

WHEAT DAILY

03rd FEBRUARY, 2007

SPOT MARKETS:

Wheat prices remained firm in majority of domestic markets during Friday on decline arrivals. At Delhi, Wheat para for mills trading up by Rs.20 per Qtl. at Rs.1060-1070/ctl on decreased arrivals around 3,000-4000 bags. The bullish sentiments at futures market added the firmness further. Stockists are interested to watch the market carefully before liquidating their full stocks. The higher temperature is rising concern about the crop growth. The crops in northern India are in mostly tillering stage. The day temperature is some higher level recently. No crop damage and expected yield reduction is reported so far. However, prolong high temperature in coming fortnight is not beneficial for crop growth. The lower demand of wheat and wheat products continued pressurizing the market. The demand from South India and Maharashtra remained weak. 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 settled up with much higher volumes and lower open interest. The most active February contract opened up at Rs.1029.80 as against the previous closing of Rs.1027.20. Increased buying interest supporting the futures and pushed up by 1.64% at Rs.1044 and hovered in the range of Rs.1029.80-1048.00. The March contract is also settled firm by 1.11% at Rs. 968 following a higher opening at Rs.959.20 and hovered between Rs.959.20-967.60 during Friday's trade.

PRICE DRIVERS:

Bullish:

1. Decreasing stocks

Bearish:

1. Poor demand all over India amidst higher arrivals
2. Higher acreage about 281.135 Lh as on 19th Jan, 2007 against same period of last year's 263.626 Lh

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	02.02.07	01.02.07	Change
Delhi (Lawrence Road)	Wheat Mill quality	1060-1070	1040-1050	+20
Haryana (Karnal)	Wheat Mill quality	1015-1020	990-995	+25
Punjab (Khanna)	Wheat Mill quality	1055-1060	1051-1055	+5
Gujarat (Ahmedabad)	Wheat Mill quality	1110-1115	1105-1110	+5
Rajasthan (Kota)	Wheat Mill quality	1040-1045	1040-1045	-
Uttar Pradesh (Kanpur)	Wheat Mill quality	1020-1025	1015-1020	+5
Madhya Pradesh (Indore)	Wheat Mill quality	1055-1060	1050-1055	+5
Uttar Pradesh (Bareilly)	Wheat Mill quality	1025-1030	1015-1020	+10

TECHNICALS:

Candlesticks showing bullish market sentiments. Buyers dominated the market. Prices closed above 9-day and 18-day EMA. Stochastic are in normal region and moving upwards following a bullish crossover. MACD is in positive territory and moving upwards. Volume has increased whereas Open Interest has decreased. Wheat is likely to trade bullish initially following a firm opening and downwards movement thereafter.

NCDEX Wheat February Contract



SUPPORT / RESISTANCES:

Month	S2	S1	PCP	R1	R2
Feb.	1030	1038	1044	1060	1064

TRADE RECOMMENDATION:

Intraday traders might take position to **SELL** NCDEX-FEBRUARY above 1052 with target towards 1042, second target near 1038. Put stop loss near 1058.

Do not carry forward the position until the next day.

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