

## 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 range bound movement in the future market with weak bias likely to continue in next trading session.
- Prices continue to test towards its resistance with steady volume indicating inadequate buying strength to breach its crucial resistance region of INR 1170.
- Even 9 day and 18day SMA hints unsupportive market.
- RSI is moving down in positive zone indicating caution to the bulls.
- Wheat is likely to trade range bound with weak sentiment in next trading session. Sell at higher level.

## Trade Recommendation: Wheat NCDEX (May)

Call	Entry	T1	T2	SL
<b>Sell</b>	<1171	1165	1163	1174
Support & Resistance				
S2	S1	PCP	R1	R2
1152	1161	1168	1173	1180



## Spot Market Fundamental

- Wheat is trading with positive note on expectation of opening up export and lower arrival in major markets in comparison to the corresponding period last year. Harvesting delayed in Punjab and Haryana by a week and it has direct bearings on fresh arrivals.
- However, pressure will continue on wheat market with rising arrivals, bumper crop prospects and higher than expected carry in stock. These factors would weigh on market in weeks ahead. Prices might also get some support from weak arrivals in all the major mandies.
- Wheat procurement was down by 36 per cent as on April 4 this year at 4.34 lakh tonnes, mainly due to less arrival of crops from Madhya Pradesh and delays in harvesting in Haryana and Punjab. Food Corporation of India (FCI) had bought 6.74 lakh tonnes in the year-ago period.
- 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..
- 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. 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..**



## Prices at key Market

Centre	Variety	Prices 05.04-11	Chng from Prior Day	Arrivals 05-04-11	Chng from Prior Day
Delhi (Lawrence Road)	Mill Quality (Ready Delivery)	1230-1235	5	4000	500
Delhi (Narela)	Mill Delivery Loose	1175	5	900	500
Delhi (Nazafgarh)	Mill Delivery Loose	1150-1160	Unch	350	Unch
Gujarat (Rajkot)	Mill delivery	1170	10	27000	3000
Gujarat (Ahmadabad)	Mill delivery	1195-1200	unch	2500	Unch
Gujarat (Surat)	Mill delivery	1225	Unch	1500	200
M.P. (Bhopal)	Mill quality loose (Lokwan)	closed	Unch	2000	Nil
M.P. (Indore)	Mill quality	closed	5	25000	5000
Rajasthan (Kota)	Mill quality	1200-1210	10	55000	Unch
U.P. (Kanpur)	Mill delivery	1190-1200	Unch	900	Unch
Punjab (Khanna)	Mill quality loose	1130-1135	5	500	100
Haryana (Karnal)	Mill quality (Mill delivery)	1260	-10	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 05-04-2011	Value in Rupees 04-04-2011
USA	Dollar	44.45	44.65
European Union	Euro	63.01	63.24
United Kingdom	GBP	71.58	71.92

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