AGRIWATCH

Wheat DAILY REPORT

WHEAT **7th April, 2011**

Price Drivers

- Likely bonus for wheat farmers.Arrival commences in Punjab and U.P., 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 strong buying 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 1205*
- *RSI is moving up in positive zone indicating buyers support in the market.*
- *Wheat is likely to trade range bound with firm sentiment in next trading session. Players are advised to stay away from market for next trading session.*

Trade Recommendation: Wheat NCDEX (May)

Call	Entry	T1	T2	SL
Stay away	-	-	-	-

Support & Resistance

S2	S1	PCP	R1	R2
-	-	1189	-	-

Spot Market Fundamental

- Cash and future wheat markets bounced back on expected bonus for wheat farmer's today. Lower arrivals in major growing states amid private trade buying activities supported the ongoing sentiments. Procurement status remained lower due to higher prices in the open market. If govt. declares bonus ,prices may move up.
- In a latest development, The Cabinet Committee on Economic Affairs (CCEA) is likely to consider tomorrow an Agriculture Ministry's proposal to give bonus of Rs 50 to wheat farmers over and above the MSP of Rs 1120 per quintal this year. According to sources, the Farm Ministry has favoured bonus to wheat farmers.
- 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.

Despite bumper crop ,wheat market firmed up on expectation of export possibility and likely bonus for wheat farmers.Delayed harvesting ,lowerv arrivals support the market.if bonus is declared prices may move up and govt's intention to keep market down might suffer. Arrivals have come down due to limited trading activities and delayed harvesting in major growing regionsHowever bumper production will create storage space crunch..

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Prices at key Market

Centre	Variety	Prices 06.04-11	Chng from Prior Day	Arrivals 06-04-11	Chng from Prior Day
Delhi (Lawrence Road)	Mill Quality (Ready Delivery)	1205	-25	4000	Unch
Delhi (Narela)	Mill Delivery Loose	closed	-	-	-
Delhi (Nazafgarh)	Mill Delivery Loose	closed	-	-	-
Gujarat (Rajkot)	Mill delivery	1155	-10	30000	3000
Gujarat (Ahmadabad)	Mill delivery	1200	unch	2500	Unch
Gujarat (Surat)	Mill delivery	1220	5	1500	200
M.P. (Bhopal)	Mill quality loose (Lokwan)	1150	-	2500	500
M.P. (Indore)	Mill quality	1200	5	25000	Unch
Rajasthan (Kota)	Mill quality	1200	-10	50000	-5000
U.P. (Kanpur)	Mill delivery	1170-1175	-20	400	-200
Punjab (Khanna)	Mill quality loose	1130	-5	300	-200
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 06-04-2011
USA	Dollar	44.45	44.20
European Union	Euro	63.01	63.09
United Kingdom	GBP	71.58	71.24