

Price Drivers

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

Analysis: Technical

- Candlestick formation shows sellers support in the future market with weak bias likely to continue.
- RSI is moving down in positive zone indicating weakness in the market.
- Decreased volume too is unsupportive for uptrend for short term.
- Wheat is likely to trade range bound with weak bias in next trading session
- If market breach the resistance level of Rs 1205, it may test second resistance level of Rs 1218.
- Players are advised to sell above closed price.

Trade Recommendation: Wheat NCDEX (May)

Call	Entry	T1	T2	SL
Sell	<1197	1190	1187	1201
Support & Resistance				
S2	S1	PCP	R1	R2
1175	1185	1195	1205	1218



Spot Market Fundamentals

- Prices of wheat continued to rule steady to firm on various markets on lower arrivals, hope for bonus and buying by private trades at higher level. Arrivals in Punjab and Haryana are yet to pick up. Harvesting activities in Punjab and Haryana have hampered by recent rains. However, weather conditions improved now.
- Meanwhile, imported wheat in Bangladesh is creating glut like situation amid increased local arrivals and decreasing prices have sent signals to the exporting nations that almost 5 to six months requirements for wheat have been fulfilled. Bangladesh has imported almost 13 lak tons wheat for First Quarter(January to March) against the actual requirement of 7.5 to 8 lakh tons. India too can't see Bangladesh as potential buyers for wheat in short term.
- Sources say that uptrend is unlikely to continue due to expected higher arrival pressure in weeks ahead in Punjab, Haryana, U.P. and Bihar. Wheat is being shifted from Rajasthan and U.P. to Punjab and Gujarat where prices are comparatively higher due to adequate procurement centers.
- 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.
- 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. .
- 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

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 20.04-11	Chng from Prior Day	Arrivals 20-04-11	Chng from Prior Day
Delhi (Lawrence Road)	Mill Quality (Ready Delivery)	1195	-5	10000	-2000
Delhi (Narela)	Mill Delivery Loose	closed	unch	8000	5000
Delhi (Nazafgarh)	Mill Delivery Loose	closed	unch	1500	500
Gujarat (Rajkot)	Mill delivery	1160	-10	25000	-8000
Gujarat (Ahmadabad)	Mill delivery	1200	unch	1000	-1000
Gujarat (Surat)	Mill delivery	1220	5	1500	-200
M.P. (Bhopal)	Mill quality loose (Lokwan)	1175	Unch	6000	-1000
M.P. (Indore)	Mill quality	1200	5	10000	-1000
Rajasthan (Kota)	Mill quality	1100	-10	40000	-10000
U.P. (Kanpur)	Mill delivery	1140-1145	Unch	600	100
Punjab (Khanna)	Mill quality loose	1120	Unch	125000	95000
Haryana (Karnal)	Mill quality (Mill delivery)	1120	Unch	15000	10000
Haryana (Sirsa)	Mill delivery loose	1120	Unch	15000	4000
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 20-04-2011	Value in Rupees 19-04-2011
USA	Dollar	44.38	44.68
European Union	Euro	63.92	63.53
United Kingdom	GBP	72.55	72.56

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