

Price Drivers

- Record production, smooth harvesting, increased yield, higher area.
- Favourable weather, huge carry in stock, lower demand ,export likely,export tax advised
- 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 buyers support in the future market with firm bias likely to continue.
- RSI is moving up in positive zone indicating firmness in the market.
- However lower volume is unsupportive for uptrend. Likely rains in Punjab and Haryana may support prices at current level.
- Wheat is likely to trade range bound with upward momentum in next trading session
- Players are advised to buy at lower level.

Trade Recommendation: Wheat NCDEX (May)

Call	Entry	T1	T2	SL
Buy	>1178	1183	1185	1175.4
Support & Resistance				
S2	S1	PCP	R1	R2
1165	1177	1180.2	1187	1191



Spot Market Fundamental

- Steady to weak trend continued to rule cash wheat market today. Likely cloudy weather in Punjab and Haryana may hamper harvesting activities and may support wheat market for short term. Abhijit Sen has recommended export with 10 to 15 percent tax. Recommendation has been sent to govt. for consideration.
 - Punjab and Haryana are likely to remain in cloudy weather and if it rains harvesting may be delayed by a week further. Some light rains has been reported from Pakistan too. The cloud is moving towards Punjab and Haryana.
 - 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. Likely rains in Puniab and Harvana mav delay harvesting activities and it might aive some support to wheat.

Prices at key Market

Centre	Variety	Prices 09.04-11	Chng from Prior Day	Arrivals 09-04-11	Chng from Prior Day
Delhi (Lawrence Road)	Mill Quality (Ready Delivery)	1200	-10	6500	500
Delhi (Narela)	Mill Delivery Loose	1150	-20	1000	-400
Delhi (Nazafgarh)	Mill Delivery Loose	1140	Unch	1500	-500
Gujarat (Rajkot)	Mill delivery	1150	-10	30000	-5000
Gujarat (Ahmadabad)	Mill delivery	1190	-10	1500	-1000
Gujarat (Surat)	Mill delivery	1210	-10	1800	-200
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	400	-200
Punjab (Khanna)	Mill quality loose	1130	10	400	-300
Haryana (Karnal)	Mill quality (Mill delivery)	1220	-30	100	60
Haryana (Sirsa)	Mill delivery loose	1160	-10	50	-20
Haryana (Rewari)	Mill quality loose	1160	-10	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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