

WHEAT DAILY

12th JANUARY, 2007

SPOT MARKETS:

Regardless of the outlook for higher production of wheat coupled with favourable weather the spot prices are seen ruling above the future market price. At Delhi, Wheat dara for mills quoted down by Rs.5 at Rs.1090/qrtl. Arrivals reportedly decreased to 3000 bags from 4000-5000 bags yesterday. High wheat prices leads to lower offtake of wheat products across the country. Demand for wheat generally increase at the time of Christmas and continue during winter months. However, this time it is low so far. Steady arrivals of imported wheat in South India and Maharashtra resulted into lower demand from North India. The peak arrival from Gujarat is expected to hit the market yards in January last. While the Agriculture Ministry is hopeful for a crop of around 74 million tonnes, the trade is putting it at 72.8 million tonnes. The domestic consumption of wheat is about 73 Mln Tonnes in our country. Millers demand is expected to rise in coming days as they are having lower stocks do far.

FUTURES MARKETS:

Wheat futures at the NCDEX Settled marginally higher with lower volumes and higher open interest. January contract opened firm at Rs.1060 as against the previous closing of Rs.1057.80. Some buying interest at lower levels supported the contract and settled higher by 1.34% at Rs 1072 and hovered in the range of Rs.1050-1072. The most active February contract is also settled marginally up by 0.33% at Rs. 1020 following a weak opening at Rs.1016 and hovered between Rs.1013-1022.80 during Thursday'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 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.

SPOT MARKET PRICE FOR WHEAT (Rs./Quintal)

Markets	Variety	11.01.07	10.01.07	Change
Delhi (Lawrence Road)	Wheat Mill quality	1090	1090-1095	-5
Haryana (Karnal)	Wheat Mill quality	1040-1045	1040-1045	-
Punjab (Khanna)	Wheat Mill quality	1075-1080	1075-1080	-
Gujarat (Ahmedabad)	Wheat Mill quality	1175-1181	1170-1175	+6
Rajasthan (Kota)	Wheat Mill quality	1085-1090	1090-1095	-5
Uttar Pradesh (Kanpur)	Wheat Mill quality	1120-1125	1120-1125	-
Madhya Pradesh (Indore)	Wheat Mill quality	1135-1140	1125-1130	+10
Uttar Pradesh (Bareilly)	Wheat Mill quality	1100-1105	1100-1105	-

TECHNICALS:

Candlesticks showing weak tone. Prices closed above 9-day and 18-day EMA. Stochastic are in normal region and moving downward,. The % K line likely to touch % D line from above. MACD is in negative territory and moving upwards. Volume has decreased whereas 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.	1000	1007	1020	2029	1033

TRADE RECOMMENDATION:

Intraday traders might take position to **SELL** NCDEX-FEBRUARY below 1024 with target towards 1014, second target near 1009. Put stop loss above 1029.

Do not carry forward the position until the next day.

Disclaimer

The information and opinions contained in the document have been compiled from sources believed to be reliable. The company does not warrant its accuracy, completeness and correctness. Use of data and information contained in this report is at your own risk. This document is not, and should not be construed as, an offer to sell or solicitation to buy any commodities. This document may not be reproduced, distributed or published, in whole or in part, by any recipient hereof for any purpose without prior permission from the Company. IASL and its affiliates and/or their officers, directors and employees may have positions in any commodities mentioned in this document (or in any related investment) and may from time to time add to or dispose of any such commodities (or investment). Please see the detailed disclaimer at <http://www.agriwatch.com/Disclaimer.asp>

© 2005 Indian Agribusiness Systems Pvt Ltd.