

WHEAT DAILY

7th DECEMBER, 2006

SPOT MARKETS:

Wheat prices weakened on Wednesday on decreased offtake by the roller flourmills as weak products demand coupled with bearish trend at the futures market. No demands from South India and Maharashtra also added to the bearish tone. Stockists were releasing stocks intermittently. Dearth of arrival is providing underlying support to the market. Wheat darsa for mills quoted down at Rs.1130-1135/qlt with average intake of 4000-5000 bags at the Lawrence road in Delhi. Traders said, imported wheat grabbed South Indian and Maharashtra market. Therefore demand has been decreasing and prices are going down in North West region. There was a rumour that Government is likely to sell around 14000 Mt of wheat at the open market through open tender, which affected the spot market negatively. As on November 30, 2006, wheat stocks to the government stood at 59.94 lakh tonnes. USDA said, despite a likely increase in planted area in India, 2007 wheat production would be influenced greatly by weather conditions through harvest. But at the present, owing to shortage of wheat and forthcoming winter season demand might be pushed up the prices in near future.

FUTURES MARKETS:

NCDEX wheat futures bounced back to firm position Wednesday as speculative buying supported the market at early hour. Market went up following weak opening due to technical buying as the market went to oversold condition but selling pressure pulled down the prices from day's higher level. Most active January contract gained Rs.5 at Rs.1080.80 following weak opening at Rs.1074 and hovered between Rs.1074-1089.80.

PRICE DRIVERS:

Bullish:

1. Weak stocks to the Govt: Winter season demand: Poor arrival

Bearish:

1. Rumour on Govt's selling at the open market
2. Poor products demand as well as flourmills demand

WEATHER:

Major wheat areas of north India are experiencing dip in temperature with moderate shower in Punjab, Haryana and Rajasthan at this time, favoring developing wheat.

TECHNICALS:

Candlesticks indicate bearish market for the next trading day. %K-line going down and remains below %D-line at mostly oversold region, indicating technical reversal near. Prices closed far below 9-day and 18-day EMA, indicating downward market for medium term and MACD also hints downward market for medium term. Open interest increased but volume of trade decreased. Market is likely to remain volatile with up after strong opening with possibility of late downwards movement.



SUPPORT / RESISTANCES:

Month	S1	S2	PCP	R1	R2
Dec.	1050	1045	1060.6	1070	1075
Jan.	1070	1065	1080.8	1090	1095

TRADE RECOMMENDATION:

Intraday traders might take position to **Sell NCDEX-JANUARY** below 1089 with target towards 1079, second target near 1075. Put stop loss above 1095.

SPOT MARKET PRICE FOR WHEAT (Rs./Quintal)

Markets	Variety	6.12.06	5.12.06	Change
Delhi (Lawrence Road)	Wheat Mill quality	1130-1135	1135-1140	-5.00
Haryana (Karnal)	Wheat Mill quality	1090-1100	1100-1105	-10.00
Punjab (Khanna)	Wheat Mill quality	1085-1090	1095-1100	-10.00
Gujarat (Ahmedabad)	Wheat Mill quality	1190-1195	1195-1200	-5.00
Rajasthan (Kota)	Wheat Mill quality	1120-1125	1120-1125	-
Uttar Pradesh (Kanpur)	Wheat Mill quality	1115-1120	1120-1125	-5.00
Madhya Pradesh (Indore)	Wheat Mill quality	1160-1170	1160-1170	-
Uttar Pradesh (Bareilly)	Wheat Mill quality	1107-1112	1110-1115	-3.00

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