

## WHEAT DAILY

8<sup>th</sup> DECEMBER, 2006

### SPOT MARKETS:

Continued steady demand supply scenario has kept wheat prices on steady side in Delhi, Gujarat and M.P. region on Thursday despite weak futures market. Reduced arrival is providing underlying support to the market regardless of reduced offtake by the roller flourmills as somewhat weak products demand. Wheat dara for mills traded steady at Rs.1130-1135/qrtl with reduced arrival of 5000-6000 bags at the Lawrence road mandis in Delhi. It is witnessed that wheat prices have shot up 33% in the Delhi retail market over the past one year. However fresh demand for rake from South India slightly pushed up the spot prices in Punjab side, traders said. FCI had not released wheat to the mills for the past several months as they have poor stocks of 5.99 MMt wheat. Stocks at the market yards are also depleted therefore prices may boost up in the near future as higher winter consumption of wheat, trades said. But FCI is supposed to release wheat stock in the open market to check the rise in flour prices. USDA said, despite a likely increase in planted area in India, 2007 wheat production would be influenced greatly by weather conditions through harvest. In the international market, Canadian Wheat Board (CWB) would export large volume of wheat this year and an increase of 19 percent is predicted due to larger domestic crop and reduced supply from Australia on account of drought.

### FUTURES MARKETS:

NCDEX wheat futures settled up Thursday on late speculative buying and profit booking at lower level. Technical buying triggered futures market as the market went to oversold condition. Most active January contract gained Rs.7 at Rs.1085 following weak opening at Rs.1076 and hovered between Rs.1072-1085.

### PRICE DRIVERS:

#### Bullish:

1. Depleting stocks; Winter season demand; Poor arrival
2. Lower global wheat stocks

#### Bearish:

1. 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	7.12.06	6.12.06	Change
Delhi (Lawrence Road)	Wheat Mill quality	1130-1135	1130-1135	-
Haryana (Karnal)	Wheat Mill quality	1085-1090	1090-1100	-5.00
Punjab (Khanna)	Wheat Mill quality	1090-1095	1085-1090	+5.00
Gujarat (Ahmedabad)	Wheat Mill quality	1190-1195	1190-1195	-
Rajasthan (Kota)	Wheat Mill quality	1125-1130	1120-1125	+5.00
Uttar Pradesh (Kanpur)	Wheat Mill quality	1110-1115	1115-1120	-5.00
Madhya Pradesh (Indore)	Wheat Mill quality	1160-1170	1160-1170	-
Uttar Pradesh (Bareilly)	Wheat Mill quality	1110-1115	1107-1112	+3.00

### TECHNICALS:

Candlesticks indicate bullish market. %K-line going up following made a bullish cut with %D-line at oversold region, indicating bullish market. Prices closed well below 9-day and 18-day EMA, indicating downward market for medium term and MACD also hints slight downward market for medium term. Open interest as well as volume of trade marginally decreased. Market is likely to trade up after strong opening with possibility of late downwards movement.



### SUPPORT / RESISTANCES:

Month	S1	S2	PCP	R1	R2
Dec.	1067	1056	1072.8	1085	1095
Jan.	1080	1070	1085.0	1095	1100

### TRADE RECOMMENDATION:

Intraday traders might take position to **Buy** NCDEX-JANUARY above 1081 with target towards 1091, second target near 1098. Put stop loss below 1075.

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