

WHEAT DAILY

30th DECEMBER, 2006

SPOT MARKETS:

Wheat prices declined sharply in the wholesale grain. At Delhi, Wheat dara for mills traded mostly steady at Rs.1075/ql. However, arrival has increased to 15000 bags. At Narela/Najafgarh mandis the price quoted lower at Rs.1030-1035 /ql on reduced offtake by roller flourmills. The arrivals are reported to 1800-2000 bags. The lack of buying support at higher price levels has pressurized the sentiments. Wheat acreage has been increased by 15% to 250 Lh compared to 218.84 Lh during the corresponding period of last year. Over 85% of the total crop is cultivated under irrigated condition and the weather conditions also have become favourable so far. According to government estimates, wheat output in the current season is likely to 74 MT. Productivity will depend on the weather conditions January onwards in the time of maturity period. FCI is supposed to release wheat stock in the open market to check the rise in flour prices.

FUTURES MARKETS:

Wheat futures turn bullish with lower volume and Open Interest. Increased speculative buying and profit taking at lower level added some firmness in the market. January contract traded up around Rs.1011 following a steady opening at Rs.990 and moved in the range of Rs.990-1013. The February contract is also remained bullish following a weak opening and traded around Rs.1011 as compared to last closing off Rs.994.80 and moved between Rs.991.4-1011.80 during Friday'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:

Day temperature is somewhat higher. Comparatively lower temperature would be more desirable.

SPOT MARKET PRICE FOR WHEAT (Rs./Quintal)

Markets	Variety	29.12.06	28.12.06	Change
Delhi (Lawrence Road)	Wheat Mill quality	1075	1080	-5
Haryana (Karnal)	Wheat Mill quality	1035-1045	1050	-5
Punjab (Khanna)	Wheat Mill quality	1050-1055	1065-1070	-15
Gujarat (Ahmedabad)	Wheat Mill quality	1175-1180	1175	-
Rajasthan (Kota)	Wheat Mill quality	1100-1105	1100-1105	-
Uttar Pradesh (Kanpur)	Wheat Mill quality	1105-1110	1110	-
Madhya Pradesh (Indore)	Wheat Mill quality	1130-1135	1130	-
Uttar Pradesh (Bareilly)	Wheat Mill quality	1095-1100	1100	-

TECHNICALS:

Candlesticks showing firm tone, which hints some recovery from early plunge. However, prices closed below 9-day and 18-day EMA. Stochastic are oversold levels and moving upwards following a bullish crossover. MACD is in negative territory and moving slightly upwards. Volume as well as Open Interest decreased. Wheat is likely to trade bullish following a weak opening.

NCDEX Wheat January Contract



SUPPORT / RESISTANCES:

Month	S2	S1	PCP	R1	R2
Jan.	993	1000	1011	1030	1035

TRADE RECOMMENDATION:

Intraday traders might take position to **BUY** NCDEX-JANUARY above 1007 with target towards 1017, second target near 1022. Put stop loss below 1002.

Do not carry forward the position until the next day.

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