

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
Sell	<1170	1162	1158	1175.4
Support & Resistance				
S2	S1	PCP	R1	R2
1152	1158	1166.6	1175	1182

VHTSMODELJ 1104(NCWHMJ1)2011/03/19 - Daily B:1163.20 A:1166.60
 > 1168.00 H 1169.80 L 1163.00 C 1166.60 V 930 19.100 0

MA(9) 1171.7 (18) 1179.8



Spot Market Fundamental

- Wheat market continued to rule under pressure on excellent crop and weak trading activities. Millers are not buying wheat as they are well aware of prices coming down in next two- three weeks from now in Panjab ,Haryana and U.P. Pressure in Gujarat and M.P. is being felt on the market fundamentals and prices may go down up to 8-9 percent in April.
- 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.
- 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.
- 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.

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 19.03-11	Chng from Prior Day	Arrivals 19-03-11	Chng from Prior Day
Delhi (Lawrence Road)	Mill Quality (Ready Delivery)	1270	-35	4000	unch
Delhi (Narela)	Mill Delivery Loose	closed	-5	1000	Unch
Delhi (Nazafgarh)	Mill Delivery Loose	1230-1250	-15	150	-100
Gujarat (Rajkot)	Mill delivery	1160	55	13000	-7000
Gujarat(Ahmadabad)	Mill delivery	1240	5	2000	+600
Gujarat (Surat)	Mill delivery	1270	20	1200	200
M.P. (Bhopal)	Mill quality loose(Lokwan)	1150	-	1000	-
M.P. (Indore)	Mill quality	closed	-	-	-
Rajasthan (Kota)	Mill quality loose	1100-1120	-20	2500	-1000
U.P. (Kanpur)	Mill delivery	closed	Nil	500	-100
Punjab (Khanna)	Mill quality loose	1160	-20	700	unch
Haryana (Karnal)	Mill quality (Mill delivery)	closed	10	500	-500
Haryana (Sirsa)	Mill delivery loose	closed	Nil	100	50
Haryana (Rewari)	Mill quality loose	1230-1240	unch	50	Unch
Haryana (Panipath)	Mill quality loose	closed	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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