AGRIWATCH

Wheat DAILY REPORT

WHEAT **2nd April, 2011**

Price Drivers

- Arrival pressure from new crop likely soon, record crop prospects, India to consider on export at April end.
- Favourable weather, huge carry in stock, higher area, Purchase tax increased in Punjab.
- Comparatively slower start of procurement, Procurement target increased to 26.2MMT.
- 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 buyers support in the future market with firm bias likely to continue in next trading session.*
- *Prices continue to test towards its resistance with increasing volume indicating adequate buying strength to breach its crucial resistance region of INR 1165.*
- *Even 9 day and 18day SMA hints further firmness in the market*
- *RSI is moving up in positive zone indicating caution to the bears.*
- *Wheat is likely to trade range bound with firm sentiment in next trading session. Buy at lower level.*

Trade Recommendation: Wheat NCDEX (May)

Call	Entry	T1	T2	SL
Buy	>1160	1165	1167	1157
Support & Resistance				
S2	S1	PCP	R1	R2
1145	1155	1162	1165	1175

Spot Market Fundamental

- Prices of wheat in cash and future market remained firm on the possibility of export, lower arrival, one percent increase in purchase tax in Punjab supported by delayed harvesting in Punjab and Haryana at least by a week. However, market will remain under pressure in weeks ahead on expectation of heavy arrivals form Major growing regions.
- In the current season, the agency has procured 2.61 lakh tons so far this year compared to 3.89 lakh tonne in the same period last year, down 33% from the year before. Arrivals are down about 34% to 3.81 lakh tone so far from 5.76 lakh tons in the same period last year. Higher crop size, over 84 million tons is likely to create glut like situation in markets in weeks ahead.
- 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.
- Punjab is projecting wheat production of 154 lakh tons as against 151.69 lakh tons last season. Haryana has revised its target to achieve wheat output of 115.09 lakh tons in current season, which will be almost 10 per cent higher than wheat production of 105 lakh tons. Area under wheat cultivation in Punjab stood at 35.15 lakh hectares, while in Haryana it is pegged at 24.75 lakh hectares.
- 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.
- 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.**

AGRIWATCH

Wheat Daily Report

WHEAT 2nd April, 2011

Prices at key Market

Centre	Variety	Prices 31.03-11	Chng from Prior Day	Arrivals 31-03-11	Chng from Prior Day
Delhi (Lawrence Road)	Mill Quality (Ready Delivery)	1205	5	2500	-500
Delhi (Narela)	Mill Delivery Loose	1150	-	500	-
Delhi (Nazafgarh)	Mill Delivery Loose	1140	-10	250	-50
Gujarat (Rajkot)	Mill delivery	closed	-	-	-
Gujarat (Ahmadabad)	Mill delivery	1200	-25	1500	500
Gujarat (Surat)	Mill delivery	1225	-25	1300	-700
M.P. (Bhopal)	Mill quality loose (Lokwan)	closed	Unch	2000	Nil
M.P. (Indore)	Mill quality	1175-1200	unch	10000	2000
Rajasthan (Kota)	Mill quality loose	1150	15	3000	3000
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 31-03-2011
USA	Dollar	44.78	44.65
European Union	Euro	62.96	63.24
United Kingdom	GBP	73.63	71.92