

## 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 1185.
- Even 9 day and 18day SMA hints further weakness in the market
- RSI is moving up 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     |
|----------------------|-------|--------|------|--------|
| <b>Sell</b>          | <1175 | 1169   | 1165 | 1180.4 |
| Support & Resistance |       |        |      |        |
| S2                   | S1    | PCP    | R1   | R2     |
| 1154                 | 1163  | 1173.2 | 1185 | 1200   |

## Spot Market Fundamental

- Wheat harvesting has begun across Rajasthan, Madhya Pradesh and Gujarat and supplies will pick up in a fortnight across central, peninsular and north India. Snowfall and rains across north India are expected to ensure a good production. The rains in the past one week have been very beneficial for the crop in north India. A similar situation prevails across other parts of the country. We should easily cross 83 million tonne to 84 million tonne production this year. However, March is very crucial for the crop.
- In Rajkot mandi, daily supplies were in the range of 5000 to 6,000 bags (each of 100 kg). "Compared to the previous year when farmers were getting `1,250 to `1,700 per quintal , current prices are ruling at `1,000 to `1,500 per quintal owing to an increase in arrivals. Similarly, wheat prices in Khanna mandi, Asia's largest grain market, dropped to 1190-1,200 per quintal from `1,215 a week ago, due to a fall in demand. Daily supplies were limited to 10 ton per day.
- 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 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<br>09-03-11 | Chng from<br>Prior Day | Arrivals<br>08-03-11 | Chng from<br>Prior Day |
|-----------------------|-------------------------------|--------------------|------------------------|----------------------|------------------------|
| Delhi (Lawrence Road) | Mill Quality (Ready Delivery) | 1320               | 5                      | 2500                 | 1000                   |
| Delhi (Narela)        | Mill Delivery Loose           | closed             | -                      | -                    | -                      |
| Delhi (Nazafgarh)     | Mill Delivery Loose           | closed             | -                      | -                    | -                      |
| Gujarat (Rajkot)      | Loose(New) Lokwan             | 1175-1200          | Nil                    | 6000                 | -2000                  |
| Gujarat(Ahmadabad)    | Mill delivery                 | 1260               | 10                     | 1200                 | Nil                    |
| Gujarat (Surat)       | Mill delivery                 | 1280               | 15                     | 800                  | 300                    |
| M.P. (Bhopal)         | Mill quality loose            | 1150-1200          | Unch.                  | 500                  | +100                   |
| M.P. (Indore)         | Mill quality                  | 1275-1280          | -10                    | 8000                 | 2000                   |
| Rajasthan (Kota)      | Mill quality loose            | 1220               | -5                     | 2500                 | 500                    |
| U.P. (Kanpur)         | Mill delivery                 | 1290               | -10                    | 200                  | -200                   |
| Punjab (Khanna)       | Mill quality loose            | 1190               | 10                     | 200                  | -100                   |
| Haryana (Karnal)      | Mill quality (Mill delivery)  | 1275               | Unch                   | Nil                  | Unch                   |
| Haryana (Sirsa)       | Mill delivery loose           | 1215               | -5                     | 100                  | Unch                   |
| Haryana (Rewari)      | Mill quality loose            | 1240-1250          | -10                    | 50                   | Unch                   |
| Haryana (Panipath)    | Mill quality loose            | 1270               | Nil                    | 800                  | 800                    |

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

**RBI Indicative Exchange Rates**

| Country/ Continent | Currency | Value in Rupees<br>08-03-2011 | Value in Rupees<br>09-03-2011 |
|--------------------|----------|-------------------------------|-------------------------------|
| USA                | Dollar   | 45.03                         | 45.02                         |
| European Union     | Euro     | 62.94                         | 62.54                         |
| United Kingdom     | GBP      | 72.97                         | 72.70                         |

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