



Price Drivers

- Arrival continues to increase in M.P. and Gujarat. Bumper production expected despite some loss.
- One lakh ton wheat shipment allowed to Afganistan as donation, Decision on wheat export likely at the end of current month.
- Recent rains beneficial to the wheat crop. Arrival may be delayed by one week in North India.
- Govt. intention to augment supply., Procurement target increased to 26.MMT
- Pressure to offload wheat on FCI,
- Short supply expected in the international market in medium term .Wheat crop in China under stress.

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
- RSI is easing in oversold zone indicating caution to the bears.
- 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
Sell	<1192	1184	1182	1195.2
Support & Resistance				
S2	S1	PCP	R1	R2
1161	1178	1188	1200	1210

Spot Market Fundamentals

- Cash wheat market remained subdued due to lower demand against normal supply. Bumper wheat crop, new arrivals and huge old stock. Even future market was seen under pressure. Bearish trend is likely to continue in weeks ahead.
- 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.
- 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.
- 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 07-03-11	Chng from Prior Day	Arrivals 07-03-11	Chng from Prior Day
Delhi (Lawrence Road)	Mill Quality (Ready Delivery)	1315	-10	1500	-3500
Delhi (Narela)	Mill Delivery Loose	1275	-	500	300
Delhi (Nazafgarh)	Mill Delivery Loose	1275-1285	-5	400	200
Gujarat (Rajkot)	Loose(New) Lokwan	1200	-15	8000	-3000
Gujarat(Ahmadabad)	Mill delivery	1250	10	1200	-200
Gujarat (Surat)	Mill delivery	1280	15	800	300
M.P. (Bhopal)	Mill quality loose	1150-1200	Unch.	500	+100
M.P. (Indore)	Mill quality	1280-1300	-10	8000	unch
Rajasthan (Kota)	Mill quality loose	1220-1225	-5	2000	Unch.
U.P. (Kanpur)	Mill delivery	1285-1290	-25	200	-300
Punjab (Khanna)	Mill quality loose	1215	5	300	Unch
Haryana (Karnal)	Mill quality (Mill delivery)	1265	-5	Nil	Unch
Haryana (Sirsa)	Mill delivery loose	1220	-1	100	Unch
Haryana (Rewari)	Mill quality loose	1240-1250	-10	50	Unch
Haryana (Panipath)	Mill quality loose	1270	-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 07-03-2011
USA	Dollar	44.99	45.13
European Union	Euro	62.80	63.06
United Kingdom	GBP	73.23	73.35

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