

Price Drivers

- Pressure from new crop, Record production. Gujarat starts procurement. Bonus offered in M.P. Weather is crucial.
- One lakh ton wheat shipment allowed to Afghanistan as donation, Decision on wheat export likely at the end of current month.
- Harvesting in Punjab and Haryana is likely to commence on the first week of April..
- Procurement target increased to 26.MMT
- Pressure to offload wheat on FCI, Huge stock from last year crop in govt.'s granary.
- 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 1180.
- Even 9 day and 18day SMA hints further weakness in the market
- RSI is moving down in positive zone indicating further weakness in the market
- Wheat is likely to trade range bound with bearish sentiment in next trading session. So participants are suggested to go for selling at higher level.

Trade Recommendation: Wheat NCDEX (April)

Call	Entry	T1	T2	SL
Sell	<1173	1162	1158	1176.6
Support & Resistance				
S2	S1	PCP	R1	R2
1152	1158	1165	1180	1184



Spot Market Fundamental

- Expectation of rising temperature in north-eastern India may encourage higher arrivals in weeks ahead. Unlike north eastern regions some cloudy weather may occur in Punjab, Haryana and parts of J&K and delay harvesting by a week. Crop condition is excellent throughout the country. Prices are likely to be under pressure in weeks ahead on lower demand.
- This year higher arrival is expected from all major wheat growing states. Market is ruling above MSP right now due to various reasons like Rs 100 per qtl. bonus to wheat farmers in M.P., buying at higher prices by MNC's on hope of opening up export. Weather is very crucial for next two weeks and we need to have a close eye on it.
- Govt. has increased the procurement target on back of estimating higher production. However, India lacks parity for the time being. If prices go up once again in the international market some export might be possible.
- Expert say that 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.
- 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 have 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.

Prices are likely to trade in the range of Rs 1175 to Rs1250 in most of the cash markets depending on quality as well as regions specific conditions with steady 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 16.03-11	Chng from Prior Day	Arrivals 16-03-11	Chng from Prior Day
Delhi (Lawrence Road)	Mill Quality (Ready Delivery)	1315	Unch	3500	-500
Delhi (Narela)	Mill Delivery Loose	1280	-10	1000	Unch
Delhi (Nazafgarh)	Mill Delivery Loose	1265-1275	5	300	Unch
Gujarat (Rajkot)	Loose(New) Lokwan	1180-1190	Unch.	20000	-1000
Gujarat(Ahmadabad)	Mill delivery	1240	Unch	1500	Unch
Gujarat (Surat)	Mill delivery	1265-1270	5	1000	200
M.P. (Bhopal)	Mill quality loose	1220	20	1500	1000
M.P. (Indore)	Mill quality	1240-1250	Unch	20000	10000
Rajasthan (Kota)	Mill quality loose	1150-1175	Unch	4000	1000
U.P. (Kanpur)	Mill delivery	1275-1300	Unch	600	300
Punjab (Khanna)	Mill quality loose	1180	-5	300	Unch
Haryana (Karnal)	Mill quality (Mill delivery)	1250	-5	500	-2000
Haryana (Sirsa)	Mill delivery loose	1210	Unch	100	20
Haryana (Rewari)	Mill quality loose	1240-1250	-10	50	Unch
Haryana (Panipath)	Mill quality loose	1250-1260	10	500	-300

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

RBI Indicative Exchange Rates

Country/ Continent	Currency	Value in Rupees 16-03-2011	Value in Rupees 15-03-2011
USA	Dollar	45.18	45.27
European Union	Euro	63.13	63.08
United Kingdom	GBP	72.58	72.94

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>