

WHEAT DAILY

04th JANUARY, 2007

SPOT MARKETS:

Wheat prices remained steady to down in the wholesale grain market in the country on steady demand from millers. At Delhi, Wheat dara for mills traded steady with weak biasness at Rs.1095/mtl following increased selling by stockists amidst reduce offtake from rolling flour mills. Arrival remained around 9000-10000 bags. Demand from South India remained weak so far on continuous arrivals of imported wheat there. The ex-port price in Mangalore and Tuticorin is between Rs.1050-1070 per mtl. for Russian wheat. Anticipation of higher production amidst lack of improvement in demand was underpinning the market tone. Wheat acreage has been increased in India about 263.91 lakh ha so far as on 29th December, 2006 compared to 247.25 lakh ha during the corresponding period of last year. A higher coverage of wheat has been reported in Bihar, Gujarat, Karnataka, Madhya Pradesh, Maharashtra and Uttar Pradesh. Global wheat output is likely to be higher this time.

FUTURES MARKETS:

Wheat futures traded bullish with lower volume and higher Open Interest. Increased speculative buying interest at lower levels has recovered the futures from the early weakness and traded upwards at late session. January contract traded up around Rs.1018 following a firm opening at Rs.10016 over previous closing of Rs.1015 and hovered in the range of Rs.1008.40-1020.40. The most active February contract is also traded up at late session following a much lower opening and traded around Rs.1006.20 and moved between Rs.1000.20-1010.00. However the February contract settled red in final action during morning session of Wednesday's trade.

PRICE DRIVERS:

Bullish:

1. Depleting stocks
2. Lower stocks of millers

Bearish:

1. Steady demand from roller 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.

SPOT MARKET PRICE FOR WHEAT (Rs./Quintal)

Markets	Variety	03.01.07	02.01.07	Change
Delhi (Lawrence Road)	Wheat Mill quality	1095	1095-1100	-
Haryana (Karnal)	Wheat Mill quality	1050-1055	1050-1055	-
Punjab (Khanna)	Wheat Mill quality	1050-1055	1050-1055	-
Gujarat (Ahmedabad)	Wheat Mill quality	1170-1175	1175-1180	-5
Rajasthan (Kota)	Wheat Mill quality	1090-1095	1095-1100	-5
Uttar Pradesh (Kanpur)	Wheat Mill quality	1105-1110	1105-1110	-
Madhya Pradesh (Indore)	Wheat Mill quality	1125-1130	1125-1130	-
Uttar Pradesh (Bareilly)	Wheat Mill quality	1070-1075	1070-1075	-

TECHNICALS:

Candlesticks showing weak tone. Prices closed below 9-day and 18-day EMA. Stochastic are in normal region and moving downwards. The % K line has made bearish cross over with % D line. MACD is in negative territory and moving slightly upwards, indicating firm tone at medium term. Volume has increased whereas Open Interest has decreased slightly. Wheat is likely to trade bearish following a firm opening.

NCDEX Wheat February Contract



SUPPORT / RESISTANCES:

Month	S2	S1	PCP	R1	R2
Jan.	992	997	1006.2	1017	1022

TRADE RECOMMENDATION:

Intraday traders might take position to **SELL NCDEX-FEBRUARY** below 1011 with target towards 1001, second target near 996. Put stop loss near 1017.

Do not carry forward the position until the next day.

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