

WHEAT DAILY

14th DECEMBER, 2006

SPOT MARKETS:

Wheat prices continued steady Wednesday in Rajasthan, Gujarat and Delhi grain market. Wheat dara prices remained mostly steady at Rs 1120-1125/qrtl. in Delhi wholesale wheat market during Wednesday. However, arrival has increased to 14500-15000 bags from 5000-6000 bags on Tuesday. Stockists are in mood to release their hoarding as Govt. of India has extended the ECA in respect of wheat for a period of six months or till further order, whichever is earlier under the Essential Commodities Act, 1955 to bring out hoarded stock of these items in the open market. Moderate demand from the rolling flourmills and chakki mills has offset the higher arrivals. Mill owners are interested to increase their stocks. However, no demand is witnessed from Southern parts of India and this is no doubt pressurizing the market tone. Wheat sowing is progressing well and it reached to 207.44 lakh hectares as of December 8, which is roughly 80% of the normal area of 260.50 lakh hectares. According to the Govt. India wheat output of 2007 is likely to increase 74 MT on conducive weather factor for crop development. Acreage has increased by 22.5 per cent to 20.74 million hectares as of December 8th, 2006. The ministry said the Govt. will think on building local buffer stocks before pushing wheat exports.

FUTURES MARKETS:

Futures market at NCDEX opened weak and traded mostly downwards on increased selling interest among the investors. The futures settled red with some losses. Most active January contract hovered between Rs. 1066-1080. Near month December contract moved within the range of Rs. 1053-1061 during Wednesday's trading. within the range of Rs. 1074-1084 during Tuesday's trading.

PRICE DRIVERS:

Bullish:

1. Sharply decreasing 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

WEATHER:

Lower temperature in Northwest India is conducive for the development of wheat crop.

SPOT MARKET PRICE FOR WHEAT (Rs./Quintal)

Markets	Variety	13.12.06	12.12.06	Change
Delhi (Lawrence Road)	Wheat Mill quality	1120-1125	1120-1125	-
Haryana (Karnal)	Wheat Mill quality	1065-1070	1070-1075	-5.00
Punjab (Khanna)	Wheat Mill quality	1075-1080	1070-1075	+5.00
Gujarat (Ahmedabad)	Wheat Mill quality	1190-1195	1190-1195	-
Rajasthan (Kota)	Wheat Mill quality	1115-1120	1115-1120	-
Uttar Pradesh (Kanpur)	Wheat Mill quality	1110-1115	1115-1120	-5.00
Madhya Pradesh (Indore)	Wheat Mill quality	1170-1175	1175-1180	-5.00
Uttar Pradesh (Bareilly)	Wheat Mill quality	1110-1115	1115-1120	-5.00

TECHNICALS:

Candlesticks hints weak market sentiments. %K-line moving northwards following a bullish crossover in normal region, indicating positive note. Prices closed below 9-day and 18-day EMA, hinting weak market for medium term and MACD is in negative territory and moving slightly upwards indicates somewhat firm market for medium term. Volume as well as Open interest has increased. Markets are likely to trade slightly upwards initially following a firm opening and downward movement thereafter.

NCDEX Wheat January Contract



SUPPORT / RESISTANCES:

Month	S2	S1	PCP	R2	R1
Jan.	1062	1070	1073	1086	1095

TRADE RECOMMENDATION:

Intraday traders might take position to **Sell** NCDEX-JANUARY below 1082 with target towards 1074, second target near 1070. Put stop loss above 1086.

Do not carry forward the position until the next day.

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