

### Price Drivers

- Record production, higher carryout stock, sluggish procurement in U.P. ,Bihar and Rajasthan.
- Bonus approved, formal announcement awaited
- Export likely but decision pending so far. Ministries differ over export issue.
- Procurement target increased to 26.3MMT.
- Export disparity from major growing states like Punjab and Haryana may increase.
- IGC revised wheat production estimates up, Bearish outlook in international wheat market for short term.

### Analysis: Technical

- Candlestick formation shows buyers support in the future market with firm bias likely to continue.
- RSI is moving up in oversold zone indicating firmness in the market and caution to the bulls
- Increased volume 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	>1188	1205	1210	1185
Support & Resistance				
S2	S1	PCP	R1	R2
1175	1185	1200	1210	1225



### Spot Market Fundamental

- Cash and future wheat market remained almost steady to firm on expectation of awaited bonus announcement and lower arrivals due to rains. Harvesting and threshing activities in various parts of Punjab and Haryana have hampered by recent rains. There is no report of any major damage from hailstorm and normal activities are expected in two three days.
- Prices of wheat in U.P.,Bihar and Rajasthan are ruling below MSP due to lack of adequate procurement centers. Wheat from Rajasthan (Pugal, Bikaner, Churu) and U.P.(Bijnor, Meerut) is being shifted for better realization and with arrival pressure it may go up in weeks ahead.
- Meanwhile, International wheat companies Cargill, Louis Dreyfus, Olam India and Glencore (Agri Core) have started procuring wheat from Gujarat and Rajasthan mandis. A bumper production and an increase in supplies have pushed prices down by 10% in the past fortnight to 1,025 a quintal in the Rajkot mandi.Across Uttar Pradesh, Madhya Pradesh, Punjab and Haryana supplies are yet to pick up pace.
- 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).. The procurement ends in June.The government had procured 22.5 million tonnes in the entire 2010–11 marketing year (April–March).With delay in wheat harvesting in key growing states of Haryana and Punjab because of prolonged winter.
- The decision on bonus on wheat would have to be cleared by the EC as it may violate code of conduct.However, till Friday, only 2.1 million tonne of wheat has been procured for the current (2011-12) rabi marketing season against 8.5 million tonne lifted during the same period last year.
- 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. The wheat sowing area increased to 29.45 million hectares from 28.32 million hectares, the government data showed.
- 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.

**Prices of wheat may rule firm on expected announcement of bonus and private companies buying interest in states like U.P.,Rajasthan and Bihar where there are fewer nos. of procurement centers.Possibility of export may keep private buyer active.However,record production will weigh on market fundamental in medium and long term.**

**Prices at key Market**

Centre	Variety	Prices 18.04-11	Chng from Prior Day	Arrivals 18-04-11	Chng from Prior Day
Delhi (Lawrence Road)	Mill Quality (Ready Delivery)	1190	20	20000	7000
Delhi (Narela)	Mill Delivery Loose	1140	unch	3000	unch
Delhi (Nazafgarh)	Mill Delivery Loose	1150-1160	10	1000	-500
Gujarat (Rajkot)	Mill delivery	closed	-	-	-
Gujarat (Ahmadabad)	Mill delivery	1200	10	1000	-1000
Gujarat (Surat)	Mill delivery	1225	15	1500	-200
M.P. (Bhopal)	Mill quality loose (Lokwan)	1100	-30	7000	2000
M.P. (Indore)	Mill quality	1190	25	10000	-6000
Rajasthan (Kota)	Mill quality	1100	-10	40000	-10000
U.P. (Kanpur)	Mill delivery	1140	-10	500	300
Punjab (Khanna)	Mill quality loose	1120	Unch	50000	Unch
Haryana (Karnal)	Mill quality (Mill delivery)	1120	Unch	15000	10000
Haryana (Sirsa)	Mill delivery loose	1120	Unch	11000	1000
Haryana (Rewari)	Mill quality loose	1120	Unch	1500	1000
Haryana (Panipath)	Mill quality loose	1120	30	1500	1000

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

**RBI Indicative Exchange Rates**

Country/ Continent	Currency	Value in Rupees 18-04-2011	Value in Rupees 15-04-2011
USA	Dollar	44.52	44.52
European Union	Euro	64.41	64.93
United Kingdom	GBP	72.71	72.53

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