

### 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 below 9 and 18 day EMA's, denotes decrease in bullish momentum.
- MACD is moving down in positive territory, thus denoting weakness in the market.
- RSI is moving down in neutral zone, thus indicating decrease in bullish momentum in short term.
- Wheat is likely to trade range bound with weak bias during the next trading session. Players should opt selling at higher level.

### Trade Recommendation: Wheat NCDEX (Feb.)

Call	Entry	T1	T2	SL
<b>Sell</b>	<1363	1352	1350	1366
Support & Resistance				
S2	S1	PCP	R1	R2
1340	1350	1355.2	1365	1371



### Spot Market Analysis

#### Domestic (India) Market

- Prices remained almost stable in most cash market on better crop prospects and increased offtake from FCI godowns. Crop conditions are excellent and if it rains in next 15 days, it will boost yield throughout the producing regions. Buyers are mainly millers and small users. However, prices are likely to remain at current level due to balanced supply demand side.
- Wheat February contract traded range bound and remained under pressure due to released positions from buyers. Fundamental remained unsupportive to the wheat market on better crop prospects.
- Temperature will play a crucial role. A rise in average temperature during the day can potentially hurt yields as Indian wheat is at the limit of heat tolerance. Despite all the hype unleashed by Government officials and the industry last year, the final output figure was only 80.7 mt.
- 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 01-02-11	Chng from Prior Day	Arrivals 01-02-11	Chng from Prior Day
Delhi (Lawrence Road)	Mill Quality (Ready Delivery)	1335-1340	-2	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	Nil	800	-200
Gujarat(Ahmadabad)	Mill delivery	1390	-30	1400	400
Gujarat (Surat)	Mill delivery	1433	-10	-	-
M.P. (Bhopal)	Mill quality loose	1250-1260	Nil	300	-50
M.P. (Indore)	Mill quality	1390-1400	20	1500	800
Rajasthan (Kota)	Mill quality loose	1270-1280	10	1500	-2000
U.P. (Kanpur)	Mill delivery	1310-1315	Nil	800	200
Punjab (Khanna)	Mill quality loose	1225	5	300	50
Haryana (Karnal)	Mill quality (Mill delivery)	1245-1250	-20	Nil	Nil
Haryana (Sirsa)	Mill delivery loose	1224-1225	4	100	100
Haryana (Rewari)	Mill quality loose	1235-1245	5	150	50
Haryana (Panipath)	Mill quality loose	1245-1250	-5	Nil	Nil

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

### RBI Indicative Exchange Rates

Country/ Continent	Currency	Value in Rupees 01-02-2011	Value in Rupees 31-01-2011
USA	Dollar	45.81	45.74
European Union	Euro	62.84	62.73
United Kingdom	GBP	72.58	72.73

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