

WHEAT DAILY

28th NOVEMBER, 2006

SPOT MARKETS:

Domestic spot market for wheat depicted steady undertone on Monday in Delhi and some pockets of Punjab, amidst moderate stockists buying against restricted arrivals. However, market tumbled in Haryana, Bareilly, M.P. mandis on reduced offtake from flourmills and sluggish demand from South India and Maharashtra despite poor arrival. Furthermore, wheat products demand also got slackened, traders said. Wheat data for mills quoted steady at Rs.1140-1145/qrtl with sluggish arrival of 5000-6000 bags at the Lawrence road mandis in Delhi. Mostly poor arrival from Haryana and U.P. at the market yards has been keeping pressure on prices in Delhi. Besides, sowing progress of wheat for the current rabi season has been going well and it covered 11.3 million ha as of November 24, as compared to 9.6 million ha of last year, according to the Ministry of Agriculture. The area has increased in all the producing regions like Punjab, U.P., M.P., Haryana and Gujarat etc. On the other hand, IGC raised estimated world wheat production by 2 MMt to 587 MMt but remained lower by 31 MMt of last year. Better than expected yields, mainly in Russia, has increased the estimation. The consumption forecast is raised by 1 MMt to 607 MMt. Markets are expected to go up in near future as weak wheat stocks, piling up of imported wheat at western ports and winter season demand.

FUTURES MARKETS:

NCDEX wheat futures have maintained firm sentiment on buying support Monday. Futures market recovered from lower level after strong opening but profit booking at upper level pushed back prices from day's higher level on thin trading activity. Most active January contract settled Rs.0.60 up at Rs.1139.20 following strong opening at Rs.1141 and remained between Rs.1138-1143.

PRICE DRIVERS:

Bullish:

1. Mostly weak arrival; Forthcoming winter season demand

Bearish:

1. No demand from South India & Maharashtra
2. Reduced offtake by roller flourmills

WEATHER:

Major wheat areas of north India are drier and warmer at this time, favoring planting activities.

SPOT MARKET PRICE FOR WHEAT (Rs./Quintal)

Markets	Variety	27.11.06	25.11.06	Change
Delhi (Lawrence Road)	Wheat Mill quality	1140-1145	1140-1145	-
Haryana (Karnal)	Wheat Mill quality	1100-1105	1105-1110	-5.00
Punjab (Khanna)	Wheat Mill quality	1115-1120	1120-1125	-5.00
Gujarat (Ahmedabad)	Wheat Mill quality	1195-1200	1190-1195	+5.00
Rajasthan (Kota)	Wheat Mill quality	1135-1140	1130-1135	+5.00
Uttar Pradesh (Kanpur)	Wheat Mill quality	1140-1145	1130-1135	+10.00
Madhya Pradesh (Indore)	Wheat Mill quality	1190-1195	1195-1200	-5.00
Uttar Pradesh (Bareilly)	Wheat Mill quality	1120-1125	1125-1130	-5.00

TECHNICALS:

Candlesticks exhibit indecisive market with weak opening. %K-line moving up and prevails above %D-line at neutral region, indicating bullish market. Prices closed above 9-day and 18-day EMA, indicating bullish market for medium term and MACD hints slight bullish market for medium term. Open interest as well as volume of trade decreased. Wheat futures are likely to remain rangebound following weak opening with possibility of late upwards movement.



SUPPORT / RESISTANCES:

Month	S1	S2	PCP	R1	R2
Dec.	1124	1118	1130.4	1138	1144
Jan.	1133	1127	1139.2	1145	1150

TRADE RECOMMENDATION:

Intraday traders might take position to **Sell** NCDEX-JANUARY below 1141 with target towards 1134, second target near 1128. Put stop loss above 1146.

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