

## WHEAT DAILY

08<sup>th</sup> JANUARY, 2007

### SPOT MARKETS:

Wheat prices quoted steady to firm on the wholesale grains market on steady demand against lower supply. At Delhi, Wheat dara for mills quoted up between Rs.1080-1085/qrtl on lower arrivals. Arrival remained down around 9000-10000 bags. Lack of fundamental support for wheat on lower demand at higher price levels and higher production expectation this year supported the weak tone. The favourable weather conditions for crop growth along with higher acreage is supporting the higher production estimation of Govt. i.e., 74 MT. Wheat acreage has been increased in India about 275.529 lakh ha as on 5th January 2007 as compared to 257.876 lakh ha in the corresponding period last year. Wheat covered 266.47 lakh ha area in the entire rabi 2005-06 season. However, productivity will depend on the lower temperature between 15-18o C January onwards in the time of maturity period.

### FUTURES MARKETS:

Wheat futures mostly traded sideways during Saturday. Increased speculative selling interest continued pressurizing the futures and capped the days' early gains. However, the January contract manage to settle at positive zone. January contract traded up around Rs.1020.80 following a slightly lower opening at Rs.1018 over previous closing of Rs.1018.60 and hovered in the range of Rs.1015-1025. The most active February contract settled marginally down following a firm opening and traded around Rs.1007 and moved between Rs.1003-1013 during Saturday's trading session.

### PRICE DRIVERS:

#### Bullish:

1. Depleting stocks

#### Bearish:

1. Lower demand from roller flourmills
2. Higher acreage about 275.529 Lh as on 5th Jan, 2007 against same period of last year's 257.876 Lh

### WEATHER:

Present weather is conducive for crop growth. However, sudden higher temperature in MP leads to immature panicle initiation to the early sowing varieties resulting into lower yields.

### SPOT MARKET PRICE FOR WHEAT (Rs./Quintal)

Markets	Variety	06.01.07	05.01.07	Change
Delhi (Lawrence Road)	Wheat Mill quality	1080-1085	1080	+5
Haryana (Karnal)	Wheat Mill quality	1040-1045	1040-1045	-
Punjab (Khanna)	Wheat Mill quality	1055-1060	1055-1060	-
Gujarat (Ahmedabad)	Wheat Mill quality	1165-1170	1165-1170	-
Rajasthan (Kota)	Wheat Mill quality	1090-1095	1090-1095	-
Uttar Pradesh (Kanpur)	Wheat Mill quality	1110-1115	1105-1110	+5
Madhya Pradesh (Indore)	Wheat Mill quality	1125-1130	1125-1130	-
Uttar Pradesh (Bareilly)	Wheat Mill quality	1100-1105	1095-1110	-5

### TECHNICALS:

Candlesticks showing weak tone. Prices closed below 9-day and 18-day EMA. Stochastic are in normal region and moving upwards, indicating firm tone at medium term. MACD is in negative territory and moving upwards. Volume has decreased whereas Open Interest has increased. Wheat is likely to trade bearish following a firm opening.

### NCDEX Wheat February Contract



### SUPPORT / RESISTANCES:

Month	S2	S1	PCP	R1	R2
Feb.	991	997	1007	1018	1023

### TRADE RECOMMENDATION:

Intraday traders might take position to **SELL** NCDEX-FEBRUARY below 1011 with target towards 1001, second target near 996. Put stop loss above 1018.

Do not carry forward the position until the next day.

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