

WHEAT DAILY

9th DECEMBER, 2006

SPOT MARKETS:

Wheat prices marginally tumbled in the wholesale grain market Friday owing to reduced offtake from rolling flourmills against increased arrivals. Lackluster demand for wheat products discouraged flourmill's demand. Wheat data for mills receded to Rs.1125-1130/qrtl with increased arrivals of 8000-9000 bags at the Lawrence road mandis in Delhi. Stockists are releasing stocks at the prevailing prices. Wheat products viz atta, suji, maida etc. prices are also declined. However the market surged marginally in Indore and Bareilly market amidst modest stockists buying, traders said. Negligible demand from South India and Maharashtra, as imported wheat captured these markets continued to affect negatively. Therefore the demand is declining in North Western region. Regular arrival of imported wheat also added to bearish tone. Furthermore, a parliament panel has suggested banning futures trading in items of mass consumption including wheat on concerns over surging prices of wheat and other essential commodities. The news is likely to have bearish impact on the wheat prices on today's trade. Besides, current warmer than normal temperatures are unlikely to affect wheat output, according to Directorate of Wheat Research Director, provided climate remains favorable till harvest. However the spot prices are expected to improve in near future.

FUTURES MARKETS:

NCDEX wheat futures traded weak Friday due to the news of ban on wheat futures trading. Therefore speculative selling pulled down the prices at early hour and finally settled at negative territory. Most active January contract slipped Rs.3.80 at Rs.1078.60 following mostly weak opening at Rs.1075.20 and hovered between Rs.1075.20-1085.

PRICE DRIVERS:

Bullish:

1. Winter season demand; Depleting stocks

Bearish:

1. Weak products demand as well as flourmills demand
2. Parliament committee suggests ban on wheat futures

WEATHER:

Major wheat areas of north India are warmer than normal temperatures at this time, favoring developing wheat.

SPOT MARKET PRICE FOR WHEAT (Rs./Quintal)

Markets	Variety	8.12.06	7.12.06	Change
Delhi (Lawrence Road)	Wheat Mill quality	1125-1130	1130-1135	-5.00
Haryana (Karnal)	Wheat Mill quality	1080-1085	1085-1090	-5.00
Punjab (Khanna)	Wheat Mill quality	1090-1095	1090-1095	-
Gujarat (Ahmedabad)	Wheat Mill quality	1190-1195	1190-1195	-
Rajasthan (Kota)	Wheat Mill quality	1120-1125	1125-1130	-5.00
Uttar Pradesh (Kanpur)	Wheat Mill quality	1110-1115	1110-1115	-
Madhya Pradesh (Indore)	Wheat Mill quality	1165-1175	1160-1170	+5.00
Uttar Pradesh (Bareilly)	Wheat Mill quality	1115-1120	1110-1115	+5.00

TECHNICALS:

Candlesticks indicate steady to bullish market. %K-line moving up after made a bullish cut with %D-line at oversold region, indicating upward market. Prices closed well below 9-day and 18-day EMA, hinting bearish market for medium term and MACD also hints slight downward market for medium term. Open interest increased but volume of trade significantly increased. Market is likely to trade down after weak opening with possibility of late upwards movement.



SUPPORT / RESISTANCES:

Month	S1	S2	PCP	R1	R2
Dec.	1054	1048	1062.4	1070	1078
Jan.	1070	1063	1078.6	1088	1095

TRADE RECOMMENDATION:

Intraday traders might take position to **Sell** NCDEX-JANUARY below 1082 with target towards 1072, second target near 1067. Put stop loss above 1088.

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