

### Price Drivers

- Wheat production likely to cross 85 MMT, Higher arrivals, lower procurement
- Yield increased in all states.Export parity from Gujarat and Bihar,
- 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 sellers support in the future market with weak bias likely to continue.
- RSI is moving down in positive zone indicating weakness in the market amid caution to the bulls
- Decreased volume is unsupportive for uptrend for short term.
- Wheat may trade in the price band of Rs 1175 to Rs1225 in short and medium term.
- Market is likely to get support at 1195.
- Market participants are advised to sell at higher level.



### Trade Recommendation: Wheat NCDEX (May)

Call	Entry	T1	T2	SL
<b>Sell</b>	<1210	1202	1199	1214
Support & Resistance				
S2	S1	PCP	R1	R2
1180	1195	1206.2	1215	1225

### Spot Market Fundamentals

- Higher arrival, lower offtake combined with picked up harvesting in Punjab,Haryana and U.P.are weighing on the cash wheat market. Procurement agencies are unable to handle the huge arrival in various markets.Decision on export is likely and it may give some support to falling wheat market in Bihar,eastern U.P. and Gujarat.At present export parity is only from Gujarat and Bihar.
- 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 02.05-11	Chng from Prior Day	Arrivals 02-05-11	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	1170	Unch	12000	Unch
Gujarat (Ahmadabad)	Mill delivery	1190	Unch	1500	Unch
Gujarat (Surat)	Mill delivery	1220	5	1800	Unch
M.P. (Bhopal)	Mill quality loose (Lokwan)	1200	20	4000	-2000
M.P. (Indore)	Mill quality	1210-1215	5	8000	9000
Rajasthan (Kota)	Mill quality	1200-1250	20	40000	22000
U.P. (Kanpur)	Mill delivery	1140-1145	5	800	200
Punjab (Khanna)	Mill quality loose	1120	Unch	60000	-20000
Haryana (Karnal)	Mill quality (Mill delivery)	1170	Unch	20000	5000
Haryana (Sirsa)	Mill delivery loose	1170	Unch	25000	5000
Haryana (Rewari)	Mill quality loose	1165	Unch	7500	4000
Haryana (Panipath)	Mill quality loose	1170	Unch	10000	4500

\*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 02-05-2011
USA	Dollar	44.38	44.30
European Union	Euro	65.83	65.57
United Kingdom	GBP	73.26	73.89

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