

WHEAT DAILY

08th FEBRUARY, 2007

SPOT MARKETS:

Wheat prices quoted steady to firm in majority of wheat wholesale markets. At Delhi, Wheat data for mills quoted steady between Rs.1060-1065/mtl on the arrivals around 4,000-5000 bags. Chakki millers are the active buyers. According to Agriculture Ministry, this year's wheat output is 72.5 mln tonnes as against the earlier estimate of 74 mln tonnes. Despite the increased acreage by over 17.5 lakh hectare, the possibilities of some yield reduction on rising temperature mainly underpinning the bullish tone. In the majority of wheat producing areas the crop is in tillering to booting stages. Excessively high temperatures and drought are harmful to wheat. The crop condition is normal in northern India as it is cultivated under irrigated condition. The traders from M.P. reported yields likely to be lower in the absence of rains. In case of loss in yield in M.P. might be reduced the total production in the country.

FUTURES MARKETS:

Wheat futures at the NCDEX settled down with higher volumes and open interest. The most active February contract opened weak at Rs.1022.20/mtl. Increased selling interest at higher levels pressurised the futures and settled lower by 0.63% at Rs.1017 and hovered in the range of Rs.1009.80-1027.40. The March contract is also settled down by 0.34% at Rs. 948.20 following a higher opening at Rs.953.80 and hovered between Rs.947-957.80 during Wednesday's trade.

PRICE DRIVERS:

Bullish:

1. Decreasing stocks
2. Govt. estimated wheat output for the year to 72.5 million tonnes as against the earlier estimate of 74 million tonnes.

Bearish:

1. Poor product demand all over India amidst 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:

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.

SPOT MARKET PRICE FOR WHEAT (Rs./Quintal)

Markets	Variety	07.02.07	06.02.07	Change
Delhi (Lawrence Road)	Wheat Mill quality	1060-1065	1060-1065	-
Haryana (Karnal)	Wheat Mill quality	1015-1020	1025-1030	+10
Punjab (Khanna)	Wheat Mill quality	1055-1060	1055-1060	-
Gujarat (Ahmedabad)	Wheat Mill quality	1136-1141	1126-1131	+10
Rajasthan (Kota)	Wheat Mill quality	1055-1060	1045-1050	+10
Uttar Pradesh (Kanpur)	Wheat Mill quality	1040-1045	1035-1040	+5
Madhya Pradesh (Indore)	Wheat Mill quality	1065-1070	1046-1052	+18
Uttar Pradesh (Bareilly)	Wheat Mill quality	1065-1070	1057-1062	+8

TECHNICALS:

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

NCDEX Wheat February Contract



SUPPORT / RESISTANCES:

Month	S2	S1	PCP	R1	R2
Feb.	1000	1005	1017	1028	1034

TRADE RECOMMENDATION:

Intraday traders might take position to **SELL** NCDEX-FEBRUARY below 1021 with target towards 1012, second target near 1007. Put stop loss near 1028.

Do not carry forward the position until the next day.

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