinting further upward market. MACD indicates bearish market for medium term. Open interest as well volume of trade has increased. Market is expected to trade firm following firm opening with possibility of late downwards movement.



SUPPORT / RESISTANCES:

Month	S1	S2	PCP	R1	R2
Dec.	1125	1118	1132.0	1145	1155
Jan.	1130	1123	1142.0	1150	1160

TRADE RECOMMENDATION:

Intraday traders might take position to **Buy** NCDEX-December above 1129 with target towards 1145, second target near 1155. Put stop loss at 1120.

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