

WHEAT DAILY

09th JANUARY, 2007

SPOT MARKETS:

Wheat prices quoted firm on the wholesale grains market on steady demand against decreasing supply. At Delhi, Wheat dara for mills quoted up at Rs.1090/qtt on lower arrivals amidst some offtake from roller flourmills. Arrival remained down around 5000-6000 bags. Sharply bullish tone of futures market added firmness in the market. However, lack of fundamental support for wheat on lower demand at higher price levels and higher production expectation continuing supporting the weak tone in the coming days. Slightly fresh arrivals are reported from Gujarat mandis. According to trade sources, the fresh arrivals from Gujarat are likely to hit the market after Mankar sankranti. The favourable weather conditions for crop growth along with higher acreage is supporting the higher production estimation. In the first rabi conference held 7th Jan-07, New Delhi the industry has estimated India's wheat output in the current rabi season at 72.8 Mln MT, up from last year's 69.4 Mln MT. However, the present estimation is lower than the industry's earlier projection of over 75 Mln MT.

FUTURES MARKETS:

Wheat futures traded with bullish sentiments. January contract traded much higher around Rs.1060.40 following a lower opening at Rs.1015 over previous closing of Rs.1019.60 and hovered in the range of Rs.1015-1060.40. The most active February contract is also traded up around Rs.1022 and settled much higher following a firm opening and hovered between Rs.1001-1025 during Monday's trade.

PRICE DRIVERS:

Bullish:

1. Depleting stocks
2. Bullish tone of futures market

Bearish:

1. Steady demand from roller flourmills
2. Higher acreage about 275.529 Lh as on 5th Jan, 2007 against same period of last year's 257.876 Lh

WEATHER:

Present weather is conducive for crop growth.

SPOT MARKET PRICE FOR WHEAT (Rs./Quintal)

Markets	Variety	08.01.07	06.01.07	Change
Delhi (Lawrence Road)	Wheat Mill quality	1090	1080-1085	+5
Haryana (Karnal)	Wheat Mill quality	1040-1045	1040-1045	-
Punjab (Khanna)	Wheat Mill quality	1075-1080	1055-1060	+20
Gujarat (Ahmedabad)	Wheat Mill quality	1165-1170	1165-1170	-
Rajasthan (Kota)	Wheat Mill quality	1090-1095	1090-1095	-
Uttar Pradesh (Kanpur)	Wheat Mill quality	1110-1115	1110-1115	-
Madhya Pradesh (Indore)	Wheat Mill quality	1130-1135	1125-1130	-
Uttar Pradesh (Bareilly)	Wheat Mill quality	1100-1105	1100-1105	-

TECHNICALS:

Candlesticks showing firm tone. Prices closed above 9-day and 18-day EMA. Stochastic are in normal region and moving upward, indicating firm tone at medium term. MACD is in negative territory and moving upwards. Volume as well as Open Interest has increased. Wheat is likely to trade bullish following a firm opening.

NCDEX Wheat February Contract



SUPPORT / RESISTANCES:

Month	S2	S1	PCP	R1	R2
Feb.	1009	1015	1022	1036	1043

TRADE RECOMMENDATION:

Intraday traders might take position to **BUY** NCDEX-FEBRUARY above 1019 with target towards 1029, second target near 1035. Put stop loss below 1014.

Do not carry forward the position until the next day.

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