

WHEAT DAILY

6th DECEMBER, 2006

SPOT MARKETS:

Wheat prices remained steady to up Tuesday in the wholesale grain market in Delhi, Haryana M.P. and Gujarat due to weak arrival despite Monday's weak futures market. Poor arrivals are offsetting the weak demand from the roller flourmills, traders said. Arrivals stood at around 4000-5000 bags and wheat dara for mills quoted stable at Rs.1130-1135/qlt at the Lawrence road mandis in Delhi. Reduced demand from South India and Maharashtra is keeping pressure on the prices, sources said. However the market tumbled in Rajasthan, Punjab and U.P. amidst stockists selling and slackened demand from the roller flourmills. Stockists were releasing stocks as worries of quality deterioration due to rains, traders said. Light rainfall has occurred at a few places over West Rajasthan, Punjab and Haryana. As on November 30, 2006, wheat stocks to the government stood at 59.94 lakh tonnes. USDA said, despite a likely increase in planted area in India, 2007 wheat production would be influenced greatly by weather conditions through harvest. Lack of winter rains, rising temperatures during the grain filling stage in February, and rains and hail at harvest time are all factors, which could adversely affect yields. Sowing of wheat has increased by 3.1 million ha to 17.47 million ha over 14.37 million ha as of Nov 30. Wheat prices are expected to increase in near future.

FUTURES MARKETS:

NCDEX wheat futures recovered from mostly lower level after weak opening but failed to hold the upward tone at late hour and settled down on profit booking. Most active January contract lost Rs.6 at Rs.1074.40 following weak opening at Rs.1077 and hovered between Rs.1072-1089.60.

PRICE DRIVERS:

Bullish:

1. Poor stocks to the Govt; Winter season demand; Poor arrival

Bearish:

1. Imported wheat grabbed South India & Maharashtra market
2. Poor products demand as well as flourmills demand

WEATHER:

Major wheat areas of north India are experiencing dip in temperature with moderate shower in Punjab, Haryana and Rajasthan at this time, favoring developing wheat.

SPOT MARKET PRICE FOR WHEAT (Rs./Quintal)

Markets	Variety	5.12.06	4.12.06	Change
Delhi (Lawrence Road)	Wheat Mill quality	1135-1140	1130-1135	+5.00
Haryana (Karnal)	Wheat Mill quality	1100-1105	1090-1100	+10.00
Punjab (Khanna)	Wheat Mill quality	1095-1100	1100-1105	-5.00
Gujarat (Ahmedabad)	Wheat Mill quality	1195-1200	1195-1200	-
Rajasthan (Kota)	Wheat Mill quality	1120-1125	1125-1130	-5.00
Uttar Pradesh (Kanpur)	Wheat Mill quality	1120-1125	1120-1125	-
Madhya Pradesh (Indore)	Wheat Mill quality	1160-1170	1160-1165	-
Uttar Pradesh (Bareilly)	Wheat Mill quality	1110-1115	1120-1125	-10.00

TECHNICALS:

Candlesticks show downward market for the next trading day. %K-line going down and remains below %D-line at oversold region, indicating technical reversal near. Prices closed far below 9-day and 18-day EMA, indicating bearish market for medium term and MACD also hints downward market for medium term. Open interest decreased but volume of trade increased. Market is likely to remain volatile with weak after weak opening with possibility of late upwards movement.



SUPPORT / RESISTANCES:

Month	S1	S2	PCP	R1	R2
Dec.	1045	1035	1051.0	1063	1073
Jan.	1063	1055	1074.4	1085	1090

TRADE RECOMMENDATION:

Intraday traders might take position to **Buy** NCDEX-JANUARY above 1064 with target towards 1074, second target near 1080. Put stop loss below 1058.

Disclaimer

The information and opinions contained in the document have been compiled from sources believed to be reliable. The company does not warrant its accuracy, completeness and correctness. Use of data and information contained in this report is at your own risk. This document is not, and should not be construed as, an offer to sell or solicitation to buy any commodities. This document may not be reproduced, distributed or published, in whole or in part, by any recipient hereof for any purpose without prior permission from the Company. IASL and its affiliates and/or their officers, directors and employees may have positions in any commodities mentioned in this document (or in any related investment) and may from time to time add to or dispose of any such commodities (or investment). Please see the detailed disclaimer at <http://www.agriwatch.com/Disclaimer.asp>

© 2005 Indian Agribusiness Systems Pvt Ltd.