

Price Drivers

- Expectation of record crop, huge stock to be offloaded, Decision on export likely soon. Arrival started in Gujarat. Crop loss in M.P.
- Recent rains beneficial to the wheat crop. Ban on wheat export continues despite surplus stock., ,
- Govt. intention to augment supply., Procurement target increased to 26MM
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- Pressure to offload wheat on FCI, Minor damage report from Punjab and Rajasthan.
- Unfavorable weather condition in major growing regions. Short supply expected in the international market in medium term

Analysis: Technical

- Candlestick formation shows sellers support in the future market with weak bias likely to continue for next couple of trading session.
- Prices continue to test towards its resistance with dwindling volume indicating lack of adequate buying strength to breach its crucial resistance region of INR 1210.
- Even 9 day and 18day SMA hints weakness in the market
- Indicators remain bearish .even fundamental is unsupportive.
- Wheat is likely to trade range bound with selling expected at higher levels.

Trade Recommendation: Wheat NCDEX (April)

Call	Entry	T1	T2	SL
Sell	<1194	1188	1186	1197.2
Support & Resistance				
S2	S1	PCP	R1	R2
1170	1180	1192	1209	1220



Spot Market Fundamentals

- Arrivals from new crop started in Gujarat and M.P. and are likely to go up to the level of 25 thousand bags per day in next two weeks. It is just started in M.P. Arrival from new crop started picking up in Ujjain.
- Huge old stock too is weighing on the market and prices are likely to come down near MSP level in two three weeks. This year production is likely to touch 84 million tons in normal weather condition. Weather has been conducive so far despite some damage reports in Punjab, Rajasthan and M.P.
- However, next three-four weeks are very crucial for wheat crop in terms of estimating final production figure. If day temperature continues to rise, arrival for growing regions may start early. We need to keep close eye on weather development. India's Feb. 1 wheat stocks were at 19.4 million tons, substantially higher than a target of 8.2 million ton.
- 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 29.25 million hectares from 28.32 million hectares, the government data showed. India, the world's second-largest wheat grower, aims to produce 83.69 million tons of wheat in 2010-11, up 3.3% from the previous year.
- 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 in2010-11 crop year. If temperature goes up in day, market may see early arrival in major growing area.
- Punjab has storing capacity of137.68 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 present boom in wheat prices is likely to last till July when Northern Hemisphere new crop is harvested and new crop finds its way in the global markets. Plantings in several countries will be boosted by higher prices and global wheat acreage may rise 3.1% to around 224 million hectares in 2011, the London-based International Grains Council said in a report. Global wheat production may rise by 4% to 672 million tons .As for India timing is most crucial given the high price of domestic wheat. While parity at the current levels is achievable, margins will evaporate as the global wheat prices decline and the window of opportunity will vanish.
- World wheat production is set to rise by about 4 per cent to 675 million tonnes in 2011-12 and oilseeds are forecast to rise 3 per cent to 317 million hectares. ABARES says the world wheat indicator (US hard red winter, fob Gulf) will fall by 19 per cent in 2011-12 to average out at US\$250 per tonne.

Prices are likely to trade in the range of Rs 1200 to Rs1300 in most of the cash markets depending on quality as well as regions specific conditions with steady to weak bias in near term. Gains are likely to be restricted in medium term due to price curbing policy and govt.'s intention to curb inflation and augment regular supply through open market and PDS Channels. Increased area has heightened the hope for bumper crop production once.

Prices at key Market

Centre	Variety	Prices 01-03-11	Chng from Prior Day	Arrivals 01-03-11	Chng from Prior Day
Delhi (Lawrence Road)	Mill Quality (Ready Delivery)	1330	-5	3000	Nil
Delhi (Narela)	Mill Delivery Loose	1275	-5	1000	700
Delhi (Nazafgarh)	Mill Delivery Loose	1270-1275	Nil	500	200
Gujarat (Rajkot)	Loose(New) Lokwan	1150-1250	-10	4000	-500
Gujarat(Ahmadabad)	Mill delivery	1290	10	1200	700
Gujarat (Surat)	Mill delivery	1290	-30	600	500
M.P. (Bhopal)	Mill quality loose	1150-1175	Nil	200	Nil
M.P. (Indore)	Mill quality	1280-1300	-10	2000	-1000
Rajasthan (Kota)	Mill quality loose	1220-1230	-15	3000	Nil
U.P. (Kanpur)	Mill delivery	1305	5	300	Nil
Punjab (Khanna)	Mill quality loose	1215	-5	500	-100
Haryana (Karnal)	Mill quality (Mill delivery)	1285	15	Nil	Nil
Haryana (Sirsa)	Mill delivery loose	1220	1	100	30
Haryana (Rewari)	Mill quality loose	1240-1250	-10	50	Nil
Haryana (Panipath)	Mill quality loose	1275	Nil	NR	Nil

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

RBI Indicative Exchange Rates

Country/ Continent	Currency	Value in Rupees 01-03-2011	Value in Rupees 28-02-2011
USA	Dollar	45.12	45.18
European Union	Euro	62.32	62.15
United Kingdom	GBP	73.43	73.78

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