

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 26.MMT
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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 but bullish sentiment is likely next 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 further weakness in the market
- Indicators remain bearish .even fundamental is unsupportive.
- Wheat is likely to trade range bound with bullish sentiment in next trading session. So market participants are suggested to go for buying.



Trade Recommendation: Wheat NCDEX (April)

Call	Entry	T1	T2	SL
Buy	>1187	1192	1195	1183
Support & Resistance				
S2	S1	PCP	R1	R2
1183	1187	1187	1203	1209

Spot Market Fundamentals

- Wheat prices remained under pressure in major markets on better crop prospects and steady to weak tone of sentiment witnessed in the major key cash markets. Arrivals from new crop started in Gujarat and M.P. and are likely to go up to the level of 30 thousand bags per day in next two weeks in Gujarat. MNC 's are active in Gujarat and buying new wheat with high moisture level. Bonus in M.P. will keep local prices high.
- 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. 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 in 2010-11 crop year. If temperature goes up in day, market may see early arrival in major growing area.
- 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 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 03-03-11	Chng from Prior Day	Arrivals 03-03-11	Chng from Prior Day
Delhi (Lawrence Road)	Mill Quality (Ready Delivery)	1330	Unch	3000	Unch
Delhi (Narela)	Mill Delivery Loose	NR	-	-	-
Delhi (Nazafgarh)	Mill Delivery Loose	1270-1275	Unch	100	-400
Gujarat (Rajkot)	Loose(New) Lokwan	1150-1250	-10	4000	-500
Gujarat(Ahmadabad)	Mill delivery	1275	-15	1200	700
Gujarat (Surat)	Mill delivery	1290	-30	600	500
M.P. (Bhopal)	Mill quality loose	1175-1200	+25	400	+200
M.P. (Indore)	Mill quality	1290-1300	Unch	4000	+2000
Rajasthan (Kota)	Mill quality loose	1210-1215	-15	2000	-1000
U.P. (Kanpur)	Mill delivery	1315	+10	400	+100
Punjab (Khanna)	Mill quality loose	1210	-5	300	-200
Haryana (Karnal)	Mill quality (Mill delivery)	1275	-10	Nil	Unch
Haryana (Sirsa)	Mill delivery loose	1220	Unch	100	Unch
Haryana (Rewari)	Mill quality loose	1240-1250	-10	50	Unch
Haryana (Panipath)	Mill quality loose	1270	Unch	NR	-

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

RBI Indicative Exchange Rates

Country/ Continent	Currency	Value in Rupees 03-03-2011	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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