

Price Drivers

- Arrival pressure from new crop likely soon, record crop prospects, India to consider on export
- Favourable weather, huge carry in stock, higher area
- Comparatively slower start of procurement, Procurement target increased to 26.2MMT.
- Lower demand against supply. Lower trading activities due to March closing.
- 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 1145.
- Even 9 day and 18day SMA hints further weakness in the market
- RSI is moving up 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	<1144	1137	1135	1147.4
Support & Resistance				
S2	S1	PCP	R1	R2
1120	1131	1140	1146	1152

Spot Market Fundamental

- India could decide as early as next month to lift a four-year-old ban on wheat exports, but the government, struggling to bring down prices, may lack the political will for such a move. Adequate stocks in the market following rising supplies of new crop mainly put pressure on prices. Arrival from new crop in Punjab, Haryana and U.P is expected from the first week of April and it will put more pressure on market sentiments.
- 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. Procurement has been lower in Gujarat due to higher market prices and MNC's buying activities.
- Food Corporation of India has procured over 1.57 lakh tons of wheat this year so far, largely from Madhya Pradesh. It has procured only 40 tons from Gujarat so far. Arrival has come down comparatively to last year.
- 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 2.2 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.
- 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. .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 limited trading activities at the fag end of march closing.. 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. Restricted export may be allowed.

WHEAT

31st March, 2011

Prices at key Market

Centre	Variety	Prices 30.03-11	Chng from Prior Day	Arrivals 30-03-11	Chng from Prior Day
Delhi (Lawrence Road)	Mill Quality (Ready Delivery)	1205	10	3000	-2000
Delhi (Narela)	Mill Delivery Loose	closed	-	-	-
Delhi (Nazafgarh)	Mill Delivery Loose	closed	-	-	-
Gujarat (Rajkot)	Mill delivery	closed	-	-	-
Gujarat (Ahmadabad)	Mill delivery	1225	Unch	-	-
Gujarat (Surat)	Mill delivery	1250	Unch	2000	Unch
M.P. (Bhopal)	Mill quality loose (Lokwan)	1100-1150	Unch	2000	Nil
M.P. (Indore)	Mill quality	1175-1200	15	8000	3000
Rajasthan (Kota)	Mill quality loose	1080-1085	-15	20000	5000
U.P. (Kanpur)	Mill delivery	1205-1210	Unch	400	Unch
Punjab (Khanna)	Mill quality loose	1130	Unch	900	200
Haryana (Karnal)	Mill quality (Mill delivery)	1245	Unch	150	-50
Haryana (Sirsa)	Mill delivery loose	1150	10	70	20
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 30-03-2011	Value in Rupees 29-03-2011
USA	Dollar	44.78	44.67
European Union	Euro	62.96	63.09
United Kingdom	GBP	73.63	71.62

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