

Price Drivers

- Expectation of bumper production, huge stock and favorable weather. Plan for additional procurement.
- Ban on wheat export continues despite surplus stock. OMMS prices may be slashed, under consideration
- Govt. intention to augment supply, 3.5 MMT foodgrains allocated to the poor and retailers.
- 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 bears active participation in the futures market.
- Wheat prices closed below 9 and 18 day EMA's, denotes decrease 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 Rs1330 to Rs1375. Fundamental is unsupportive.

Trade Recommendation: Wheat NCDEX (Feb.)

Call	Entry	T1	T2	SL
Sell	<1360	1350	1348	1363.60
Support & Resistance				
S2	S1	PCP	R1	R2
1342	1351	1353	1375	1393



Spot Market Analysis

Domestic (India) Market

- Steady to weak trend witnessed in cash wheat market amid increased supply, better crop conditions in various growing regions supported by increased offtake from federal govt. stock for PDS and OMSS. Prices are likely to remain under pressure in weeks ahead. Traders say that adequate stocks in the market following pick up in supply, wheat prices fell up to by Rs 20 per quintal on the wholesale grains market today. Increased supplies in the market, driven by hopes of higher output at producing regions due to favourable conditions, weighed on the wheat prices.
- Rising temperature and absence of winter rain is not considered to be good for wheat crop in U.P. in particular and in other producing states in general. Farmers are waiting for rains and if it rains in next two weeks. It will boost up better crop prospects. In absence of much awaited rains and rising temperature crop will matured early and arrival from newly sown crop will start before expected time.
- 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.

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 25-01-11	Chng from Prior Day	Arrivals 25-01-11	Chng from Prior Day
Delhi (Lawrence Road)	Mill Quality (Ready Delivery)	1335	-20	2000	-3000
Delhi (Narela)	Mill Delivery Loose	1320	20	1000	Nil
Delhi (Nazafgarh)	Mill Delivery Loose	1300-1305	15	300	-100
Gujarat (Rajkot)	Mill quality	1350	15	1200	-800
Gujarat(Ahmadabad)	Mill delivery	1430	Nil	1200	400
Gujarat (Surat)	Mill delivery	1460	10	-	-
M.P. (Bhopal)	Mill quality loose	1250-1300	Nil	300	-50
M.P. (Indore)	Mill quality	1425	-25	600	-900
Rajasthan (Kota)	Mill quality loose	1250-1300	15	4000	1000
U.P. (Kanpur)	Mill delivery	1300	Nil	350	-150
Punjab (Khanna)	Mill quality loose	1220	-5	400	100
Haryana (Karnal)	Mill quality (Mill delivery)	1305-1310	10	Nil	Nil
Haryana (Sirsa)	Mill delivery loose	1220-1230	Nil	200	150
Haryana (Rewari)	Mill quality loose	1240-1245	Nil	200	-300
Haryana (Panipath)	Mill delivery	1245-1250	10	Nil	Nil

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

RBI Indicative Exchange Rates

Country/ Continent	Currency	Value in Rupees 24-01-2011	Value in Rupees 25-01-2011
USA	Dollar	45.58	45.53
European Union	Euro	62.01	62.14
United Kingdom	GBP	72.79	72.77

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