

WHEAT DAILY

17th JANUARY, 2007

SPOT MARKETS:

Wheat prices remained steady to weak in majority of domestic market in the country. At Delhi, the price of Wheat para for mills down by Rs.5 at Rs.1080/qrtl on lower offtake by roller flourmills. Arrivals are reportedly decreased to 3,000 bags from 10,000 bags on Monday. The bearish trade at futures market restricted some of the arrivals. However, stockists are in mood of liquidating stocks to clear warehouses for the next crop with the outlook of higher production this year. Traders are expected to see fresh crop at the market in the early this year because of early sowing this time. Steady arrivals of imported wheat in South India and Maharashtra resulted into lower demand from North India. According to trade sources, more than 3.9 lakh tonne imported wheat is already lying with mills in South India.

FUTURES MARKETS:

Wheat futures at the NCDEX settled lower with decreased volumes and slightly increased open interest. January contract opened much lower at Rs.1080 as against the previous closing of Rs.1088.20. Increased selling pressure pushed down the contract by 1.36% at Rs 1073.80 and hovered in the range of Rs.1072.40-1090.00. The most active February contract is also settled down by 1.19% at Rs. 1026.80 following a lower opening at Rs.1036 and hovered between Rs.1026.40-1038.60 during Tuesday'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 279.434 Lh as on 12th Jan, 2007 against same period of last year's 261.786 Lh

WEATHER:

Present weather is conducive for crop growth.

TECHNICALS:

Candlesticks showing bearish tone. Sellers mainly dominated the market. Prices closed above 9-day and 18-day EMA. Stochastic are in overbought region and moving downwards. The %K line made bearish crossover with the %D line. MACD is in positive territory and moving slightly 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.	1010	1015	1026.8	1035	1043

TRADE RECOMMENDATION:

Intraday traders might take position to **SELL** NCDEX-FEBRUARY below 1030 with target towards 1020, second target near 1015. Put stop loss above 1035.

Do not carry forward the position until the next day.

SPOT MARKET PRICE FOR WHEAT (Rs./Quintal)

Markets	Variety	16.01.07	15.01.07	Change
Delhi (Lawrence Road)	Wheat Mill quality	1080	1080-1085	-5
Haryana (Karnal)	Wheat Mill quality	1040-1045	1040-1045	-
Punjab (Khanna)	Wheat Mill quality	1085-1090	1090-1095	-5
Gujarat (Ahmedabad)	Wheat Mill quality	1190-1193	1188-1193	-
Rajasthan (Kota)	Wheat Mill quality	1095-1100	1095-1100	-
Uttar Pradesh (Kanpur)	Wheat Mill quality	1105-1110	1110-1115	-5
Madhya Pradesh (Indore)	Wheat Mill quality	1140-1145	1135-1140	+5
Uttar Pradesh (Bareilly)	Wheat Mill quality	1080-1085	1090-1095	-10

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