

Price Drivers

- Bumper production likely due to higher area , huge stock .Concern over rising temperature. Expectation of higher procurement
- Ban on wheat export continues despite surplus stock., 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
- Unfavorable weather condition in major growing regions. Short supply expected in the international market next year.

Analysis: Technical

- Candlestick formation shows indecision 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
Sell	<1360	1354	1350	1363
Support & Resistance				
S2	S1	PCP	R1	R2
1340	1351	1357	1365	1375

Spot Market Fundamentals

- Steady to weak sentiment continued to rule the key markets on better crop prospects and expectation of early arrival from states like U.P. Punjab and Haryana. Crop condition is excellent in other states like Gujarat, Rajasthan, Bihar and M.P. Recent rains have added field moisture level in the field thus increasing hope for better yield.
- Prices in Gujarat markets were down by Rs. 10-20/ql on reduced offtake from the millers at reduced arrival levels.
- 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. India's wheat production is estimated to touch an all-time high of 81.47 million tons in 2010-11 crop year. If temperature goes up in day, market may see early arrival in major growing area.
- 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 remain under pressure.

Prices at key Markets

Centre	Variety	Prices 09-02-11	Chng from Prior Day	Arrivals 09-02-11	Chng from Prior Day
Delhi (Lawrence Road)	Mill Quality (Ready Delivery)	1325	-5	1500	-500
Delhi (Narela)	Mill Delivery Loose	closed	-	-	-
Delhi (Nazafgarh)	Mill Delivery Loose	closed	-	-	-
Gujarat (Rajkot)	Mill quality	1275	-10	400	500
Gujarat(Ahmadabad)	Mill delivery	1330	-20	NR	-
Gujarat (Surat)	Mill delivery	1370	Nil	-	-
M.P. (Bhopal)	Mill quality loose	1225	-25	300-400	Nil
M.P. (Indore)	Mill quality	1300	-40	500	Nil
Rajasthan (Kota)	Mill quality loose	1270-1280	20	3500	1500
U.P. (Kanpur)	Mill delivery	1295	Nil	300	-100
Punjab (Khanna)	Mill quality loose	1220	5	400	-100
Haryana (Karnal)	Mill quality (Mill delivery)	1290	-10	NR	Nil
Haryana (Sirsa)	Mill delivery loose	1224	-6	100	-100
Haryana (Rewari)	Mill quality loose	1245-1255	Nil	100	-50
Haryana (Panipath)	Mill quality loose	1240-1245	-5	NR	-

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

RBI Indicative Exchange Rates

Country/ Continent	Currency	Value in Rupees 09-02-2011	Value in Rupees 08-02-2011
USA	Dollar	45.43	45.39
European Union	Euro	62.86	61.84
United Kingdom	GBP	72.89	73.30

DISCLAIMER

The information and opinions contained in the document have been compiled from sources believed to be reliable. The company does not warrant its accuracy, completeness and correctness. Use of data and information contained in this report is at your own risk. This document is not, and should not be construed as, an offer to sell or solicitation to buy any commodities. This document may not be reproduced, distributed or published, in whole or in part, by any recipient hereof for any purpose without prior permission from the Company. IASL and its affiliates and/or their officers, directors and employees may have positions in any commodities mentioned in this document (or in any related investment) and may from time to time add to or dispose of any such commodities (or investment). Please see the detailed disclaimer at <http://www.agriwatch.com/Disclaimer.asp>