

WHEAT DAILY

22nd DECEMBER, 2006

SPOT MARKETS:

Wheat prices slip down and quoted between Rs.1085-1090/qlt at Lawrence road in Delhi wholesale grains market during Thursday on reduce offtake by roller flour mills. The arrivals remain down around 4000 bags. Stockists selling are somewhat lower today. Big flour millers are not interested to increase their stocks. Bearish tone of futures market has added bearish impact on spot prices. However, the price has improved at Haryana and Uttar Pradesh mandis on meagre arrivals amidst steady demand. Thin domestic demand, higher production outlook, conducive weather for the wheat crop and signs of increased planted area mainly governing the market sentiments. Thin demand from South India and Maharashtra is also pressurizing the tone.

FUTURES MARKETS:

Futures market settled mix following a weak opening. Most active January contract slipped down initially. However some buying interest at lower levels supported the future slightly thereafter and traded at around Rs.1046.40 over last closing off Rs.1058.60 following a weak opening at Rs.1055 and hovered between Rs.1041.20-1057.20 while February contract remained bullish following a weak opening and traded around Rs.1040 as compared to last closing off Rs.1032.40 and moved between Rs.1023-1043 during Thursday's trading.

PRICE DRIVERS:

Bullish:

1. Depleting stocks

Bearish:

1. Lower demand from South India
2. Reduce offtake by roller flour mills
3. Conducive weather factor is supporting the estimated higher production of 74 MMT
4. GOI approves duty free wheat imports until February 28

WEATHER:

Weather is cloudy and day temperature is somewhat higher. Comparatively lower temperature would be more desirable.

SPOT MARKET PRICE FOR WHEAT (Rs./Quintal)

Markets	Variety	21.12.06	20.12.06	Change
Delhi (Lawrence Road)	Wheat Mill quality	1085-1090	1090-1095	-5.00
Haryana (Karnal)	Wheat Mill quality	1040-1050	1035-1040	+10.00
Punjab (Khanna)	Wheat Mill quality	1010-1015	1010-1015	-
Gujarat (Ahmedabad)	Wheat Mill quality	1180-1185	1180-1185	-
Rajasthan (Kota)	Wheat Mill quality	1095-1100	1100-1105	-5.00
Uttar Pradesh (Kanpur)	Wheat Mill quality	1080-1085	1075-1080	+5.00
Madhya Pradesh (Indore)	Wheat Mill quality	1120-1125	1115-1120	-5.00
Uttar Pradesh (Bareilly)	Wheat Mill quality	1070-1080	1055-1060	+20.00

TECHNICALS:

Candlesticks hint weak sentiments and reflect that sellers dominated the market. %K-line moving upwards following a bullish crossover in normal region, indicating positive note at medium term. Prices closed below 9-day and 18-day EMA. MACD is in negative territory and moving upwards indicates firm market for medium term. Volume as well as Open Interest has increased. Markets are likely to trade bearish following a steady to firm opening.

NCDEX Wheat January Contract



SUPPORT / RESISTANCES:

Month	S2	S1	PCP	R1	R2
Jan.	1024	1029	1046	1058	1065

TRADE RECOMMENDATION:

Intraday traders might take position to **SELL** NCDEX-JANUARY below 1050 with target towards 1040, second target near 1035. Put stop loss above 1055.

Do not carry forward the position until the next day.

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