

WHEAT DAILY

05th JANUARY, 2007

SPOT MARKETS:

Wheat prices quoted down on the wholesale grains market on thin demand against increased supply. At Delhi, Wheat dara for mills drifted at Rs.1085/qrtl on increased selling by stockists amidst reduce offtake from rolling flourmills. Arrival remained higher around 10000-11000 bags. Continuous arrivals of imported wheat in South India lead to slackening in demand. Weak products demand is also underpinning the sentiments. Lack of fundamental support for wheat on lower demand and higher production expectation this year added the underlying bearish tone. Wheat acreage has been increased in India about 263.91 lakh ha so far as on 29th December 2006 compared to 247.25 lakh ha during the corresponding period of last year. A higher coverage of wheat has been reported in Bihar, Gujarat, Karnataka, Madhya Pradesh, Maharashtra and Uttar Pradesh. However, millers stocks are reportedly weak therefore, demand is expected to rise in coming days.

FUTURES MARKETS:

Wheat futures turned bearish with higher volume and Open Interest. Increased speculative selling interest has tumbled down the futures and traded downwards. However, some buying interest at lower levels recovered the futures from some of the losses. January contract traded lower around Rs.1006.20 following a weak opening at Rs.1018 over previous closing of Rs.1018.60 and hovered in the range of Rs.999.20-1021.00. The most active February contract is also traded bearish following a firm opening and traded around Rs.1002 and moved between Rs.994-1010 during Thursday's trade.

PRICE DRIVERS:

Bullish:

1. Depleting stocks
2. Lower stocks of millers

Bearish:

1. Lower demand from roller flourmills
2. Higher acreage about 263.91 Lh as on 28th December, 2006 against same period of last year's 247.25 Lh

WEATHER:

Present weather is conducive for crop growth.

SPOT MARKET PRICE FOR WHEAT (Rs./Quintal)

Markets	Variety	04.01.07	03.01.07	Change
Delhi (Lawrence Road)	Wheat Mill quality	1085	1095	-10
Haryana (Karnal)	Wheat Mill quality	1045-1050	1050-1055	-5
Punjab (Khanna)	Wheat Mill quality	1045-1050	1050-1055	-5
Gujarat (Ahmedabad)	Wheat Mill quality	1170-1175	1170-1175	-
Rajasthan (Kota)	Wheat Mill quality	1085-1090	1090-1095	-5
Uttar Pradesh (Kanpur)	Wheat Mill quality	1100-1105	1105-1110	-5
Madhya Pradesh (Indore)	Wheat Mill quality	1125-1130	1125-1130	-
Uttar Pradesh (Bareilly)	Wheat Mill quality	1080-1085	1070-1075	-10

TECHNICALS:

Candlesticks showing weak tone. Prices closed below 9-day and 18-day EMA. Stochastic are in normal region and moving upwards. Following a bullish crossover, indicating firm tone at medium term. MACD is in negative territory and moving slightly downwards. Volume and 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.	987	992	1002	1012	1020

TRADE RECOMMENDATION:

Intraday traders might take position to **SELL** NCDEX-FEBRUARY below 1007 with target towards 997, second target near 992. Put stop loss near 1012.

Do not carry forward the position until the next day.

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