# Wheat Daily Report

**WHEAT** 29March, 2011

## 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 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* | *T2* | *SL* |
|---|---|---|---|---|
| *Sell* | *<1134* | *1128* | *1125* | *1137* |
| ***Support & Resistance*** | | | | |
| *S2* | *S1* | *PCP* | *R1* | *R2* |
| 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.**

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## 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 | 2500 |
| 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 |