

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 chart 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 in short term.
- Wheat may trade in the price band of Rs 1170 to Rs1210
- 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
Red	<1193	1188	1186	1196.6
Support & Resistance				
S2	S1	PCP	R1	R2
1176	1185	1191.2	1195	1210



Spot Market Fundamentals

- Wheat prices remained almost steady to weak on rising supply from various producing centres and it will continue to rise on rising temperature and smooth harvesting in U.P. Bihar, Punjab and Haryana. Higher yield report is coming from U.P., Bihar, Rajasthan and Gujarat. Harvesting is over in Gujarat and it is on the fag end in M.P.
- 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).
- Despite huge stock, record production, space, crunch for newly harvested crop and higher overseas prices, food minister is not in favour of opening up wheat export so far. Fear of rising of prices in domestic market with opening up export is preventing govt. to take decision on export. Actually wheat is a political sensitive issue and decision on export have been delayed due to conflicts of opinions.
- 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 26.04-11	Chng from Prior Day	Arrivals 26-04-11	Chng from Prior Day
Delhi (Lawrence Road)	Mill Quality (Ready Delivery)	1180	10	10000	5000
Delhi (Narela)	Mill Delivery Loose	1140	Unch	6000	-2000
Delhi (Nazafgarh)	Mill Delivery Loose	1170	20	4000	Unch
Gujarat (Rajkot)	Mill delivery	1160	5	20000	-5000
Gujarat (Ahmadabad)	Mill delivery	1180	-20	2500	-1000
Gujarat (Surat)	Mill delivery	1210	Unch	2000	-500
M.P. (Bhopal)	Mill quality loose (Lokwan)	1150-1175	-25	7000	1000
M.P. (Indore)	Mill quality	1190	-10	10000	unch
Rajasthan (Kota)	Mill quality	1080-1100	-10	35000	-5000
U.P. (Kanpur)	Mill delivery	1140	-5	600	-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	Unch	25000	-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 26-04-2011
USA	Dollar	44.45	44.59
European Union	Euro	64.78	64.81
United Kingdom	GBP	73.35	73.43

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