

Price Drivers

- Harvesting delayed in Punjab and Haryana, record production on the card, procurement started in major growing regions.
- Favourable weather, huge carry in stock, Purchase tax increased in Punjab by one percent, higher yield expected
- Procurement target increased to 26.2MMT.
- Decision on export likely soon.
- IGC revised wheat production estimates up, Russia weather improved. Demand from Japan is likely to go up. Doubt over China's crop size.

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 1175.
- 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	>1168	1175	1177	1165
Support & Resistance				
S2	S1	PCP	R1	R2
1150	1163	1170	1175	1185



Spot Market Fundamental

- Prices in cash and future market continued to rule firm on back of possibility of export, delayed harvesting in Punjab, Haryana and U.P. However, market will remain under pressure in weeks ahead on expectation of heavy arrivals from Major growing regions. Fundamentals are not very supportive for wheat market. Wheat prices in U.P. are likely to go below MSP in remote areas like previous year.
- The wheat procurement season kicked off in Uttar Pradesh today with the government facing an uphill task in achieving its target of procuring 4 million tons (MT) of the food grain. India's leading wheat producer UP is expecting a bumper and quality wheat output at 28.8 MT over 9.69 million hectares. Last year, wheat production had stood at 27.5 MT. The government has estimated that almost 5.5 MT of wheat would be surplus and available for procurement
- 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.
- 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.
- 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 and delayed harvesting in major growing regions. Pressure on wheat market is likely to continue on expectation of bumper crop this year. Restricted export may be allowed. If prices get support from export decision, procurement will come down.

WHEAT

4 April, 2011

Prices at key Market

Centre	Variety	Prices 02.04-11	Chng from Prior Day	Arrivals 02-04-11	Chng from Prior Day
Delhi (Lawrence Road)	Mill Quality (Ready Delivery)	1235	25	4000	1500
Delhi (Narela)	Mill Delivery Loose	1150	unch	900	400
Delhi (Nazafgarh)	Mill Delivery Loose	1150	10	350	100
Gujarat (Rajkot)	Mill delivery	closed	-	-	-
Gujarat (Ahmadabad)	Mill delivery	1195-1200	unch	2000	1500
Gujarat (Surat)	Mill delivery	1225	Unch	1500	200
M.P. (Bhopal)	Mill quality loose (Lokwan)	closed	Unch	2000	Nil
M.P. (Indore)	Mill quality	1200-1205	5	20000	7000
Rajasthan (Kota)	Mill quality loose	Nil	-	3000	3000
U.P. (Kanpur)	Mill delivery	1190-1200	-10	900	400
Punjab (Khanna)	Mill quality loose	1130	Unch	400	-500
Haryana (Karnal)	Mill quality (Mill delivery)	1270	20	40	-90
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 02-04-2011	Value in Rupees 31-03-2011
USA	Dollar	44.65	44.65
European Union	Euro	63.24	63.24
United Kingdom	GBP	71.92	71.92

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