

Price Drivers

- Production estimate hiked, likely bonus for wheat farmers ,Export decision expected soon.
- Favourable weather, huge carry in stock, Purchase tax increased in Punjab by one percent, higher yield expected.
- Procurement target increased to 26.3MMT.
- Export disparity from major growing states.
- 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 sellers support in the future market with weak bias likely to continue in next trading session.
- Prices could not sustain at higher level due to all time higher crop estimation.
- RSI is moving down in positive zone indicating sellers support in the market.
- Price band is Rs 1150 to Rs 1180.
- Wheat is likely to trade range bound with downward trend in next trading session. Players are advised to sell at higher level.

Trade Recommendation: Wheat NCDEX (May)

Call	Entry	T1	T2	SL
Sell	<1178	1169	1166	1181
Support & Resistance				
S2	S1	PCP	R1	R2
1152	1169	1176	1180	1191



Spot Market Fundamental

- Expectation of higher crop size amid lower demand kept cash and future markets under pressure even today. However, harvesting of the crop in Punjab and Haryana has yet to pick up momentum with markets in the state witnessing not even one per cent of last year's arrivals. If it rains harvesting activities may hamper.
 - Weather has been favourable so far and cool temperatures have delayed maturity of the crop by two weeks in Punjab and Haryana. Harvesting of crop is slow due to cool weather amid immature crop.
 - The state agriculture department(Punjab) is pegging wheat output at 156 lakh metric tonnes this Rabi season and, weather permitting, it may even touch the 160 lakh tonne mark. The production last year was 151 lakh MT, mainly owing to high temperatures during the grain-setting stage in February-March..
 - The government has procured 4.72 lakh tonnes of wheat this year so far, which is lower by 52 per cent from that in the year-ago period, due to less arrival of the grain in Haryana and Madhya Pradesh. Food Corporation of India (FCI) had bought 9.87 lakh tonnes of wheat in the corresponding period of last year.
 - The procurement ends in June.The government had procured 22.5 million tonnes in the entire 2010–11 marketing year (April–March). FCI expects the procurement to touch 26.2 million tonnes in 2011–12 as output is estimated to be a record 84.27 million tonnes in 2010–11 crop year (July–June)..
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 - 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.

Revised production estimate, increasing arrivals and lower demand have supported downward trend to wheat market. Prices are likely to be under pressure despite export possibility and expected bonus for wheat farmers. Export may be allowed in a phased way and to lessen the burden of huge crop ahead. Traders are in wait and watch mood so far.

Prices at key Market

Centre	Variety	Prices 08.04-11	Chng from Prior Day	Arrivals 08-04-11	Chng from Prior Day
Delhi (Lawrence Road)	Mill Quality (Ready Delivery)	1210	-5	6000	2000
Delhi (Narela)	Mill Delivery Loose	1170	-5	600	100
Delhi (Nazafgarh)	Mill Delivery Loose	1140	-10	2000	-2000
Gujarat (Rajkot)	Mill delivery	1160	10	35000	5000
Gujarat (Ahmadabad)	Mill delivery	1200	Unch	3500	Unch
Gujarat (Surat)	Mill delivery	1220	20	2000	Unch
M.P. (Bhopal)	Mill quality loose (Lokwan)	1150	-	3000	unch
M.P. (Indore)	Mill quality	1175-1200	5	20000	Unch
Rajasthan (Kota)	Mill quality	1170	Unch	50000	Unch
U.P. (Kanpur)	Mill delivery	1165	Unch	600	-100
Punjab (Khanna)	Mill quality loose	1120	Unch	700	500
Haryana (Karnal)	Mill quality (Mill delivery)	1220	-30	100	60
Haryana (Sirsa)	Mill delivery loose	1150	10	70	20
Haryana (Rewari)	Mill quality loose	1170-1175	unch	50	Unch
Haryana (Panipath)	Mill quality loose	1220	-30	500	Unch

*Prices in Rs/ Qtl & Arrivals in bags (1 bag = 1 Qtl)

RBI Indicative Exchange Rates

Country/ Continent	Currency	Value in Rupees 07-04-2011	Value in Rupees 08-04-2011
USA	Dollar	44.24	44.04
European Union	Euro	62.87	63.40
United Kingdom	GBP	71.18	71.19

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