

WHEAT DAILY

16th JANUARY, 2007

SPOT MARKETS:

Despite the increase arrivals wheat prices remained almost steady in majority of domestic markets on the advice of firm sentiments of futures market. At Delhi, Wheat dara for mills traded steady between Rs.1080-1085/mtl on lower offtake by roller flourmills. Arrivals are reportedly increased to 10,000 bags from 3,000-4,000 bags during last week. Most of the arrivals are coming from UP and Haryana. Stockists have started liquidating stocks to clear warehouses for the next crop with the outlook of higher production this year. Traders are expected to see fresh crop at the market in the early this year because of early sowing this time. High wheat prices leads to lower offtake of wheat products across the country. Steady arrivals of imported wheat in South India and Maharashtra resulted into lower demand from North India. According to trade sources, more than 3.9 lakh tonne imported wheat is already lying with mills in South India. The peak arrival from Gujarat is expected to hit the market yards in January last.

FUTURES MARKETS:

Wheat futures at the NCDEX traded higher with higher volumes and open interest. January contract opened firm at Rs.1077.8 as against the previous closing of Rs.1074.60. Square off interest of the investors finished up the contract by 1.15% at Rs 1087 and hovered in the range of Rs.1076-1089.80. The most active February contract is also settled higher by 0.43% at Rs. 1038 following a firm opening at Rs.1035 and hovered between Rs.1034-1041 during Monday's trade.

PRICE DRIVERS:

Bullish:

1. Depleting stocks
2. Agriculture Ministry is hopeful for a crop of around 74 Mln Tonnes; the trade is putting it at 72.8 Mln Tonnes.

Bearish:

1. Steady demand from roller flourmills
2. Higher acreage about 279.434 Lh as on 12th Jan, 2007 against same period of last year's 261.786 Lh

WEATHER:

Present weather is conducive for crop growth.

SPOT MARKET PRICE FOR WHEAT (Rs./Quintal)

Markets	Variety	15.01.07	13.01.07	Change
Delhi (Lawrence Road)	Wheat Mill quality	1080-1085	1085	-5
Haryana (Karnal)	Wheat Mill quality	1040-1045	1040-1045	-
Punjab (Khanna)	Wheat Mill quality	1090-1095	1080-1085	+10
Gujarat (Ahmedabad)	Wheat Mill quality	1188-1193	1187-1193	-
Rajasthan (Kota)	Wheat Mill quality	1095-1100	1095-1100	-
Uttar Pradesh (Kanpur)	Wheat Mill quality	1110-1115	1115-1120	-5
Madhya Pradesh (Indore)	Wheat Mill quality	1135-1140	1135-1140	-
Uttar Pradesh (Bareilly)	Wheat Mill quality	1090-1095	1100-1105	-10

TECHNICALS:

Candlesticks showing weak tone. Trade couldn't sustain at higher price levels. Prices closed above 9-day and 18-day EMA. Stochastic are in overbought region and moving slightly upward, MACD is in positive territory and moving upwards. Volume as well as Open Interest has increased. Wheat is likely to trade bearish following a weak opening.

NCDEX Wheat February Contract



SUPPORT / RESISTANCES:

Month	S2	S1	PCP	R1	R2
Feb.	1019	1025	1038	1049	1054

TRADE RECOMMENDATION:

Intraday traders might take position to **SELL NCDEX-FEBRUARY** below 1043 with target towards 1033, second target near 1028. Put stop loss above 1049.

Do not carry forward the position until the next day.

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