

WHEAT DAILY

07th FEBRUARY, 2007

SPOT MARKETS:

Wheat prices quoted steady to up in domestic markets. Early bullish tone at NCDEX has supported the spot market sentiments. At Delhi, Wheat dard for mills increased by Rs.20 between Rs.1060-1065/qrtl on steady arrivals around 3,000-4000 bags. Chakki millers are the active buyers. The lower wheat product demand due to higher prices restricted roller flour millers from purchasing wheat from open market. However, increased fresh arrivals about 3,500-4,000 bags in Gujarat markets pressurised the tone. Some demand from Chennai and Maharashtra is reported from Gujarat mandis. Harvesting of this year's crop in majority of states will begin in March. India, Wheat acreage has been increased by over 17.5 lakh hectare as on 01.02.2007. Further, Government's decision to release 4 lakh tonnes of wheat under the Open Market Sale Scheme in February and March 2007 is supporting bearish tone..

FUTURES MARKETS:

Wheat futures at the NCDEX settled green with lower volumes and higher open interest. The most active February contract opened higher at Rs.1023/qrtl. Increased buying interest at lower levels supported the futures and settled higher by 0.33% at Rs.1022.60 and hovered in the range of Rs.1015.20-1027.00. The March contract is also finished up by 0.27% at Rs. 951.80 following a weak opening at Rs.945.20 and hovered between Rs.945.20-957.00 during Tuesday's 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.

SPOT MARKET PRICE FOR WHEAT (Rs./Quintal)

Markets	Variety	06.02.07	05.02.07	Change
Delhi (Lawrence Road)	Wheat Mill quality	1060-1065	1040-1045	+20
Haryana (Karnal)	Wheat Mill quality	1025-1030	1000-1005	+25
Punjab (Khanna)	Wheat Mill quality	1055-1060	1055-1060	-
Gujarat (Ahmedabad)	Wheat Mill quality	1126-1131	1116-1121	+10
Rajasthan (Kota)	Wheat Mill quality	1045-1050	1045-1051	-1
Uttar Pradesh (Kanpur)	Wheat Mill quality	1035-1040	1030-1035	+5
Madhya Pradesh (Indore)	Wheat Mill quality	1046-1052	1040-1046	+6
Uttar Pradesh (Bareilly)	Wheat Mill quality	1057-1062	1055-1060	+2

TECHNICALS:

Candlesticks showing somewhat firm sentiments. However, sellers dominated the market at higher price levels. Prices closed above 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 has decreased and Open Interest has increased. 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.	1006	1010	1022.6	1032	1037

TRADE RECOMMENDATION:

Intraday traders might take position to **SELL** NCDEX-FEBRUARY below 1027 with target towards 1017, second target near 1002. Put stop loss near 1032.

Do not carry forward the position until the next day.

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