

WHEAT DAILY

2nd DECEMBER, 2006

SPOT MARKETS:

Wheat prices continued to decline in the wholesale grain market in tandem with the NCDEX futures market. Feeble demand from the roller flourmills and South India kept the physical market on bearish side. No demand from Maharashtra also kept pressure in the M.P. market. Traders said, demand for atta, suji, maida also got slackened; therefore flourmillers are not interested to create stocks at now. Wheat data prices eased to Rs.1110-1115/qlt over Rs.1125-1130/qlt of last closing at the Lawrence road mandis in Delhi. Prices got weakened by Rs.5-15/qlt at most of the trading point. The other bearish factor is Delhi government is planning to expand existing stock limits on foodgrains under Essential Commodities Act. Furthermore traders said, government is likely to sell wheat at the open market in Maharashtra and South India at lower prices. It might be negatively affected to bearish sentiment. Besides this, the wheat production in 2007 is expected to increase to 72-73 MMt from the previous year's production of 69.5 MMt. Timely sowing and additional plantings of around a million hectares is the main reason behind it. Sowing of wheat is already 50% complete and it is expected to boost output. Recent hike in the wheat MSP for marketing year 2007-08 has also encouraged farmers to sow more of the crop.

FUTURES MARKETS:

NCDEX wheat futures rebounded to up after mid hour of trading on speculative buying. Futures market got weakened at early hour on profit booking but strong buying support at lower level pushed up the futures market. Most active January contract gained Rs.13.80 at Rs.1108.40 following mostly strong opening at Rs.1098 and hovered between Rs.1080.20-1110.

PRICE DRIVERS:

Bullish:

1. Coming products demand for winter season

Bearish:

1. No demand from South India, Assam & Maharashtra
2. Delhi govt. planning to expand existing stock limits on wheat

WEATHER:

Major wheat areas of north India are experiencing dip in temperature at this time, favoring planting activities and it will help in germination.

SPOT MARKET PRICE FOR WHEAT (s./Quintal)

Markets	Variety	1.12.06	30.11.06	Change
Delhi (Lawrence Road)	Wheat Mill quality	1110-1115	1125-1130	-15.00
Haryana (Karnal)	Wheat Mill quality	1070-1075	1085-1090	-15.00
Punjab (Khanna)	Wheat Mill quality	1100-1105	1100-1105	-
Gujarat (Ahmedabad)	Wheat Mill quality	1195-1200	1200-1205	-5.00
Rajasthan (Kota)	Wheat Mill quality	1130-1135	1135-1140	-5.00
Uttar Pradesh (Kanpur)	Wheat Mill quality	1130-1135	1140-1145	-10.00
Madhya Pradesh (Indore)	Wheat Mill quality	1160-1170	1170-1180	-10.00
Uttar Pradesh (Bareilly)	Wheat Mill quality	1125-1130	1130-1140	-5.00

TECHNICALS:

Candlesticks exhibit bullish market for the next trading day. %K-line recovering from down and remains below %D-line at neutral region, indicating steady market. Prices closed far below 9-day and 18-day EMA, exhibiting downward market for medium term and MACD also hints downward market for medium term. Open interest steady but volume of trade significantly decreased. Market is likely to trade bullish following strong opening with possibility of late downwards movement.



SUPPORT / RESISTANCES:

Month	S1	S2	PCP	R1	R2
Dec.	1080	1070	1085.0	1104	1110
Jan.	1100	1090	1108.4	1120	1130

TRADE RECOMMENDATION:

Intraday traders might take position to **Buy** NCDEX-**JANUARY** above 1110 with target towards 1118, second target near 1125. Put stop loss below 1105.

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.