

Price Drivers

- Wheat production is expected to cross 85 MMT, Procurement over 20MMT so far
- Export deferred now. Export parity from Gujarat and Bihar only
- Pressure from new crop is expected to decrease in the third week of May.
- Procurement target of 26 MMT is likely to achieve.
- MSP and bonus are keeping market up where Procurement agencies are active.
- IGC revised wheat production estimates up, Rough weather will support international wheat market in weeks ahead.

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 1170 to Rs1220 in short and medium term.
- Market is likely to get support at 1190.
- Market participants are advised to sell at higher level.



Trade Recommendation: Wheat NCDEX (May)

Call	Entry	T1	T2	SL
Sell	<1202	1195	1192	1205
Support & Resistance				
S2	S1	PCP	R1	R2
1181	1190	1200	1206	1215

Spot Market Fundamentals

- Prices of wheat remained almost stable to weak in major cash market on lower demand against higher supply. Prices are likely to remain stable in weeks ahead on expected decrease in arrivals from the third week of May. Recent rains have affected daily arrivals in various markets today. However, normal trading activities are expected from today if weather remains cool and calm.
- As arrival arrivals are continuously increasing in the major states, the procurement figure is likely to go up and may end in the range of 25 to 26 MMT this procurement season supported by higher production and bonus of Rs 50 per quintal for this current marketing year. Almost every market in Punjab and Haryana has received higher arrivals in the last week and arrival pressure is likely to increase in weeks ahead.
- Meanwhile, an Indian ministerial panel deferred a decision on lifting a ban on wheat and rice exports as it wanted to first take stock of requirement under a proposed food security law to increase subsidized grain sales.
- The total wheat procurement in the country has crossed the 200 lakh tons mark as on May 4th, 2011. This year procurement may cross 25 MMT based on arrival pressure in all major market.
- 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 tons. Total arrivals registered at 213 lakh tons as on 3rd May, 2011.
- Punjab is projecting wheat production of 159 lakh tons as against 151.69 lakh tons last season. Haryana has revised its target to achieve wheat output of 104.09 lakh tons in current season, which will be almost 10 per cent higher than wheat production of 98 lakh tons. Meanwhile, International wheat companies Cargill, Louis Dreyfus, Olam India and Glencore (Agri Core) have procured almost 1MMT in various states so far. Prices of wheat rule below MSP in Bihar, Gujarat and U.P.
- 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 MNC's buying interest in states like U.P., Rajasthan and Bihar where there are fewer nos. of procurement centers and comparatively lower prices. Meanwhile export decision deferred right now and govt may reconsider it in June.. Possibility of export may keep private buyers active and if allowed may support prices. Short term outlook is bearish.

Prices at key Market

Centre	Variety	Prices 05.05-11	Chng from Prior Day	Arrivals 05-05-11	Chng from Prior Day
Delhi (Lawrence Road)	Mill Quality (Ready Delivery)	1180	Unch	12000	Unch
Delhi (Narela)	Mill Delivery Loose	1170	-	8000	-
Delhi (Nazafgarh)	Mill Delivery Loose	1150-1172	-	3000	-
Gujarat (Rajkot)	Mill delivery	1170	Unch	8000	-3000
Gujarat (Ahmadabad)	Mill delivery	1190	Unch	1500	Unch
Gujarat (Surat)	Mill delivery	1220	Unch	1800	Unch
M.P. (Bhopal)	Mill quality loose (Lokwan)	1200-1250	-5	4000	-1000
M.P. (Indore)	Mill delivery	1190	-5	8000	-1000
Rajasthan (Kota)	Mill quality	1200-1220	Unch	20000	-10000
U.P. (Kanpur)	Mill delivery	1140-1145	Unch	800	Unch
Punjab (Khanna)	Mill quality loose	1170	Unch	30000	-40000
Haryana (Karnal)	Mill quality (Mill delivery)	1170	Unch	12000	-8000
Haryana (Sirsa)	Mill delivery loose	1170	Unch	6000	Unch
Haryana (Rewari)	Mill quality loose	1170	Unch	6500	-1000
Haryana (Panipath)	Mill quality loose	1170	Unch	10000	Unch

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

RBI Indicative Exchange Rates

Country/ Continent	Currency	Value in Rupees 04-05-2011	Value in Rupees 05-05-2011
USA	Dollar	44.38	44.57
European Union	Euro	65.73	66.23
United Kingdom	GBP	73.66	73.58

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