

WHEAT DAILY

05th FEBRUARY, 2007

SPOT MARKETS:

Wheat prices remained mix in majority of domestic markets during weekend on poor demand amidst steady arrivals. Government's decision to release upto 4 lakh tonnes of wheat under the Open Market Sale Scheme in February and March 2007 is pressurising the market tone. At Delhi, Wheat dara for mills quoted down by Rs.30 per Qtl. at Rs.1040/qrtl on steady arrivals around 3,000-4000 bags. Punjab mandis witnessed some higher prices of wheat on very poor arrivals on restricted market activities due to forthcoming election. Wheat acreage has been increased by over 17.5 lakh hectare as on 01.02.2007. According to ministry of Agriculture, the crop condition is normal so far. However, prolonged high temperature in coming fortnight is not beneficial for crop growth as due to higher temperature too much energy is lost through the process of transpirations by the plants and the reduced residual energy results in poorer grain formation and lower yields. The lower wheat product demand due to higher prices restricted roller flour millers from purchasing wheat from open market. Fresh wheat crop has continued arriving in market yards of Gujarat.

FUTURES MARKETS:

Wheat futures at the NCDEX tumbled down sharply with lower volumes and open interest. The most active February contract opened much lower at Rs.1038 as against the previous closing of Rs.1043.60. Increased selling interest pressurised the futures and settled down by 3.22% at Rs.1010 and hovered in the range of Rs.1008.40-1038.00. The March contract is also settled much lower by 2.23% at Rs. 948 following a weak opening at Rs.964 and hovered between Rs.945-964 during weekend.

PRICE DRIVERS:

Bullish:

1. Decreasing stocks

Bearish:

1. Poor demand all over India amidst higher arrivals
2. Wheat acreage increased to 281.782 Lh as on 01.02.07 as compared to 264.336 Lh during the same period of last year.

WEATHER:

The temperature conditions at the time of grain filling and development are very crucial for yield. Temperatures above 25°C during this period tend to decrease crop maturity.

SPOT MARKET PRICE FOR WHEAT (Rs./Quintal)

Markets	Variety	03.02.07	02.02.07	Change
Delhi (Lawrence Road)	Wheat Mill quality	1040	1060-1070	-30
Haryana (Karnal)	Wheat Mill quality	1015-1020	1015-1020	-
Punjab (Khanna)	Wheat Mill quality	1055-1062	1055-1060	+2
Gujarat (Ahmedabad)	Wheat Mill quality	1115-1120	1110-1115	+5
Rajasthan (Kota)	Wheat Mill quality	1050-1055	1040-1045	+10
Uttar Pradesh (Kanpur)	Wheat Mill quality	1025-1030	1020-1025	+5
Madhya Pradesh (Indore)	Wheat Mill quality	1050-1055	1055-1060	-5
Uttar Pradesh (Bareilly)	Wheat Mill quality	1035-1040	1025-1030	+10

TECHNICALS:

Candlesticks showing bearish market sentiments. Sellers dominated the market. Prices closed below 9-day and 18-day EMA. Stochastic are in normal region and moving downwards. MACD is in negative territory and moving downwards. Volume and Open Interest has decreased. Wheat is likely to trade bearish following a weak opening.

NCDEX Wheat February Contract



SUPPORT / RESISTANCES:

Month	S2	S1	PCP	R1	R2
Feb.	992	998	1010	1021	1028

TRADE RECOMMENDATION:

Intraday traders might take position to **SELL** NCDEX-FEBRUARY below 1014 with target towards 1004, second target near 998. Put stop loss near 1020.

Do not carry forward the position until the next day.

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