

## Price Drivers

- Bumper production due to higher area likely, huge stock .Concern over rising temperature. Additional procurement planned
- Ban on wheat export continues despite surplus stock. OMMS prices may be slashed, under consideration, Decision on export unlikely. 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 sellers active participation in the future market.
- Closing of prices below 9 and 18 day SMA's, denotes bearish momentum for short term.
- MACD is moving down in positive territory, thus denoting further weakness in the market.
- RSI is moving down in neutral zone, thus indicating continuation of bearish momentum for 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>	<1359	1355	1352	1362
Support & Resistance				
S2	S1	PCP	R1	R2
1350	1355	1356.2	1359	1363

## Spot Market Fundamentals

- Steady to weak sentiment witnessed at wheat key markets as a result of prices pressured by better crop prospects by which lower demand noticed.
- Prices in Gujarat markets were down by Rs. 10-20/qlt on reduced offtake from the millers at reduced arrival levels.
- As per Agro-Meteorologists, if the present weather conditions continue for a week, the wheat yield could decrease by 15-20 per cent.
- Standing crop in Punjab, Haryana, U.P., Rajasthan, M.P. and Bihar is in excellent condition and lower temperature at night is considered to be favourable for better crop growth. However, concern over rising day temperature is still intact and it may have direct impact on final yield.
- Prices are likely to remain under pressure in weeks ahead. There is no report of any pest attack from any growing regions. Temperature at night is lower and crop growth is said to be satisfactory so far which could translate into a higher production of around 1 mil tonnes compared to last year, subject to favourable weather till harvest in April 2011. As on 1st January, 11 govt. wheat holding was 21.5 MMT, much more than actual requirement.
- India's wheat planting until Feb. 4 rose 3% from a year earlier to a record, brightening prospects of a bumper crop. The wheat sowing area increased to 29.18 million hectares from 28.32 million hectares, the government data showed. India, the world's second-largest wheat grower, aims to produce 82 million tons of wheat in 2010-11, up 1.6% from the previous year.
- Punjab has storing capacity of 137.68 lakh tons of foodgrains including CWC and SWC. Just the same way Haryana has collective storage capacity is 46.6 lakh tons, Rajasthan has 27.81 lakh tons and U.P. has 70.83 lakh tons. Total capacity at all India level is 603 lakh tons.
- 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.
- Global International Grains Council has increased its estimate for global wheat production by 23 million tons next season. In its latest report, the influential intergovernmental group mainly attributed better Russian weather for the newly projected target of 670 million tones. The figure represents an improvement of 3.6% year on year, although leaves production short of the record 683m tonnes set three years ago, and reflected a rise in area greater than the 2% forecast last month, with farmers expected to stretch even further to exploit soaring grain markets.

**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 February and March. Prices are likely to be under pressure.**

**Prices at key Markets**

Centre	Variety	Prices 08-02-11	Chng from Prior Day	Arrivals 08-02-11	Chng from Prior Day
Delhi (Lawrence Road)	Mill Quality (Ready Delivery)	1330	Nil	2000	-1500
Delhi (Narela)	Mill Delivery Loose	1300	Nil	500	-500
Delhi (Nazafgarh)	Mill Delivery Loose	1290	Nil	200	-100
Gujarat (Rajkot)	Mill quality	1290	-10	400	-400
Gujarat(Ahmadabad)	Mill delivery	1340-1345	-20	NR	-
Gujarat (Surat)	Mill delivery	1370	-10	-	-
M.P. (Bhopal)	Mill quality loose	1250	Nil	300-400	Nil
M.P. (Indore)	Mill quality	1340-1360	Nil	500	Nil
Rajasthan (Kota)	Mill quality loose	1250-1260	Nil	1500	Nil
U.P. (Kanpur)	Mill delivery	1290-1295	Nil	400	+100
Punjab (Khanna)	Mill quality loose	1215	-5	500	+200
Haryana (Karnal)	Mill quality (Mill delivery)	1290-1300	Nil	NR	Nil
Haryana (Sirsa)	Mill delivery loose	1230	+5	200	+100
Haryana (Rewari)	Mill quality loose	1245-1255	Nil	100	-50
Haryana (Panipath)	Mill quality loose	1240-1250	Nil	NR	-

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

**RBI Indicative Exchange Rates**

Country/ Continent	Currency	Value in Rupees 07-02-2011	Value in Rupees 08-02-2011
USA	Dollar	45.59	45.39
European Union	Euro	62.04	31.84
United Kingdom	GBP	73.58	73.30

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