

Price Drivers

- Record production, higher carryout stock, Arrival starts to pick up.
- 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 buyers support in the future market with range bound movement likely to continue.
- RSI is moving up in positive zone indicating firmness in the market
- However decreased volume is unsupportive for uptrend.
- Price band is Rs 1150 to Rs1210,if market breeches this resistance level ,may test Rs 1220.
- Fundamental for wheat market is not very supportive and with rising arrivals pressure on market is expected to build up.
- Market participants are advised to buy at lower level.



Trade Recommendation: Wheat NCDEX (May)

Call	Entry	T1	T2	SL
Buy	>1196	1204	1207	1193
Support & Resistance				
S2	S1	PCP	R1	R2
1179	1195	1201	1210	1220

Spot Market Fundamentals

- Prices of wheat remained almost steady in various markets due to lower arrival against normal demand. Harvesting in Punjab and Haryana has been delayed by another one week due to recent rains. Pressure from new crop is expected May.
- Prices of wheat (loose) are ruling below MSP despite hope for bonus in non major producing states like Rajasthan, Gujarat, U.P. and Bihar. Farmers in these states are selling their produce below MSP due to fewer procurement centers. Situation is likely to get worse with increasing arrivals.
- 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.
- 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..
- 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	unch	15000	5000
Delhi (Narela)	Mill Delivery Loose	1150	unch	20000	10000
Delhi (Nazafgarh)	Mill Delivery Loose	1140-1160	unch	4000	1500
Gujarat (Rajkot)	Mill delivery	1170	10	15000	-10000
Gujarat (Ahmadabad)	Mill delivery	1200	unch	3500	2000
Gujarat (Surat)	Mill delivery	1221	1	2500	1200
M.P. (Bhopal)	Mill quality loose (Lokwan)	1175	Unch	6000	Unch
M.P. (Indore)	Mill quality	1200	unch	10000	unch
Rajasthan (Kota)	Mill quality	1100	-10	40000	-10000
U.P. (Kanpur)	Mill delivery	1140-1145	Unch	600	unch
Punjab (Khanna)	Mill quality loose	1120	Unch	125000	unch
Haryana (Karnal)	Mill quality (Mill delivery)	1120	Unch	15000	10000
Haryana (Sirsa)	Mill delivery loose	1120	Unch	35000	20000
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 21-04-2011
USA	Dollar	44.38	44.30
European Union	Euro	63.92	64.69
United Kingdom	GBP	72.55	72.92

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