

WHEAT DAILY

6th NOVEMBER, 2006

SPOT MARKETS:

Wheat prices slightly fell down in tandem with the NCDEX futures market on Saturday at most of the domestic spot market. The demand from the flourmill sector witnessed weak despite the higher products demand. Wheat dara prices traded slight down at Rs.1110-1115/qrtl with average intake of 7000-8000 bags at the Lawrence road mandis in Delhi. Traders said, spot market fell down, as NCDEX wheat futures remained bearish on Friday. The demand from the South India and Maharashtra has slackened as the prices are mostly up. On the other hand, deliveries of wheat are to reach a massive 5.408 MMt at several Indian ports in just eight months to February 2007. This year, India has turned one of world's largest importers of wheat by volume, following six successive years of exports, due to a decline in output and government stocks. USDA forecasted shortage of wheat in the global wheat market is due to the production forecasts for several countries that have finished harvesting have been revised downward. Government official said, the government will be able to shift the 400,000 Mt of the wheat, which blocked at ports during the last 15 days and therefore the availability of wheat may ease at the domestic market. But the prices are expected to go up in near future in the country.

FUTURES MARKETS:

The wheat prices at the NCDEX futures market rebounded to up on Saturday amidst buying support. Futures market went to mostly up after strong opening at the early hour of trading but fell down thereafter from day's higher level. Most active December contract settled Rs.4.60 up to Rs.1118 following firm opening at Rs.1116 and traded within the range of Rs.1115.20-1125.00.

PRICE DRIVERS:

Bullish:

1. USDA forecast shortage of wheat output in the world
2. Imported wheat piled up at western ports

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	4.11.06	3.11.06	Change
Delhi (Lawrence Road)	Wheat Mill quality	1110-1115	1115-1120	-5.00
Haryana (Karnal)	Wheat Mill quality	1100-1105	1100-1105	-
Punjab (Khanna)	Wheat Mill quality	1095-1100	1100-1105	-5.00
Gujarat (Ahmedabad)	Wheat Mill quality	1225-1230	1225-1230	-
Rajasthan (Kota)	Wheat Mill quality	1135-1140	1115-1120	+20.00
Uttar Pradesh (Kanpur)	Wheat Mill quality	1105-1110	1110-1115	-5.00
Madhya Pradesh (Indore)	Wheat Mill quality	1160-1165	1170-1175	-10.00
Uttar Pradesh (Bareilly)	Wheat Mill quality	1120-1125	1125-1130	-5.00

TECHNICALS:

Candlesticks charts hinting bearish market while %K-line remains still below %D-line at neutral region, indicating downward market. Prices closed just above 9-day and 18-day EMA, indicating steady to slight up market. MACD indicates bearish market for medium term. Open interest as well volume of trade has decreased. Wheat futures are likely to remain strong following firm opening with possibility of late downwards movement.



SUPPORT / RESISTANCES:

Month	S1	S2	PCP	R1	R2
Dec.	1107	1095	1118.0	1128	1137
Jan.	1113	1100	1125.8	1136	1144

TRADE RECOMMENDATION:

Intraday traders might take position to **Sell** NCDEX-December below 1123 with target towards 1107, second target near 1100. Put stop loss at 1131.

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