

WHEAT DAILY

11th DECEMBER, 2006

SPOT MARKETS:

Wheat prices are losing ground in Delhi, Punjab, and Haryana in tandem with the futures market amidst reduced offtake from rolling flourmills against increased arrivals. Lethargic demand for wheat products also added to bearish tone. Stockists are selling wheat at that price level due to worries of higher production in the coming year. Wheat data for mills receded to Rs.1120-1125/qrtl with higher arrivals of 10000-11000 bags at the Lawrence road mandis in Delhi. However the market is going up in M.P. and Rajasthan mandis on scanty arrival. Demand from South India and Maharashtra continued to remain sluggish as availability of imported wheat. Besides, acreage of wheat has covered 207.44 lakh hectares as of December 8, which is roughly 80% of the normal area of 260.50 lakh ha and up by 22.5% as compared to 169.27 lakh ha of last year. It is likely to have a bearish impact. The massive jump in wheat acreage is mainly owing to robust domestic prices. STC has contracted for import 55 lakh tonnes of wheat out of which 35 lakh tonnes has reached the country. In addition, it is estimated that 6.6 lakh tonnes of wheat imported by private traders has also reached the country as on December 1, 2006. Wheat prices are expected to remain steady to slight bullish in the near future.

FUTURES MARKETS:

NCDEX wheat futures opened weak and tumbled sharply Saturday due to continued selling pressure. Increasing trend of sowing progress is also pressurizing the futures market. Most active January contract slipped Rs.16.80 at Rs.1063.40 following weak opening at Rs.1078.40 and hovered between Rs.1062.00-1081.60.

PRICE DRIVERS:

Bullish:

1. Winter season demand

Bearish:

1. Wheat acreage increased by 22.5% over last year
2. Parliament committee suggests ban on wheat futures
3. Availability of imported wheat in South and Maharashtra

WEATHER:

Current dip in temperatures at major wheat areas of north India are favoring for development of wheat.

SPOT MARKET PRICE FOR WHEAT (Rs./Quintal)

Markets	Variety	9.12.06	8.12.06	Change
Delhi (Lawrence Road)	Wheat Mill quality	1120-1125	1125-1130	-5.00
Haryana (Karnal)	Wheat Mill quality	1070-1075	1080-1085	-10.00
Punjab (Khanna)	Wheat Mill quality	1085-1090	1090-1095	-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	1110-1115	-
Madhya Pradesh (Indore)	Wheat Mill quality	1175-1185	1165-1175	+10.00
Uttar Pradesh (Bareilly)	Wheat Mill quality	1115-1120	1115-1120	-

TECHNICALS:

Candlesticks hints bearish market. %K-line moving down after a bearish crossover in oversold region, indicating downward market. Prices closed far below 9-day and 18-day EMA, hinting bearish market for medium term and MACD also indicates slight downward market for medium term. Open interest and volume of trade increased. Prices are expected to remain down after weak opening with possibility of late upwards movement.



SUPPORT / RESISTANCES:

Month	S1	S2	PCP	R1	R2
Dec.	1036	1029	1050.4	1057	1067
Jan.	1050	1040	1063.4	1072	1081

TRADE RECOMMENDATION:

Intraday traders might take position to **Sell** NCDEX-JANUARY below 1066 with target towards 1054, second target near 1048. Put stop loss above 1073.

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