

Price Drivers

- Excellent crop condition, expectation of record crop, harvesting commences in major growing regions.
- Favourable weather, huge carry in stock, higher area
- Decision on wheat export likely in April.
- Procurement target increased to 26.3MMT.
- Lower demand against supply.
- IGC revised wheat production estimates up, Russia weather improved. Demand from Japan is likely to go up.

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 1160.
- Even 9 day and 18day SMA hints further weakness in the market
- RSI is moving down in oversold zone indicating caution to the bears.
- Wheat is likely to trade range bound with bearish sentiment in next trading session. Sell at higher level.

Trade Recommendation: Wheat NCDEX (April)

Call	Entry	T1	T2	SL
Sell	<1155	1148	1146	1157.4
Support & Resistance				
S2	S1	PCP	R1	R2
1138	1145	1153	1160	1170



Spot Market Fundamental

- Wheat cash and future market continued its southward journey on back of increased arrival, lower demand and record production prospects. Bulk buyers like flour millers, stockists are unwilling to buy at current rate with high moisture level. They are waiting for prices coming down near MSP level and it is expected to dip on expected level at the first week of April.
- Higher crop size, over 84 million tons is likely to create glut like situation in markets in weeks ahead. Prices will be under extreme pressure in U.P., Bihar, Rajasthan and some other non producing states. Prices may rule below MSP in U.P and Bihar on arrival pressure despite procurement strategy on MSP.
- 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 March. 1 wheat stocks were at 17.1 million tons, substantially higher than requirement of 7 MMT.
- 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 . 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 26.03-11	Chng from Prior Day	Arrivals 26-03-11	Chng from Prior Day
Delhi (Lawrence Road)	Mill Quality (Ready Delivery)	1190-1195	10	2500	Unch
Delhi (Narela)	Mill Delivery Loose	1160	-10	500	Unch
Delhi (Nazafgarh)	Mill Delivery Loose	1130	5	200	-50
Gujarat (Rajkot)	Mill delivery	1170	-10	22000	Nil
Gujarat(Ahmadabad)	Mill delivery	1225	-5	1000	-500
Gujarat (Surat)	Mill delivery	1250	10	2000	1200
M.P. (Bhopal)	Mill quality loose(Lokwan)	1100-1150	unch	2000	Nil
M.P. (Indore)	Mill quality	1195-1210	unch	13000	Unch
Rajasthan (Kota)	Mill quality loose	1120	-10	15000	7000
U.P. (Kanpur)	Mill delivery	1205-1210	unch	400	-
Punjab (Khanna)	Mill quality loose	1130	-5	700	-300
Haryana (Karnal)	Mill quality (Mill delivery)	1245	Unch	150	-50
Haryana (Sirsa)	Mill delivery loose	1165-1170	-5	50	-50
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 24-03-2011	Value in Rupees 26-03-2011
USA	Dollar	44.73	44.65
European Union	Euro	63.94	63.28
United Kingdom	GBP	73.38	71.91

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