

## Price Drivers

- New arrival in Gujarat and M.P. Bumper production expected despite some loss. Arrival started in Gujarat and M.P.
- One lakh ton wheat shipment allowed to Afghanistan as donation
- Recent rains beneficial to the wheat crop. Decision on export likely soon.
- Govt. intention to augment supply., Procurement target increased to 26.MMT
- Pressure to offload wheat on FCI, Recent rains beneficial to late sown crop.
- 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 in 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 1200.
- 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 bearish sentiment in next trading session. So market participants are suggested to go for selling at higher level..



## Trade Recommendation: Wheat NCDEx (April)

Call	Entry	T1	T2	SL
<b>Sell</b>	<1193	1183	1180	1196.2
Support & Resistance				
S2	S1	PCP	R1	R2
1165	1176	1188.2	1201	1210

## Spot Market Fundamentals

- Wheat market remained under pressure on lower demand amid improved supply supported by bumper crop prospects. Millers are buying for immediate requirement and are waiting for new crop. Arrival from new crop increased in Gujarat and M.P. Arrival from Punjab and Haryana is awaited and expected at the end of this month. Prices are likely to come near MSP level.
- 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.
- 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
- 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 05-03-11	Chng from Prior Day	Arrivals 05-03-11	Chng from Prior Day
Delhi (Lawrence Road)	Mill Quality (Ready Delivery)	1325	Nil	5000	2600
Delhi (Narela)	Mill Delivery Loose	1275	-	200	-200
Delhi (Nazafgarh)	Mill Delivery Loose	1285	-5	200	100
Gujarat (Rajkot)	Loose(New) Lokwan	1150-1250	Nil	11000	4000
Gujarat(Ahmadabad)	Mill delivery	1240	Nil	1600	400
Gujarat (Surat)	Mill delivery	1265	5	800	300
M.P. (Bhopal)	Mill quality loose	1175-1200	Unch.	400	+200
M.P. (Indore)	Mill quality	1290-1300	Unch	8000	+4000
Rajasthan (Kota)	Mill quality loose	1220	-5	2000	Unch.
U.P. (Kanpur)	Mill delivery	1315	Unch.	500	200
Punjab (Khanna)	Mill quality loose	1210	Unch.	300	-100
Haryana (Karnal)	Mill quality (Mill delivery)	1270	Unch.	Nil	Unch
Haryana (Sirsa)	Mill delivery loose	1220-1221	Unch	100	10
Haryana (Rewari)	Mill quality loose	1240-1250	-10	50	Unch
Haryana (Panipath)	Mill quality loose	1270-1275	5	NR	Unch.

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

**RBI Indicative Exchange Rates**

Country/ Continent	Currency	Value in Rupees 05-03-2011	Value in Rupees 04-03-2011
USA	Dollar	44.99	44.99
European Union	Euro	62.80	62.80
United Kingdom	GBP	73.23	73.23

**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>