

WHEAT DAILY

17th FEBRUARY, 2007

SPOT MARKETS:

Wheat prices remained steady to firm in majority of wheat wholesale markets. At Delhi, Wheat dara for mills traded up by Rs.5/qrtl between Rs.1090-1095/qrtl on the arrivals around 5,000-6,000 bags. However, The price of wheat products has increased on lower stocks. In Delhi, the atta prices have increased to Rs.1104/90kg. The millers are looking for the release of 4 lakh tons of wheat in February and March, as decided by Govt. FCI invites offers from buyers for selling of 4 lakh MT of wheat at floor price of Rs. 1232.50/- per qtls. However, Govt. may consider the floor prices to control the rising prices of wheat. If the Food Corp. sells 400,000 tonnes of wheat below the prevailing rates, prices might be soften. The wheat prices in Rajkot mandis are remained weak on the fresh arrivals of 7,000-8,000 bags. This year Govt. is likely to procure handsome amount of wheat and likewise announced a higher MSP of Rs.750/qrtl. The government will start procuring wheat from Madhya Pradesh five days before of normal schedule i.e. March 15 instead of March 20. The State Trading Corporation has imported 49.93 lakh tonnes of wheat so far as on 12.02.07.

FUTURES MARKETS:

Wheat futures at the NCDEX settled mix with good volumes and higher open interest. The most active March contract opened lower at Rs.971/qrtl. as against the previous closing of Rs.973.80/qrtl. Increased buying interest at lower levels extended the futures to further higher levels and settled up by 0.14% at Rs.975.20/qrtl and hovered in the range of Rs.970-984.80. In contrast, the February contract is settled down by 0.93% at Rs. 1064/qrtl following a steady opening at Rs.1074 and hovered between Rs.1065.20-1075.00 during Friday's trade.

PRICE DRIVERS:

Bullish:

1. Firmness in wheat products as well as FCI quoted 4 Lakh MT of Wheat at floor price of Rs. 1232.50/qrtl.

Bearish:

1. Govt. decision to release 4 lakh tonnes of wheat through FCI
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:

Present weather conditions are favourable for healthy growth of wheat that is at jointing to booting stage

SPOT MARKET PRICE FOR WHEAT (Rs./Quintal)

| Markets | Variety | 16.02.07 | 15.02.07 | Change |
|--------------------------|--------------------|-----------|-----------|--------|
| Delhi (Lawrence Road) | Wheat Mill quality | 1090-1095 | 1090 | +5 |
| Haryana (Karnal) | Wheat Mill quality | 1055-1060 | 1055-1060 | - |
| Punjab (Khanna) | Wheat Mill quality | 1080-1085 | 1085-1090 | -5 |
| Rajasthan (Kota) | Wheat Mill quality | 1111-1116 | 1115-1120 | -4 |
| Uttar Pradesh (Kanpur) | Wheat Mill quality | 1100-1105 | 1100-1105 | - |
| Madhya Pradesh (Indore) | Wheat Mill quality | 1095-1100 | 1095-1100 | - |
| Uttar Pradesh (Bareilly) | Wheat Mill quality | 1075-1080 | 1070-1075 | +5 |

TECHNICALS:

Candlesticks showing weak sentiments. Sellers dominated the markets at higher levels. The prices closed above 9-day and 18-day EMA. Stochastic is in over bought region and moving downwards. MACD is running higher over neutral line, indicating firm tone at medium term. Wheat is likely to trade bearish after steady to weak opening.

NCDEX Wheat March Contract



SUPPORT / RESISTANCES:

| Month | S2 | S1 | PCP | R1 | R2 |
|-------|-----|-----|-------|-----|-----|
| March | 955 | 960 | 975.2 | 984 | 990 |

TRADE RECOMMENDATION:

Intraday traders might take position to **SELL** NCDEX-March contract below 978 with target towards 968, second target near 963. Put stop loss near 984.

Do not carry forward the position until the next day.

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