

Price Drivers

- Arrival continues to increase in M.P. and Gujarat. Bumper production expected despite some loss.
- One lakh ton wheat shipment allowed to Afghanistan 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, Procurement in Gujarat will start from 15th of March.
- 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 positive 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	<1180	1170	1165	1183.8
Support & Resistance				
S2	S1	PCP	R1	R2
-	1165	1174.2	1180	1184



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 However, March is very crucial for the crop.
- Gujarat government has decided to procure wheat at minimum support price (MSP) from March 15, 2011. The government would purchase wheat at the MSP of Rs 1120 per quintal. The step was taken to safeguard the interests of the farmers in case of the market prices going below the MSP levels. Prices are likely to remain under pressure.
- Around 1-3 million tons of wheat could be easily exported from India and it won't have any bearing on government's food stocks and grain availability." This is the best time to allow wheat exports as Indian wheat, which is comparable to Australian wheat, will fetch around Rs 15-Rs 16 per kilogram in the international markets, Decision still pending.
- Govt. will start procuring wheat on 1st April in Punjab, Haryana and U.P on MSP. Procurement in U.P. may increase this year due to higher production. Even Gujarat may contribute more in this marketing season.
- 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 29.45 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
- 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. Prices has started coming down.
- 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 ton.
- International market has come down but downfall will not continue due to uncertain weather and increased demand .Political unrest in many countries impacted the demand for the time being.At lower level buyings are expected from many importing nations.

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 1203-11	Chng from Prior Day	Arrivals 12-03-11	Chng from Prior Day
Delhi (Lawrence Road)	Mill Quality (Ready Delivery)	1320	unch	3000	unch
Delhi (Narela)	Mill Delivery Loose	1290	10	1000	500
Delhi (Nazafgarh)	Mill Delivery Loose	1260-1275	5	300	Unch
Gujarat (Rajkot)	Loose(New) Lokwan	1200	Unch	10000	4000
Gujarat(Ahmadabad)	Mill delivery	1260	Unch	1200	Unch
Gujarat (Surat)	Mill delivery	1290	10	800	Unch
M.P. (Bhopal)	Mill quality loose	1225	-20	700	200
M.P. (Indore)	Mill quality	1300	unch	10000	unch
Rajasthan (Kota)	Mill quality loose	1220-1225	unch	2000	Unch
U.P. (Kanpur)	Mill delivery	1260	-10	400	-50
Punjab (Khanna)	Mill quality loose	1185	-5	300	-200
Haryana (Karnal)	Mill quality (Mill delivery)	1290	20	2000	-1000
Haryana (Sirsa)	Mill delivery loose	1215	Unch	100	Unch
Haryana (Rewari)	Mill quality loose	1240-1250	-10	50	Unch
Haryana (Panipath)	Mill quality loose	1255-1260	Nil	800	Unch

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

RBI Indicative Exchange Rates

Country/ Continent	Currency	Value in Rupees 10-03-2011	Value in Rupees 11-03-2011
USA	Dollar	45.11	45.21
European Union	Euro	62.56	62.43
United Kingdom	GBP	72.90	72.54

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