

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 in April.
- Procurement target increased to 26.3MMT
- 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 (May)

Call	Entry	T1	T2	SL
Sell	<1173	1165	1160	1176.8
Support & Resistance				
S2	S1	PCP	R1	R2
1150	1158	1171	1175	1181



Spot Market Fundamental

- Wheat cash and future market remained subdued on higher crop expectation, rising arrival amid normal demand in most markets. Wheat crop in Punjab, Haryana, U.P and Rajasthan is entering in maturity phase and harvesting is expected in these regions in first week of April.
- Arrival pressure in these regions is expected to increase at the mid of April. Overall sentiments in the market is bearish and prices are expected to come near MSP. Export decision is pending and govt may take decision in the middle of April. Higher production may create storage crunch for govt procuring agencies.
- Farmers around the base depot in Moga in Punjab, which is a scientific storage facility, may get an incentive of Rs 20 a quintal for transporting wheat crop there in the coming wheat procurement season, with FCI recommending the Centre to approve such an incentive.
- 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 23.03-11	Chng from Prior Day	Arrivals 23-03-11	Chng from Prior Day
Delhi (Lawrence Road)	Mill Quality (Ready Delivery)	1215	-15	3000	-1000
Delhi (Narela)	Mill Delivery Loose	closed	-5	1000	500
Delhi (Nazafgarh)	Mill Delivery Loose	closed	-25	300	-100
Gujarat (Rajkot)	Mill delivery	1160	Nil	19000	-1000
Gujarat(Ahmadabad)	Mill delivery	1225	15	1000	-1000
Gujarat (Surat)	Mill delivery	1260	10	1200	200
M.P. (Bhopal)	Mill quality loose(Lokwan)	1100-1150	Nil	1000	-200
M.P. (Indore)	Mill quality	1230-1240	-10	17000	2000
Rajasthan (Kota)	Mill quality loose	1120-1130	Nil	3000	500
U.P. (Kanpur)	Mill delivery	1240-1250	-5	300	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	1180	-10	110	10
Haryana (Rewari)	Mill quality loose	1230-1240	unch	50	Unch
Haryana (Panipath)	Mill quality loose	1250	-10	500	Unch

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

RBI Indicative Exchange Rates

Country/ Continent	Currency	Value in Rupees 22-03-2011	Value in Rupees 23-03-2011
USA	Dollar	44.97	44.96
European Union	Euro	63.98	63.68
United Kingdom	GBP	73.34	73.56

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