

WHEAT DAILY

16th FEBRUARY, 2007

SPOT MARKETS:

Wheat prices decline in Delhi wheat wholesale markets by Rs.15/qlt at Rs.1090/qlt on the arrivals around 5,000-6,000 bags. However, The price of wheat products has increased on lower stocks of millers. In Delhi, the atta prices have increased by Rs.18/90 kg 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. 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. To control the rising prices of essential food items, the Govt has banned wheat exports for the year 2007. The higher prices of wheat in India makes the export not competitive also. The wheat production is likely to 72.5 Mln. tonnes in the current year according to the second advance estimates of Govt. The recent rainfalls in main wheat growing region of the country is beneficial for crop growth. Market arrivals of wheat generally begin from last of March to April every year, but due to early sowing operations in the current season, government expects early market arrivals.

FUTURES MARKETS:

Wheat futures at the NCDEX settled firm with lower volumes and higher open interest. The most active March contract opened lower at Rs.963.80/qlt. as against the previous closing of Rs.965.40/qlt. Increased buying interest at lower levels recovered the futures to higher levels and settled up by 0.89% at Rs.974/qlt and hovered in the range of Rs.957-975. The February contract is also finished up by 1.80% at Rs. 1072 following a lower opening at Rs.1042 and hovered between Rs.1040.20-1079.40 during Thursday's trade.

PRICE DRIVERS:

Bullish:

1. Firmness in wheat products

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:

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	15.02.07	14.02.07	Change
Delhi (Lawrence Road)	Wheat Mill quality	1090	1100-1105	-15
Haryana (Karnal)	Wheat Mill quality	1055-1060	1055-1060	-
Punjab (Khanna)	Wheat Mill quality	1085-1090	1050-1055	+35
Rajasthan (Kota)	Wheat Mill quality	1115-1120	1115-1120	-
Uttar Pradesh (Kanpur)	Wheat Mill quality	1100-1105	1095-1100	+5
Madhya Pradesh (Indore)	Wheat Mill quality	1095-1100	1095-1100	-
Uttar Pradesh (Bareilly)	Wheat Mill quality	1070-1075	1075-1080	-5

TECHNICALS:

Candlesticks showing firm sentiments. The prices closed above 9-day and 18-day EMA. Stochastic is in neutral region and moving upwards. MACD is running higher over neutral line, indicating firm tone at medium term. Wheat is likely to trade bullish after firm opening.

NCDEX Wheat March Contract



SUPPORT / RESISTANCES:

Month	S2	S1	PCP	R1	R2
March	962	966	974	985	990

TRADE RECOMMENDATION:

Intraday traders might take position to **BUY** NCDEX-March contract above 971 with target towards 981, second target near 985. Put stop loss near 966.

Do not carry forward the position until the next day.

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