

Price Drivers

- Wheat production likely to cross 85 MMT, Procurement pace slow due to delayed harvesting,
- Yield increased in all states. Bonus is keeping wheat market up in North India
- Export likely, decision awaited. 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 buyers support in the future market with firm bias likely to continue.
- RSI is moving up in overbought zone indicating firmness in the market amid caution to the bulls
- Increased volume is supportive for uptrend for short term.
- Wheat may trade in the price band of Rs 1200 to Rs 1250
- If it breaches the first resistance, it may test Rs 1245.
- Market participants are advised to buy at lower level.



Trade Recommendation: Wheat NCDEX (May)

Call	Entry	T1	T2	SL
Buy	>1218	1225	1228	1114
Support & Resistance				
S2	S1	PCP	R1	R2
1200	1215	1221	1225	1245

Spot Market Fundamentals

- Steady to firm trend witnessed in cash wheat market on possibility of export, decision is likely to be taken this week. Arrival has picked up in Punjab, Haryana and U.P. Wheat is ruling below MSP in Bihar. Cargil is active in Bihar and buying wheat @ of 1115 per qtl. plus one percent bonus. Wheat is being loaded for Orissa and A.P.
- In present scenario India needs to impose a quantitative ceiling on shipments, A ceiling would enable India to reduce its excess inventories without risking food security. Even after accounting for transportation expenses from the inland province of Uttar Pradesh to port and other miscellaneous expenses, India can offer wheat for export at \$275-290/ton, free-on-board, making it the cheapest exported wheat in the world.
- The wheat procurement in the country's food bowl states of Punjab and Haryana has crossed the 100 lakh tonnes mark. Both states have procured nearly 103 lakh tonnes of wheat till Monday evening. While Punjab accounted for over 56.22 lakh tonnes, Haryana procured another 46.5 lakh tonnes.
- On April 1, at the start of the new harvesting season, India's public wheat stocks, at 15.36 million tonnes, were more than twice the required minimum buffer and strategic reserve of seven million tonnes. On top of that, the size of the crop about to be marketed was reckoned at an all-time-high of 84.27 million tonnes.
- 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 will remain under pressure on rising supply from major producing states and private companies buying interest in states like U.P., Rajasthan and Bihar where there are fewer nos. of procurement centers and comparatively lower prices. Possibility of export may keep private buyers active and if allowed may support prices.

Prices at key Market

Centre	Variety	Prices 30.04-11	Chng from Prior Day	Arrivals 30-04-11	Chng from Prior Day
Delhi (Lawrence Road)	Mill Quality (Ready Delivery)	1180	3	8000	-3000
Delhi (Narela)	Mill Delivery Loose	1175	Unch	10000	Unch
Delhi (Nazafgarh)	Mill Delivery Loose	1170-1171	5	9000	1000
Gujarat (Rajkot)	Mill delivery	1160	Unch	12000	-5000
Gujarat (Ahmadabad)	Mill delivery	1180	Unch	1500	Unch
Gujarat (Surat)	Mill delivery	1215	5	1800	Unch
M.P. (Bhopal)	Mill quality loose (Lokwan)	1175	Unch	6000	3000
M.P. (Indore)	Mill quality	1210-1215	5	17000	9000
Rajasthan (Kota)	Mill quality	1150-1170	-	11000	2000
U.P. (Kanpur)	Mill delivery	1140	-5	600	100
Punjab (Khanna)	Mill quality loose	1120	Unch	80000	unch
Haryana (Karnal)	Mill quality (Mill delivery)	1170	Unch	20000	5000
Haryana (Sirsa)	Mill delivery loose	1170	10	20000	-5000
Haryana (Rewari)	Mill quality loose	1160	Unch	4500	2000
Haryana (Panipath)	Mill quality loose	1170	Unch	2500	2500

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

RBI Indicative Exchange Rates

Country/ Continent	Currency	Value in Rupees 30-04-2011	Value in Rupees 29-04-2011
USA	Dollar	44.38	44.33
European Union	Euro	65.83	65.78
United Kingdom	GBP	73.26	74.13

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