

## Price Drivers

- Record production. Gujarat starts procurement. Bonus offered in M.P. Favourable weather. Harvesting started in Maharashtra
- 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 strerastrarvesting commenced in

## 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 1178.
- 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>	<1175	1168	1165	1178.4
Support & Resistance				
S2	S1	PCP	R1	R2
1152	1163	1174	1177	1182

## Spot Market Fundamental

- Steady to weak trend continued to rule in cash wheat market on expectation of bigger crop size, increasing arrival in Gujarat, M.P. Harvesting has commenced in Maharashtra. Prices may go down up to 8-9 percent in April from current level. Weather for harvesting is favourable and rising temperature is enhancing harvesting activities.
- 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.. 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,
- Punjab ,Haryana ,M.P., Rajasthan and U.P. is expected to contribute more wheat to central pool this year and will keep prices under pressure in weeks ahead.
- 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 21.03-11	Chng from Prior Day	Arrivals 21-03-11	Chng from Prior Day
Delhi (Lawrence Road)	Mill Quality (Ready Delivery)	1260	-10	2000	-2000
Delhi (Narela)	Mill Delivery Loose	1250	-5	500	-500
Delhi (Nazafgarh)	Mill Delivery Loose	1215-1230	-15	400	-200
Gujarat (Rajkot)	Mill delivery	1160	Nil	20000	7000
Gujarat(Ahmadabad)	Mill delivery	1240	-5	2000	+600
Gujarat (Surat)	Mill delivery	1260	-10	1200	200
M.P. (Bhopal)	Mill quality loose(Lokwan)	1125-1150	20	1000	-200
M.P. (Indore)	Mill quality	1230	-10	15000	-5000
Rajasthan (Kota)	Mill quality loose	1120-1130	10	3000	500
U.P. (Kanpur)	Mill delivery	closed	Nil	-	-
Punjab (Khanna)	Mill quality loose	1150	-20	800	100
Haryana (Karnal)	Mill quality (Mill delivery)	1250-1270	10	500	-500
Haryana (Sirsa)	Mill delivery loose	1190	-10	110	10
Haryana (Rewari)	Mill quality loose	1230-1240	unch	50	Unch
Haryana (Panipath)	Mill quality loose	1260	-10	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 21-03-2011
USA	Dollar	45.09	45.05
European Union	Euro	63.43	63.81
United Kingdom	GBP	72.82	73.05

**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>