

WHEAT DAILY

06th JANUARY, 2007

SPOT MARKETS:

Wheat prices remained mix on the wholesale grains market on steady demand against increased supply. At Delhi, Wheat dara for mills quoted between Rs.1085-1090/qrtl on increased selling by stockists amidst lower offtake from rolling flourmills. Arrival remained steady around 10000-11000 bags. However, some demand from chakki mills improves the prices in Punjab mandis. Lack of fundamental support for wheat on lower demand and higher production expectation this year added the underlying bearish tone. The favourable weather conditions for crop growth along with higher acreage is supporting the higher production estimation of Govt. i.e., 74 MT. However, productivity will depend on the lower temperature between 15-18o C January onwards in the time of maturity period. According to the trade sources, some crop damage is reported from M.P. sudden increase in temperature leads to premature panicle initiation in the early sowing varieties. The crop that had sown before 15th November is affected.

FUTURES MARKETS:

Wheat futures turned bullish with lower volume and higher Open Interest. Some buying interest at lower levels recovered the futures from early losses. January contract traded higher around Rs.1020.60 following a weak opening at Rs.1005.80 over previous closing of Rs.1006.20 and hovered in the range of Rs.1005.80-1021.00. The most active February contract is also traded bullish following a weak opening and traded around Rs.1009.80 and moved between Rs.1000.00-1009.80 during Friday's trade.

PRICE DRIVERS:

Bullish:

1. Depleting stocks

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. However, sudden higher temperature in MP leads to immature panicle initiation to the early sowing varieties resulting into lower yields.

SPOT MARKET PRICE FOR WHEAT (Rs./Quintal)

Markets	Variety	05.01.07	04.01.07	Change
Delhi (Lawrence Road)	Wheat Mill quality	1080	1085	-5
Haryana (Karnal)	Wheat Mill quality	1040-1045	1045-1050	-5
Punjab (Khanna)	Wheat Mill quality	1055-1060	1045-1050	+10
Gujarat (Ahmedabad)	Wheat Mill quality	1165-1170	1170-1175	-5
Rajasthan (Kota)	Wheat Mill quality	1090-1095	1085-1090	+5
Uttar Pradesh (Kanpur)	Wheat Mill quality	1105-1110	1100-1105	+5
Madhya Pradesh (Indore)	Wheat Mill quality	1125-1130	1125-1130	-
Uttar Pradesh (Bareilly)	Wheat Mill quality	1095-1110	1080-1085	+15

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 upwards. Volume has decreased whereas 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.	993	997	1009.8	1018	1025

TRADE RECOMMENDATION:

Intraday traders might take position to **SELL** NCDEX-FEBRUARY below 1013 with target towards 1003, second target near 997. Put stop loss near 1019.

Do not carry forward the position until the next day.

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