

WHEAT DAILY

19th DECEMBER, 2006

SPOT MARKETS:

Wheat prices down further and quoted around 1075-1080/qrtl. at Lawrence road in Delhi wholesale grains market during Monday on reduced offtake by roller flourmills. Wheat dard price decreased by Rs.15/qrtl. as against Saturday's price. Sharply southwards trade in the futures market is also underpinning the spot market tone. However, spot market is still ruling slightly higher as compared to futures market. Arrivals are around 5000-6000 bags at Delhi mandis. At Narela/Najagarh mandis the price quoted much lower at Rs.1030/1035 /qrtl whereas, arrival remained 1400-1500 bags. The anticipation of higher production is playing a vital role in the mind of traders. According to Agriculture Minister Sharad Pawar's, the production in 2007 is estimated to be 74 MMT as against 68.5 MMT last year. The favourable monsoon factor is added positive note in the anticipation of higher production.

FUTURES MARKETS:

Futures market opened weak and declining gradually at the early hours due to continuous speculative selling interest. However, some buying support at lower levels has recovered the futures from the early losses and settled at day's high in final action. Most active January contract remaining at around Rs.1040 following weak opening at Rs.1038 and hovered between Rs.1029-1040 while near month December contract is remained bearish and traded around Rs.939.80 as compared to last closing off Rs.966.80 and moved between Rs.928-957 during Monday's trading session.

PRICE DRIVERS:

Bullish:

1. Depleting stocks amidst steady demand

Bearish:

1. Lower demand amidst steady arrivals
2. Conducive weather factor is supporting the estimated higher production
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	18.12.06	16.12.06	Change
Delhi (Lawrence Road)	Wheat Mill quality	1075-1080	1095-1100	-20.00
Haryana (Karnal)	Wheat Mill quality	1030-1035	1050-1055	-20.00
Punjab (Khanna)	Wheat Mill quality	NA	1062-1067	-
Gujarat (Ahmedabad)	Wheat Mill quality	1180-1185	1085-1090	-5.00
Rajasthan (Kota)	Wheat Mill quality	1110-1115	1110-1115	-
Uttar Pradesh (Kanpur)	Wheat Mill quality	1090-1095	1105-1110	-15.00
Madhya Pradesh (Indore)	Wheat Mill quality	NA	1130-1140	-
Uttar Pradesh (Bareilly)	Wheat Mill quality	1075-1080	1085-1090	-10.00

TECHNICALS:

Candlesticks hint somewhat firm sentiments. Buyers dominated the market at lower 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 has increased whereas Open Interest has decreased slightly. Markets are likely to trade upwards following a firm opening.

NCDEX Wheat January Contract



SUPPORT / RESISTANCES:

Month	S2	S1	PCP	R1	R2
Jan.	1025	1031	1040	1054	1060

TRADE RECOMMENDATION:

Intraday traders might take position to **BUY** NCDEX-JANUARY above 1036 with target towards 1046, second target near 1051. Put stop loss below 1030.

Do not carry forward the position until the next day.

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