

## WHEAT DAILY

02<sup>nd</sup> MARCH, 2007

### SPOT MARKETS:

Wheat sentiments remained mix in major wheat wholesale markets. Stockists are seen liquidating their stock position. At Delhi, Wheat dara for mills quoted down by Rs.10 at Rs.1025/qlt. The arrival remained steady around 5,000-6,000 bags. FCI is releasing 14,000 tonnes Rs 986 per qtl wheat in Delhi. Of the total amount 11,000 tonnes for flour millers and 3,000 tonnes for chakki millers. Some buying supports from flour millers are reported from the markets. However, some millers are not showing interest in purchasing the wheat from FCI as they are optimistic about further decline on wheat prices in coming days on plentiful harvest. The wheat prices in Rajkot mandis quoted down between Rs.850-860/qlt on the back of lower fresh arrivals about 5000 bags. The wheat prices in Indore market has decline to Rs.870-875/qlt on increased fresh arrivals around 6,000-7,000 bags. Farmers are not showing interest to release their full stocks at this price. The prices of wheat product remained firm and the demand is likely to increase because of coming holi festivals.

### FUTURES MARKETS:

Wheat futures at the NCDEX settled red. The most active March contract opened lower at Rs.970/qlt. as against the previous closing of Rs.975/qlt. Long liquidation down the contract by 0.31% at Rs.972/qlt and hovered in the range of Rs.970-975 during Thursday's trade.

### PRICE DRIVERS:

#### Bearish:

1. Govt. decision to release 365,000 tonnes of wheat through FCI in open markets
2. Wheat acreage increased to 284.497 Lh as on 19.02.07 as compared to 266.63 Lh during the same period of last year.
3. Forward Market Commission prohibited futures exchanges to trade in wheat.

### WEATHER:

Present weather conditions are favourable for healthy growth of wheat that is on an average pre flowering to flowering stage.

### TECHNICALS:

With wheat futures effectively banned, prices shot up and open interest fell sharply, indicating that more speculators held short positions and were buying to square off.

### NCDEX Wheat March Contract :



### TRADE RECOMMENDATION:

Since the government has effectively discontinued wheat futures, we recommend those with existing positions to square off at the best available prices.

### SPOT MARKET PRICE FOR WHEAT (Rs./Quintal)

Markets	Variety	01.03.07	28.02.07	Change
Delhi (Lawrence Road)	Wheat Mill quality	1025	1035	-10
Haryana (Karnal)	Wheat Mill quality	1005-1010	980-985	+25
Punjab (Khanna)	Wheat Mill quality	1065-1070	1060-1065	+5
Rajasthan (Kota)	Wheat Mill quality	1030-1035	1030-1035	-
Uttar Pradesh (Kanpur)	Wheat Mill quality	1045-1050	1040-1045	+5
Madhya Pradesh (Indore)	Wheat Mill quality	870-875	875-880	-5
Uttar Pradesh (Bareilly)	Wheat Mill quality	1060-1065	1065-1070	-5

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