

WHEAT DAILY

02nd JANUARY, 2007

SPOT MARKETS:

Wheat prices traded mix in the wholesale grain market in the country. At Delhi, Wheat dara for mills traded higher at Rs.1100/qlt. However, arrival remained around 3000 bags. Millers were the main buyers. New year celebration has limited the market activities. Lower stocks of millers are reported. However, demand from South India remained weak so far on continuous arrivals of imported wheat there. Wheat prices remained down at Uttar Pradesh mandis on weak demand. Wheat acreage has been increased by 15% to 250 lakh hectares compared to 218.84 lakh hectares during the corresponding period of last year. Over 85% of the total crop is cultivated under irrigated condition and the weather conditions also have become favorable so far. However, productivity will depend on the weather conditions January onwards in the time of maturity period.

FUTURES MARKETS:

Wheat futures turn bearish with lower volume and higher Open Interest. Increased speculative selling interest pressurised the futures and traded downwards. January contract traded down around Rs.1001.60 following a steady opening at Rs.1025 and moved in the range of Rs.1001-1026. The February contract is also remained bearish following a steady opening and traded around Rs.998 and moved between Rs.998.00-1022.00 during Monday's trade.

PRICE DRIVERS:

Bullish:

1. Depleting stocks
2. Lower stocks of millers

Bearish:

1. Reduce offtake by roller flourmills
2. Conducive weather factor as well as higher acreage is supporting the estimated higher production of 74 MMT

WEATHER:

Present weather is conducive for crop growth.

SPOT MARKET PRICE FOR WHEAT (Rs./Quintal)

Markets	Variety	01.01.07	30.12.06	Change
Delhi (Lawrence Road)	Wheat Mill quality	1100	1080-1085	+15
Haryana (Karnal)	Wheat Mill quality	1050-1055	1040-1045	+10
Punjab (Khanna)	Wheat Mill quality	1050-1055	1055-1060	-5
Gujarat (Ahmedabad)	Wheat Mill quality	1175-1180	1180-1185	-5
Rajasthan (Kota)	Wheat Mill quality	1090-1095	1090-1095	-
Uttar Pradesh (Kanpur)	Wheat Mill quality	1105-1110	1100-1105	+5
Madhya Pradesh (Indore)	Wheat Mill quality	1130-1135	1130-1135	-
Uttar Pradesh (Bareilly)	Wheat Mill quality	1070-1075	1090-1095	-20

TECHNICALS:

Candlesticks showing weak tone, reflects sellers mainly dominated the market. 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, indicating firm tone at medium term. Volumes decreased and Open Interest increased. Wheat is likely to trade bearish following a weak opening.

NCDEX Wheat January Contract



SUPPORT / RESISTANCES:

Month	S2	S1	PCP	R1	R2
Jan.	980	990	1001.6	1011	1020

TRADE RECOMMENDATION:

Intraday traders might take position to **SELL** NCDEX-JANUARY below 1006 with target towards 996, second target near 991. Put stop loss near 1011.

Do not carry forward the position until the next day.

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