

### Price Drivers

- Record production, smooth harvesting, increased yield, higher area. Wheat below MSP in U.P.
- 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 buyers support in the future market with firm bias likely to continue.
- RSI is moving up in positive zone indicating firmness in the market.
- Increased volume is too is supportive for uptrend for short term.
- Wheat is likely to trade range bound with firm bias in next trading session
- Players are advised to buy at lower level.

### Trade Recommendation: Wheat NCDEX (May)

Call	Entry	T1	T2	SL
Buy	>1167	1178	1180	1164
Support & Resistance				
S2	S1	PCP	R1	R2
1154	1165	1175	1182	1191



### Spot Market Fundamental

- Pressure on wheat market continued on increasing arrivals in U.P. and Bihar and likely pressure from Punjab and Haryana in weeks ahead. Prices in many centers are reportedly ruling below MSP in U.P. and Bihar. Problem of plenty is likely if export is not allowed in time.
- 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..
- Slower start of procurement due to delayed harvesting in Punjab and Haryana may get momentum in weeks ahead. This year harvesting got delayed due to rains in maturity phase that delayed the ripening process of the standing crop.
- 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 Punjab and Haryana may delay harvesting activities and it might give some support to wheat.**

## Prices at key Market

Centre	Variety	Prices 13.04-11	Chng from Prior Day	Arrivals 13-04-11	Chng from Prior Day
Delhi (Lawrence Road)	Mill Quality (Ready Delivery)	1160	-40	8000	2500
Delhi (Narela)	Mill Delivery Loose	closed	-	-	-
Delhi (Nazafgarh)	Mill Delivery Loose	closed	-	-	-
Gujarat (Rajkot)	Mill delivery	1160	10	16000	-14000
Gujarat (Ahmadabad)	Mill delivery	1190	unch	1000	-1000
Gujarat (Surat)	Mill delivery	1210	unch	1500	-200
M.P. (Bhopal)	Mill quality loose (Lokwan)	1150	unch	5000	2000
M.P. (Indore)	Mill quality	1150	-25	16000	Unch
Rajasthan (Kota)	Mill quality	1170	Unch	50000	Unch
U.P. (Kanpur)	Mill delivery	1150	-15	200	-200
Punjab (Khanna)	Mill quality loose	1130	10	200	-300
Haryana (Karnal)	Mill quality (Mill delivery)	1220	-30	100	60
Haryana (Sirsa)	Mill delivery loose	1120	-10	50	-20
Haryana (Rewari)	Mill quality loose	1120	-10	50	Unch
Haryana (Panipath)	Mill quality loose	1150	-30	500	Unch

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

## RBI Indicative Exchange Rates

Country/ Continent	Currency	Value in Rupees 13-04-2011	Value in Rupees 08-04-2011
USA	Dollar	44.48	44.04
European Union	Euro	64.42	63.40
United Kingdom	GBP	72.36	71.19

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