

## Price Drivers

- Record production. Gujarat starts procurement. Bonus offered in M.P. Favourable weather.
- Harvesting in Punjab and Haryana is likely to commence on the first week of April.
- Decision on wheat export likely at the end of current month.
- 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 1175.
- 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
<b>Sell</b>	<1172	1162	1158	1175.4
Support & Resistance				
S2	S1	PCP	R1	R2
1152	1158	1166	1180	1184



## Spot Market Fundamental

- Pressure on wheat market continued on rising arrival pressure and crop near maturity in Punjab and Haryana. Prices of loose wheat in Gujarat have come down below MSP level and traders are hoping more dip with rising arrivals. Moisture level is high so they are not buying actively and offering lower rate to the farmers. Rising temperature is enhancing harvesting activities.
- Decision on export is still pending and higher arrival in almost all markets is expected in April. This will create glut like position in mandis. If govt allows export, prices will remain stable near MSP.
- 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.
- 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 1<sup>st</sup> 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.

Excellent crop conditions throughout the country supported by favourable weather and new crop arrivals will keep market under pressure in April and May. Arrivals have come down due to weeks end and holi. After Holi arrival pressure will build up. Crop in Punjab ,Haryana, U.P. is about to mature and harvesting is expected to commence at the end of this month.

## Prices at key Market

Centre	Variety	Prices 18.03-11	Chng from Prior Day	Arrivals 18-03-11	Chng from Prior Day
Delhi (Lawrence Road)	Mill Quality (Ready Delivery)	1315	5	4000	1000
Delhi (Narela)	Mill Delivery Loose	1265	-5	1000	Unch
Delhi (Nazafgarh)	Mill Delivery Loose	1260	-5	400	100
Gujarat (Rajkot)	Mill delivery	1105	-30	20000	-7000
Gujarat(Ahmadabad)	Mill delivery	1235	5	2000	+600
Gujarat (Surat)	Mill delivery	1250	unch	1200	200
M.P. (Bhopal)	Mill quality loose(Lokwan)	1200-1220	-20	3000	1500
M.P. (Indore)	Mill quality	1240	-10	20000	3000
Rajasthan (Kota)	Mill quality loose	1120-1140	15	6000	2000
U.P. (Kanpur)	Mill delivery	closed	Nil	500	-100
Punjab (Khanna)	Mill quality loose	1180	Unch	700	-100
Haryana (Karnal)	Mill quality (Mill delivery)	1275-1280	10	500	-500
Haryana (Sirsa)	Mill delivery loose	1200	Nil	100	50
Haryana (Rewari)	Mill quality loose	1230-1240	-10	50	Unch
Haryana (Panipath)	Mill quality loose	1250-1260	unch	500	Unch

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

## RBI Indicative Exchange Rates

Country/ Continent	Currency	Value in Rupees 18-03-2011	Value in Rupees 17-03-2011
USA	Dollar	45.09	45.24
European Union	Euro	63.43	63.00
United Kingdom	GBP	72.82	72.50

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