

Price Drivers

- Expectation of bumper production, huge stock and favorable weather so far. Plan for additional procurement.
- Ban on wheat export continues despite surplus stock. OMMS prices may be slashed, under consideration, Decision on export soon.
- Govt. intention to augment supply, 3.5 MMT foodgrains allocated to the poor and retailers. Concern over rising temperature increased.
- Pressure to offload wheat on FCI
- Global wheat supply is projected lower and overseas trade is raised by 0.5 MMT

Analysis: Technical

- Candlestick formation shows indecision in the market.
- Closing of prices slightly above 9 and 18 day EMA's, denotes increase in bullish momentum.
- MACD is moving up in positive territory, thus denoting increase in firm momentum in the market.
- RSI is rising in neutral zone, thus indicating firmness in short term.
- Wheat is likely to trade range bound during the next trading session. Players should opt **buying** at lower level.



Trade Recommendation: Wheat NCDEX (Feb.)

Call	Entry	T1	T2	SL
Buy	>1355	1360	1362	1352
Support & Resistance				
S2	S1	PCP	R1	R2
1340	1350	1358	1365	1371

Spot Market Analysis

Domestic (India) Market

- Prices continued to rule steady to weak in cash wheat market on expectation of bumper crop, higher area coverage and increased offtake from federal govt. stock. Prices are likely to stay at current level in weeks ahead. However, temperature in February will be crucial for over all wheat crop. Crop in various growing regions are in excellent conditions so far.
- In a latest development, Govt. is going to consider of reopening of export next month. India exports basmati rice and now ban on non-basmati rice and wheat may be removed on expectation of bumper crop prospects, surplus stock and for vacating storage space for new crop, specially wheat. The govt is planning to enhance procurement quantity this year so that requirement under food security bill could be met.
- The acreage of wheat during the current season is up by 8.95 lakh ha. at 291.36 lakh ha (29.13 mil) compared to last year as on Jan.28, 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. The main challenge before procuring agency is storage space. Some efforts have been made to build up space but it is not considered to be sufficient given the latest development.
- 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.

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 31-01-11	Chng from Prior Day	Arrivals 31-01-11	Chng from Prior Day
Delhi (Lawrence Road)	Mill Quality (Ready Delivery)	1335-1340	Nil	4500	3500
Delhi (Narela)	Mill Delivery Loose	1320	Nil	1000	Nil
Delhi (Nazafgarh)	Mill Delivery Loose	1300	Nil	200	Nil
Gujarat (Rajkot)	Mill quality	1310	-20	1200	-200
Gujarat(Ahmadabad)	Mill delivery	1435	Nil	1400	400
Gujarat (Surat)	Mill delivery	1460	-10	-	-
M.P. (Bhopal)	Mill quality loose	1250-1260	Nil	300	-50
M.P. (Indore)	Mill quality	1390-1400	20	800	1000
Rajasthan (Kota)	Mill quality loose	1275-1290	15	3500	-500
U.P. (Kanpur)	Mill delivery	1310-1315	15	400	100
Punjab (Khanna)	Mill quality loose	1225	5	350	50
Haryana (Karnal)	Mill quality (Mill delivery)	1280-1285	-10	Nil	Nil
Haryana (Sirsa)	Mill delivery loose	1220-1222	-4	200	50
Haryana (Rewari)	Mill quality loose	1235-1240	-5	100	-50
Haryana (Panipath)	Mill quality loose	1240-1250	Nil	Nil	Nil

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

RBI Indicative Exchange Rates

Country/ Continent	Currency	Value in Rupees 29-01-2011	Value in Rupees 31-01-2011
USA	Dollar	45.74	45.74
European Union	Euro	62.73	62.73
United Kingdom	GBP	72.73	72.73

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