

Price Drivers

- Expectation of bumper production, huge stock and favorable weather. Plan for additional procurement.
- Ban on wheat export continues despite surplus stock.
- Govt. intention to augment supply, 3.5 MMT foodgrains allocated to the poor and retailers.
- Poor offtake from FCI godowns. pressure to offload wheat on FCI
- Global wheat supply is projected lower and overseas trade is raised by 0.5 MMT
- Unfavorable weather condition in major growing regions. Short supply expected in the international market next year.

Analysis: Technical

- Candlestick formation shows bear's support in the futures market.
- Wheat prices closed above 9 and 18 day EMA's, denotes increase in bullish momentum for short term.
- RSI is moving down in neutral zone, thus indicating bearish outlook for short and medium term..
- MACD is steady in positive territory, thus denoting sideways movement in the market
- Wheat is likely to trade range bound with weak bias during the next trading session. Players should opt **selling** at higher level.
- Price band is Rs1325 to Rs1375

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O 1362.00 H 1370.80 L 1361.00 C 1367.20 V 63015,060 +4

EMA(9) 1366.1 (18) 1360.2



Trade Recommendation: Wheat NCDEX (Jan.)

Call	Entry	T1	T2	SL
Sell	<1360	1348	1344	1365
Support & Resistance				
S2	S1	PCP	R1	R2
1353	1342	1352	1374	1392

Spot Market Analysis

Domestic (India) Market

- Wheat is trading weak on back of better crop conditions and planning to release stock stored out from last year crop. Prolonged cold weather in major wheat growing regions of north and central India and increase in area under cultivation is expected to push up India's wheat production this year. Intense cold weather condition is conducive for growth of wheat crop which mostly grown in Punjab, Haryana, western Uttar Pradesh, Rajasthan and Madhya Pradesh. Besides, better growth, the cold conditions also help in countering pest attack on the crop.
- Major wheat-growing regions of the country witnessed intense cold wave during the last few weeks. Temperature in Punjab and Haryana, which produce around 80% of the total wheat produced in the country had been hovering around 5 to 7 degrees below normal, during the last few weeks
- The acreage of wheat during the current season is up by 9.31 lakh ha. at 288.43 lakh ha (28.843 mil) compared to last year as on Jan.14, which could translate into a higher production of around 2.5 to 2.8 mil tonnes compared to last year, subject to favourable weather till harvest in April 2011. While government procurement will continue to swell, problem of plenty will further aggravate storage woes.
- Weather throughout the country is favourable and plant growth in most producing states is said to be satisfactory and India is heading towards bumper production this year provided normal weather condition. Month of February and march would be very crucial for the standing crop and final production figure. As on 1st January, 11 govt. wheat holding was 21.5 MMT, much more than actual requirement..
- The world's farmers will produce only slightly more wheat in 2011, the Canadian Wheat Board said The world will produce 649.5 million tonnes of all types of wheat, up 0.6% from the 2010 crop, he said. Canada will harvest 23.8 million tonnes of wheat, the CWB said, up 2.9% from last year.
- However, predicting a modest increase in world production seems right, but it's too early to put much weight on forecasts. Winter wheat is still in the ground and could turn out to be a bumper or terrible crop. The International Grains Council and U.S. Department of Agriculture have not yet forecast 2011 world wheat crops.

Wheat could not sustain its uptrend on higher area coverage, favourable weather, additional allocation for PDS and govt. intention to augment supply in the physical market. Prices are likely to come down on record production prospects and hope for higher supply from govt's granary. Flour millers are actively buying wheat from all available sources including FCI and buying is likely to continue in January, February and March. Prices are likely to be under pressure.

Prices at key Markets

Centre	Variety	Prices 20-01-11	Chng from Prior Day	Arrivals 20-01-11	Chng from Prior Day
Delhi (Lawrence Road)	Mill Quality (Ready Delivery)	1355	-10	4000	-2000
Delhi (Narela)	Mill Delivery Loose	1320-1325	-5	1500	+500
Delhi (Nazafgarh)	Mill Delivery Loose	1320-1325	Nil	300	-
Gujarat (Rajkot)	Mill quality	1325	-5	1100	-100
Gujarat(Ahmadabad)	Mill delivery	1430	+20	1200	-300
Gujarat (Surat)	Mill delivery	1460	Nil	-	-
M.P. (Bhopal)	Mill quality loose	1300	Nil	450	+200
M.P. (Indore)	Mill quality	1450-1460	Nil	1500	+500
Rajasthan (Kota)	Mill quality loose	1300-1310	-20	4000	+1000
U.P. (Kanpur)	Mill delivery	1300	Nil	600	-100
Punjab (Khanna)	Mill quality loose	1225	Nil	300	Nil
Haryana (Karnal)	Mill quality (Mill delivery)	1275-1300	Nil	Nil	Nil
Haryana (Sirsa)	Mill delivery loose	1240-1245	Nil	50	-50
Haryana (Rewari)	Mill quality loose	1240-1250	Nil	200	-300
Haryana (Panipath)	Mill delivery	1250-1300	Nil	Nil	Nil

*Prices in Rs/ Qtl & Arrivals in bags (1 bag = 1 Qtl)

RBI Indicative Exchange Rates

Country/ Continent	Currency	Value in Rupees 18-01-2011	Value in Rupees 19-01-2011
USA	Dollar	45.53	45.38
European Union	Euro	60.62	61.15
United Kingdom	GBP	72.55	72.71

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