

WHEAT DAILY

21st NOVEMBER, 2006

SPOT MARKETS:

Wheat turned weak in the domestic spot market Monday in Delhi, Haryana, Gujarat and some parts of Punjab on fresh selling by stockists against the slowdown activity by the roller flourmills and lost some ground. Traders said, Delhi government has imposed stock limit on wheat; therefore it believes that stockists are releasing their stocks, which has crashed the market prices. Wheat dara prices lost Rs.15-20/qlt to Rs.1130-1135/qlt with average intake of 9000-10000 bags at the Lawrence road mandis in Delhi. The demand from the flour millers remained weak due to slight weak products demand. However the market hovered up in M.P. amidst almost negligible arrival and stout demand from flourmills. The weak stock position is also added to bullish tone. Furthermore, sowing progress of rabi wheat has been improving well and it is estimated to hit 70.759 lakh hectares as of Nov. 16, up by 22 lakh hectares from a year earlier. The acreage has enormously increased in Punjab, U.P., M.P. Haryana and Bihar. Based on current sowing trends, wheat acreage is showing sharp increase, which if transformed into proportionate increase in production will result in comfortable supply situation from April 2007. The volume of Indian wheat imports in the next year will be determined by the sowing progress and following production factors. However the current outlook is bullish for wheat prices.

FUTURES MARKETS:

NCDEX wheat futures market tumbled down at late hour of trading on selling pressure at upper level. The upward trend of wheat sowing and profit booking at higher level also added to weaker tone for long term. Most active December contract settled Rs.5 down to Rs.1124 after steady opening at Rs.1129 and moved within the range of Rs.1122.40-1129.

PRICE DRIVERS:

Bullish:

1. Poor Govt stocks to 5.99 MMt & reduced arrival

Bearish:

1. Stockists selling on news of imposing stock limit in Delhi
2. Weak products demand

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	20.11.06	18.11.06	Change
Delhi (Lawrence Road)	Wheat Mill quality	1130-1135	1150-1155	-20.00
Haryana (Karnal)	Wheat Mill quality	1110-1115	1125-1130	-15.00
Punjab (Khanna)	Wheat Mill quality	1125-1130	1125-1130	-
Gujarat (Ahmedabad)	Wheat Mill quality	1200-1210	1210-1215	-10.00
Rajasthan (Kota)	Wheat Mill quality	1145-1150	1145-1150	-
Uttar Pradesh (Kanpur)	Wheat Mill quality	1145-1150	1145-1150	-
Madhya Pradesh (Indore)	Wheat Mill quality	1220-1225	1195-1200	+25.00
Uttar Pradesh (Bareilly)	Wheat Mill quality	1150-1155	1150-1155	-

TECHNICALS:

Candlesticks charts indicating slight weak with steady to weak opening for the next trading day. %K-line prevailed below %D-line near to oversold region, indicating bearish market. Prices closed below 9-day and 18-day EMA, indicating downward market for medium term. MACD hints bearish market for medium term. Open interest decreased but volume of trade has increased. Wheat futures are likely to remain bearish following a steady to weak opening with possibility of late upwards movement.



SUPPORT / RESISTANCES:

Month	S1	S2	PCP	R1	R2
Dec.	1117	1112	1124	1129	1138
Jan.	1123	1117	1130	1139	1144

TRADE RECOMMENDATION:

Intraday traders might take position to **Buy** NCDEX-December above 1118 with target towards 1128, second target near 1135. Put stop loss at 1112.

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