

WHEAT DAILY

01st FEBRUARY, 2007

SPOT MARKETS:

Wheat prices remained down in majority of domestic markets on stockists selling amidst poor demand. The lower wheat product demand due to higher prices restricted roller flour millers from purchasing wheat from open market. The prices of wheat product traded down on lower demand. At Delhi, Wheat dara for mills decreased at Rs.1010/qrtl on selling pressure from stockists following increased supplies. Arrivals remained steady at higher levels around 8,000-10,000 bags. Significant volume of wheat has started arriving in market yards of Gujarat. Winter rains in northern India have raised hopes of high wheat production. In Rajkot, the fresh arrivals reported to 3,000 bags per day and price remained steady at Rs.1040-1050. The traders from M.P. mandis expected some fresh arrivals during mid of February. The demand from South India remained poor so far.

FUTURES MARKETS:

Wheat futures at the NCDEX traded thin with sharply decreased volumes and lower open interest. The most active February contract opened lower at Rs.1014.80 as against the previous closing of Rs.1011.20. Increased selling interest at higher levels pressurized the futures. However the contract manages to settle marginally up by 0.10% at Rs.1012.20 and hovered in the range of Rs.1008.80-1016.00. The March contract is settled down by 0.02% at Rs. 949 following a weak opening at Rs.946.20 and hovered between Rs.946.20-951.00 during Wednesday's trade.

PRICE DRIVERS:

Bullish:

1. Decreasing stocks

Bearish:

1. Poor demand all over India amidst higher arrivals
2. Higher acreage about 281.135 Lh as on 19th Jan, 2007 against same period of last year's 263.626 Lh

WEATHER:

The temperature conditions at the time of grain filling and development are very crucial for yield. Temperatures above 25°C during this period tend to depress grain weight.

TECHNICALS:

Candlesticks showing indecisive market sentiments. However, sellers restricted the initial firmness at higher levels. Prices closed below 9-day and 18-day EMA. Stochastic are in normal region and moving upwards following a bullish crossover. MACD is in negative territory and moving slightly upwards. Volume as well as Open Interest has decreased. Wheat is likely to trade bearish following a steady to weak opening.

NCDEX Wheat February Contract



SUPPORT / RESISTANCES:

Month	S2	S1	PCP	R1	R2
Feb.	991	1000	1012.2	1023	1030

TRADE RECOMMENDATION:

Intraday traders might take position to **SELL NCDEX-FEBRUARY** below 1016 with target towards 1006, second target near 1001. Put stop loss near 1022.

Do not carry forward the position until the next day.

SPOT MARKET PRICE FOR WHEAT (Rs./Quintal)

Markets	Variety	31.01.07	30.01.07	Change
Delhi (Lawrence Road)	Wheat Mill quality	1010	1020	-10
Haryana (Karnal)	Wheat Mill quality	975-980	975-980	-
Punjab (Khanna)	Wheat Mill quality	1055-1060	1050-1055	+5
Gujarat (Ahmedabad)	Wheat Mill quality	1100-1105	1100-1105	-
Rajasthan (Kota)	Wheat Mill quality	1065-1070	1040-1045	+25
Uttar Pradesh (Kanpur)	Wheat Mill quality	1020-1025	1030-1035	-10
Madhya Pradesh (Indore)	Wheat Mill quality	1060-1065	1070-1075	-10
Uttar Pradesh (Bareilly)	Wheat Mill quality	1010	1020-1025	-15

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