AGRIWATCH

WHEAT

29March. 2011

1230

1180

Price Drivers

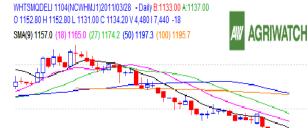
- Excellent crop condition, expectation of record crop, harvesting commences in major growing regions.
- Favourable weather, huge carry in stock, higher area
- Decision on wheat export likely in April.
- Procurement target increased to 26.3MMT.
- Lower demand against supply.
- IGC revised wheat production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

<u>Analysis: Technical</u>

- 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 1150.
- 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	<i>T2</i>	SL		
Sell	<1134	1128	1125	1137		
Support & Resistance						
<i>S2</i>	<i>S1</i>	PCP	<i>R1</i>	<i>R2</i>		
1115	1125	1134	1140	1150		





Spot Market Fundamental

- Wheat cash and future market continued to tumble down on new crop pressure, record crop prospects and higher supply against normal demand. Arrival pressure from Rajasthan, Punjab, Haryana and U.P. is likely to be felt from next week after Gujarat and M.P. There is a growing fear that prices of wheat may go below MSP level in U.P. and Bihar.
- 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.
- Higher crop size, over 84 million tons is likely to create glut like situation in markets in weeks ahead.
- 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.
- 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.



WHEAT

29March. 2011

Prices at key Market

Centre	Variety	Prices 28.03-11	Chng from Prior Day	Arrivals 28-03-11	Chng from Prior Day
Delhi (Lawrence Road)	Mill Quality (Ready Delivery)	1200	10	5000	<u>2500</u>
Delhi (Narela)	Mill Delivery Loose	1150	-10	500	Unch
Delhi (Nazafgarh)	Mill Delivery Loose	1140	10	150	-50
Gujarat (Rajkot)	Mill delivery	1160	-10	20000	-2000
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	1130-1140	-35	50	-50
Haryana (Rewari)	Mill quality loose	1170-1200	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 28-03-2011	Value in Rupees 26-03-2011
USA	Dollar	44.78	44.65
European Union	Euro	62.96	63.28
United Kingdom	GBP	73.63	71.91

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