

WHEAT DAILY

29th DECEMBER, 2006

SPOT MARKETS:

Wheat prices remain weak at Rs. 1080/qrtl at Lawrence road in Delhi wholesale grains market on lower demand and reduce offtake by roller flourmills. The arrivals steady from previous day and reportedly around 7000 bags. Stockists selling are continued in the market yards. Poor demand from South India added underlying bearish tone at the market. Stockists selling amidst poor demand are also favouring the recent bearish sentiments. Sowing acreage has been increased significantly and reported to 31.22 lakh more hectares this rabi season as compared to last year. Total sowing is reported to 250.06 lakh hectares compared to 218.84 lakh hectares during the corresponding period last year. Thin domestic demand, higher production outlook, conducive weather for the wheat crop and signs of increased planted area mainly governing the market sentiments.

FUTURES MARKETS:

Wheat futures mostly traded in red today continuing recent bearish trend. Wheat January contract at NCDEX started the session weak at Rs. 1007 after that the prices never looked back. Increased speculative selling interest among the investors is continuing pressuring the futures market and slid down to the lows of Rs. 990. Finally the future settled with losses of Rs. 17 per quintal at the day's low price. The plunge was supported by good volume of 31,220 MT as compare to 17,110 MT on Wednesday. The February contract is also remained bearish following a weak opening at Rs.1017 and moved between Rs.994-1017.40 during Thursday's trading.

PRICE DRIVERS:

Bullish:

1. Depleting stocks
2. Lower stocks of millers

Bearish:

1. Lower demand from South India
2. Conducive weather factor as well as higher acreage is supporting the estimated higher production of 74 MMT

WEATHER:

Weather is cloudy; some drizzling is also reported. Day temperature is somewhat higher. Comparatively lower temperature would be more desirable.

SPOT MARKET PRICE FOR WHEAT (Rs./Quintal)

Markets	Variety	28.12.06	27.12.06	Change
Delhi (Lawrence Road)	Wheat Mill quality	1080	1090	-10
Haryana (Karnal)	Wheat Mill quality	1050	1052-1057	-2
Punjab (Khanna)	Wheat Mill quality	1065-1070	1060-1065	-
Gujarat (Ahmedabad)	Wheat Mill quality	1175	1180-1185	-5
Rajasthan (Kota)	Wheat Mill quality	1100-1105	1100-1105	-
Uttar Pradesh (Kanpur)	Wheat Mill quality	1110	1105-1110	-
Madhya Pradesh (Indore)	Wheat Mill quality	1130	1130-1135	-
Uttar Pradesh (Bareilly)	Wheat Mill quality	1100	1095-1100	-

TECHNICALS:

Candlesticks have formed marubojus pattern, which hints for weak sentiments in Wheat. Prices closed far below 9-day and 18-day EMA also supports the same. Stochastics are negative in extremely oversold levels. MACD is running downwards in negative territory showing increasing bearish momentum. Volume as well as Open Interest increased supporting the bearish move. Wheat is likely to trade bearish.

NCDEX Wheat January Contract



SUPPORT / RESISTANCES:

Month	S2	S1	PCP	R1	R2
Jan.	967	978	990	1003	1010

TRADE RECOMMENDATION:

Intraday traders might take position to **SELL** NCDEX-JANUARY below 995 with target towards 980, second target near 974. Put stop loss above 1005s.

Do not carry forward the position until the next day.

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