

Price Drivers

- Wheat production likely to cross 85 MMT, Procurement pace slow due to delayed harvesting,
- Bonus approved, formal announcement awaited. yield increased in all states.
- 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 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 range bound movement with weak bias likely to continue.
- RSI is moving down in positive zone indicating weakness in the market
- Decreased volume is also unsupportive for uptrend.
- Price band is Rs 1150 to Rs1200
- Fundamental for wheat market is not very supportive and with rising arrivals pressure on market prices are likely to be under pressure
- Market participants are advised to sell at upper level.



Trade Recommendation: Wheat NCDEX (May)

Call	Entry	T1	T2	SL
Sell	<1195	1189	1187	1198
Support & Resistance				
S2	S1	PCP	R1	R2
1176	1185	1192	1198	1210

Spot Market Fundamentals

- Prices of wheat remained depressed in all major and minor markets due to increasing arrivals in various states. Bonus to wheat farmers has not been declared and farmers are in wait and watch mood. Wheat prices will continue to rule weak on bumper production, more than 85 MMT this year and govt., farmers will have to deal with problem of plenty in such area where procurement centers are lower than actual requirement.
- There is report from Bihar that wheat yield is almost 15 percent higher than last year and it will enhance total production estimate. The same report is from U.P. and Rajasthan. If govt. allows export market may get some support at present level. Decision is likely to be taken in the middle of May.
- Despite slow start of wheat procurement in Punjab due to delayed harvesting higher contribution is expected this year again. The govt. agencies and private trades have procured 47.17 lakh tons of wheat in Punjab as against 90.32 lakh tons last year as on 24.04.11. The highest contribution reported from Patiala (7.37 lakh tons) followed by Sangrur (6.91 lakh tons) and Ferozpur (4.47 lakh tons).
- Procurement pace in Haryana is smooth and some farmers are holding back stock here too on hope for expected bonus.
- 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 25.04-11	Chng from Prior Day	Arrivals 25-04-11	Chng from Prior Day
Delhi (Lawrence Road)	Mill Quality (Ready Delivery)	1170	30	20000	5000
Delhi (Narela)	Mill Delivery Loose	1140	10	8000	2000
Delhi (Nazafgarh)	Mill Delivery Loose	1120-1150	10	4000	Unch
Gujarat (Rajkot)	Mill delivery	1165	10	25000	10000
Gujarat (Ahmadabad)	Mill delivery	1200	Unch	3500	2000
Gujarat (Surat)	Mill delivery	1210	-10	2500	1200
M.P. (Bhopal)	Mill quality loose (Lokwan)	1175-1200	Unch	6000	Unch
M.P. (Indore)	Mill quality	1190-1200	-10	10000	unch
Rajasthan (Kota)	Mill quality	1080-1100	-10	35000	-5000
U.P. (Kanpur)	Mill delivery	1140	-5	700	100
Punjab (Khanna)	Mill quality loose	1120	Unch	125000	Unch
Haryana (Karnal)	Mill quality (Mill delivery)	1120	Unch	15000	10000
Haryana (Sirsa)	Mill delivery loose	1170-1200	20	30000	5000
Haryana (Rewari)	Mill quality loose	1120	Unch	1500	1000
Haryana (Panipath)	Mill quality loose	1120	Unch	2500	1500

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

RBI Indicative Exchange Rates

Country/ Continent	Currency	Value in Rupees 25-04-2011	Value in Rupees 21-04-2011
USA	Dollar	44.45	44.30
European Union	Euro	64.78	64.69
United Kingdom	GBP	73.35	72.92

DISCLAIMER

The information and opinions contained in the document have been compiled from sources believed to be reliable. The company does not warrant its accuracy, completeness and correctness. Use of data and information contained in this report is at your own risk. This document is not, and should not be construed as, an offer to sell or solicitation to buy any commodities. This document may not be reproduced, distributed or published, in whole or in part, by any recipient hereof for any purpose without prior permission from the Company. IASL and its affiliates and/or their officers, directors and employees may have positions in any commodities mentioned in this document (or in any related investment) and may from time to time add to or dispose of any such commodities (or investment). Please see the detailed disclaimer at <http://www.agriwatch.com/Disclaimer.asp>