

WHEAT DAILY

01st JANUARY, 2007

SPOT MARKETS:

Wheat prices traded up in the wholesale grain market in the country. At Delhi, Wheat dara for mills traded up between Rs.1080-1085/qlt. However, arrival remained 11000-12000 bags. Millers were the main buyers. Bullish tone of futures market added firmness in spot market. Lower stocks of millers are reported. Millers demand in Gujarat mandis witnessed firm. However, demand from South India remained weak so far on continuous arrivals of imported wheat there. Wheat acreage has been increased by 15% to 250 lakh hectares compared to 218.84 lakh hectares during the corresponding period of last year. However, productivity will depend on the weather conditions January onwards in the time of maturity period. Weather has always been critical for wheat. In 2005 and 2006 wheat production down significantly due to higher temperatures during the grain maturing stage.

FUTURES MARKETS:

Wheat futures remained bullish with lower volume and higher Open Interest. Increased speculative buying interest supported the futures and traded upwards. January contract traded up around Rs.1025 following a weak opening at Rs.1009 and moved in the range of Rs.1009-1025. The February contract is also remained bullish following a weak opening and traded around Rs.1018 as compared to last closing off Rs.1011 and moved between Rs.1010.00-1018.60 during Saturday's trade.

PRICE DRIVERS:

Bullish:

1. Depleting stocks
2. Lower stocks of millers

Bearish:

1. Reduce offtake by roller flourmills
2. Conducive weather factor as well as higher acreage is supporting the estimated higher production of 74 MMT

WEATHER:

Present weather is conducive for crop growth.

SPOT MARKET PRICE FOR WHEAT (Rs./Quintal)

Markets	Variety	30.12.06	29.12.06	Change
Delhi (Lawrence Road)	Wheat Mill quality	1080-1085	1075	+10
Haryana (Karnal)	Wheat Mill quality	1040-1045	1035-1045	-
Punjab (Khanna)	Wheat Mill quality	1055-1060	1050-1055	+5
Gujarat (Ahmedabad)	Wheat Mill quality	1180-1185	1175-1180	+5
Rajasthan (Kota)	Wheat Mill quality	1090-1095	1100-1105	-10
Uttar Pradesh (Kanpur)	Wheat Mill quality	1100-1105	1105-1110	-5
Madhya Pradesh (Indore)	Wheat Mill quality	1130-1135	1130-1135	-
Uttar Pradesh (Bareilly)	Wheat Mill quality	1090-1095	1095-1100	-5

TECHNICALS:

Candlesticks showing firm tone, reflects buyers mainly dominated the market. However, prices closed in between 9-day and 18-day EMA. Stochastic are normal region and moving upwards following a bullish crossover. MACD is in negative territory and moving upwards, indicating firm tone at medium term. Volumes decreased and Open Interest increased. Wheat is likely to trade bullish following a steady to firm opening.

NCDEX Wheat January Contract



SUPPORT / RESISTANCES:

Month	S2	S1	PCP	R1	R2
Jan.	1010	1017	1025	1039	1046

TRADE RECOMMENDATION:

Intraday traders might take position to **BUY** NCDEX-JANUARY above 1021 with target towards 1031, second target near 1036. Put stop loss below 1017.

Do not carry forward the position until the next day.

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