AGRIWATCH

# Wheat DAILY REPORT

**WHEAT** **5th April, 2011**

## Price Drivers

- Arrival commences in Punjab and U.P., record production on the card, procurement started in major growing states.
- 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. Wheat crop infected in China.

## *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 decreasing volume indicating inadequate buying strength to breach its crucial resistance region of INR 1170.*
- *Even 9 day and 18day SMA hints further firmness in the market*
- *RSI is moving down in positive zone indicating caution to the bulls..*
- *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 | >1162 | 1168 | 1170 | 1159 |
| **Support & Resistance** | | | | |
| S2 | S1 | PCP | R1 | R2 |
| 1152 | 1159 | 1165 | 1170 | 1175 |

## Spot Market Fundamental

- The major producing states of wheat such as Punjab, Haryana Madhya Pradesh and Gujarat have reported increased fresh arrivals. The spot prices of wheat in major markets of Punjab and Madhya Pradesh were trading at Rs. 1140 and Rs. 1200 per quintal. Moreover, bumper production (almost 84 MMT) in 2010-11 against 80.8 million tons in the previous year might add some selling in the wheat market in weeks ahead.
- Wheat procurement in 2011-12 marketing season (April-March) is estimated at 26.2 million tonne against 22.52 million tonne in the previous year. Almost 11 million tonne wheat from Punjab may be procured and over 6.5 million tonne from Haryana. Wheat procurement in Gujarat, where state government agencies would procure 0.12 million tonne and FCI 30,000 tonne, remained at 1,500 tonne. The FCI is yet to enter the market in the state. In Madhya Pradesh till March 31, 0.41 million tonne wheat has been procured from a target of 3.5 million tonne this season.
- 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. Fundamental is weak for medium term.***

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# Wheat Daily Report

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## Prices at key Market

| Centre | Variety | Prices 04.04-11 | Chng from Prior Day | Arrivals 04-04-11 | Chng from Prior Day |
|---|---|---|---|---|---|
| Delhi (Lawrence Road) | Mill Quality (Ready Delivery) | 1235-1240 | 5 | 3500 | -500 |
| Delhi (Narela) | Mill Delivery Loose | 1170 | 20 | 500 | -400 |
| Delhi (Nazafgarh) | Mill Delivery Loose | 1150-1160 | 10 | 350 | Unch |
| Gujarat (Rajkot) | Mill delivery | 1150 | Unch | 30000 | - |
| Gujarat (Ahmadabad) | Mill delivery | 1195-1200 | unch | 2500 | 500 |
| Gujarat (Surat) | Mill delivery | 1225 | Unch | 1500 | 200 |
| M.P. (Bhopal) | Mill quality loose (Lokwan) | closed | Unch | 2000 | Nil |
| M.P. (Indore) | Mill quality | 1190-1205 | 5 | 25000 | 5000 |
| Rajasthan (Kota) | Mill quality | 1200 | - | 55000 | 3000 |
| U.P. (Kanpur) | Mill delivery | 1190-1200 | -10 | 900 | 400 |
| Punjab (Khanna) | Mill quality loose | 1130-1135 | 5 | 500 | 100 |
| 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 04-04-2011 |
|---|---|---|---|
| USA | Dollar | 44.65 | 44.65 |
| European Union | Euro | 63.24 | 63.24 |
| United Kingdom | GBP | 71.92 | 71.92 |