

WHEAT DAILY

18th DECEMBER, 2006

SPOT MARKETS:

Wheat prices continued weak at Rs. 1095-1100 at Lawrence road in Delhi wholesale grains market during Saturday on reduced offtake by rolling flourmills. The arrivals remain steady at 10000-11000 bags on increased selling interest of stockists. Regular arrivals of imported wheat in south India and Maharashtra are also supported the downwards movement. According to trade sources, Punjab government is expected to release around 2,40,000 quintals of wheat as Public Distribution System at much lower rate. It is likely to have a bearish impact on the futures market. The India government extended duty-free imports of wheat for two months through February 28th but traders believe that with the recent downtrend in prices in India that imports will be minimal.

FUTURES MARKETS:

Futures market opened weak and declining gradually due to continuous speculative selling interest. Finally the futures settled at negative territory near days' low with some losses. Most active January contract remaining at around Rs.1038.20 over last closing off Rs.1053.80 following weak opening at Rs.1051 and hovered between Rs.1038-1051 while near month December contract is also slid down much lower levels and traded around Rs.966.20 as compared to last closing off Rs.1017.20 and moved between Rs.966.20-990.00 during Saturday's trading. The December contract hits the lower circuit on increased selling interest among the investors.

PRICE DRIVERS:

Bullish:

1. Depleting stocks amidst steady demand

Bearish:

1. Regular arrival of imported wheat in southern parts
2. 2007 wheat out put is likely to increase at 74 MT
3. GOI approves duty free wheat imports until February 28

WEATHER:

Current weather is friendly for the development of the crop. Sowing should be completed by mid of December, and any delay would result in a yield loss.

SPOT MARKET PRICE FOR WHEAT (Rs./Quintal)

Markets	Variety	16.12.06	15.12.06	Change
Delhi (Lawrence Road)	Wheat Mill quality	1095-1100	1100-1105	-5.00
Haryana (Karnal)	Wheat Mill quality	1050-1055	1055-1060	-5.00
Punjab (Khanna)	Wheat Mill quality	1062-1067	1060-1065	-2.00
Gujarat (Ahmedabad)	Wheat Mill quality	1085-1090	1195-1200	-10.00
Rajasthan (Kota)	Wheat Mill quality	1110-1115	1115-1120	-5.00
Uttar Pradesh (Kanpur)	Wheat Mill quality	1105-1110	1105-1110	-
Madhya Pradesh (Indore)	Wheat Mill quality	1130-1140	1140-1145	-10.00
Uttar Pradesh (Bareilly)	Wheat Mill quality	1085-1090	1085-1090	-

TECHNICALS:

Candlesticks hints further weak sentiments. Sellers dominated the market at higher price levels. %K-line moving downwards following a bearish crossover in oversold region, indicating weak note. Prices closed much below 9-day and 18-day EMA, hinting weak market for medium term and MACD is in negative territory and moving downwards indicates weak market for medium term. Volume as well as Open Interest has decreased. Markets are likely to trade slightly upwards initially following a weak opening and downward movement thereafter.

NCDEX Wheat January Contract



SUPPORT / RESISTANCES:

Month	S2	S1	PCP	R1	R2
Jan.	1023	1030	1038.2	1047	1054

TRADE RECOMMENDATION:

Intraday traders might take position to **SELL** NCDEX-JANUARY below 1043 with target towards 1035, second target near 1030. Put stop loss near 1048.

Do not carry forward the position until the next day.

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