

WHEAT DAILY

06th FEBRUARY, 2007

SPOT MARKETS:

Wheat prices traded mix in domestic markets. However, poor demand amidst steady arrivals is mainly underpinning the majority of spot markets tone. However, increased fresh arrivals in Gujarat markets pressurised the tone and this leads to decline in Prices. Government's decision to release up to 4 lakh tonnes of wheat under the Open Market Sale Scheme in February and March, 2007 is supporting underlying bearish tone. At Delhi, Wheat data for mills quoted slightly firm at Rs.1040-1045/mtl on steady arrivals around 3,000-4000 bags. The lower wheat product demand due to higher prices restricted roller flour millers from purchasing wheat from open market. 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.

FUTURES MARKETS:

Wheat futures at the NCDEX settled firm with lower volumes and open interest. The most active February contract opened steady at Rs.1010. Increased buying interest at lower levels supported the futures and settled up by 1.07% at Rs.1020.80 and hovered in the range of Rs.1008-1022. The March contract is also settled up by 0.19% at Rs. 949.80 following a firm opening at Rs.950 and hovered between Rs.940.20-950.00 during Mondays' trade.

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 depress grain weight.

TECHNICALS:

Candlesticks showing somewhat firm sentiments. Buying interest has witnessed at lower price levels. Prices closed below 9-day and 18-day EMA. Stochastic are in normal region and moving downwards following a bearish crossover. MACD is in negative territory and moving downwards. Volume and Open Interest has decreased. Wheat is likely to trade bearish following a steady to firm opening.

NCDEX Wheat February Contract



SUPPORT / RESISTANCES:

Month	S2	S1	PCP	R1	R2
Feb.	1005	1010	1020.8	1027	1032

TRADE RECOMMENDATION:

Intraday traders might take position to **SELL** NCDEX-FEBRUARY below 1023 with target towards 1014, second target near 1010. Put stop loss near 1028.

Do not carry forward the position until the next day.

SPOT MARKET PRICE FOR WHEAT (Rs./Quintal)

Markets	Variety	05.02.07	03.02.07	Change
Delhi (Lawrence Road)	Wheat Mill quality	1040-1045	1040	+5
Haryana (Karnal)	Wheat Mill quality	1000-1005	1015-1020	-15
Punjab (Khanna)	Wheat Mill quality	1055-1060	1055-1062	-2
Gujarat (Ahmedabad)	Wheat Mill quality	1116-1121	1115-1120	+1
Rajasthan (Kota)	Wheat Mill quality	1045-1051	1050-1055	-4
Uttar Pradesh (Kanpur)	Wheat Mill quality	1030-1035	1025-1030	+5
Madhya Pradesh (Indore)	Wheat Mill quality	1040-1046	1050-1055	-9
Uttar Pradesh (Bareilly)	Wheat Mill quality	1055-1060	1035-1040	+20

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